

LOUISIANA

DEPARTMENT of NATURAL RESOURCES OFFICE OF MINERAL RESOURCES RULES FOR GEOPHYSICAL AND GEOLOGICAL SURVEYS

§ Non-exclusive Geophysical and Geological Surveys

A. Permits for geophysical and geological surveys under Title 30, Chapter 3, Sections 211 through 216 of the Louisiana Revised Statutes of 1950 shall be obtained from the State Mineral Board (SMB) through the Office of Mineral Resources (OMR). A properly completed application for a permit for such exploration must be filed in duplicate, addressed to the Assistant Secretary of the Office of Mineral Resources, and should be received by OMR at least 15 days prior to the requested effective date of the permit. Each such completed application for a permit must be accompanied by supporting documents as described in the application, and listed as follows:

1. If the permittee is a shooting company, i.e., a company whose primary business enterprise is the physical, "on-ground" acquisition of seismic and geophysical data and the transferal of said acquired data, in either raw or processed form, exclusively to one or more cost underwriting parties or by sale or licensing agreements on the open market, it shall give the name of the client(s) for whom the seismic is being shot under the permit. If permittee is not a shooting company, it shall give the name, address, and telephone number of the shooting company which will do the physical, "on-ground" acquisition of the seismic or geophysical data under the permit. The name and relevant information of the applicant's Contact that can be reached at all times by the OMR must be included.

2. The type of work planned, such as 3-D, 2-D, reflection, refraction, geochemical, gravity meter, and/or any other recognized methods of acquiring seismic, geophysical or geological data should be indicated.

3. Information pertaining to the state lands and water bottoms, including the property under the jurisdiction of the Wildlife and Fisheries Commission / Department of Wildlife and Fisheries (WFC/DWF), within the permit area must be supplied on the application.

4. Base maps, such as a Tobin or USGS quadrangle with the proposed survey area outlined, with X, Y's indicated for each corner of the outline, using State Plane Coordinate System / North American Datum 27, Louisiana North or South (SPCS/NAD 27, La. N. or S.). Maps must be properly labeled and exhibit sections, townships, and ranges. Active state lease boundaries should be clearly depicted with state lease numbers and acreage within the survey indicated. All state lands and water bottoms should be clearly outlined, with acreage depicted as well. For assistance with state lands or water bottoms within the survey outline contact the State Land Office (SLO). Property under the jurisdiction of the WFC/DWF should also be similarly depicted. For assistance with Wildlife and Fisheries questions contact the WFC/DWF.

5. Accompanying the hard copy base map(s) must be a computer disk / diskette containing a .dxf file that when constructed contains only the boundary of the proposed survey. X, Y's on the .dxf file should match the X, Y's from the hard copy map, and there should be no additional lines, labels, text or graphics included within the boundary.

6. A seismic permit will only be issued to an applicant upon the receipt and approval of a properly completed application. The applicant is requested not to include any payment when filing the application. The seismic permit fee will be calculated by the OMR staff, and an invoice will then be issued to the applicant. Once the applicant receives the invoice from the OMR, the applicant should then return the invoice along with payment for the seismic fee. Upon receipt of payment by the OMR, the application will then be fully processed for final approval, and a seismic permit will be issued to the applicant.

B. No permit issued hereunder shall cover, nor shall any project for which the permit is secured include acreage covered by a valid state mineral lease which is in full force and effect at the time the permit is secured. However, if the permit applicant secures the appropriate consent from the state mineral lessee to conduct the type of seismic operations contemplated under the permit application over the state mineral lease acreage included within the prospective project area, the permittee shall have the right under the applied-for permit to conduct the type of seismic operations set forth in the permit application over the state mineral lease acreage without the necessity of securing an addendum thereto or an additional permit. Upon the expiration, lapse, or termination of any state mineral leases, the acreage of which falls within a project area delineated in a seismic permit issued hereunder (during the term in which the said seismic permit is in full force and effect) permittee shall have the right to conduct operations on said acreage of the terminated Prior Agreement subject to the following: (1) if permittee has already entered into an agreement with the Prior Agreement party before termination and paid for the right to conduct operations across the acreage subject to the Prior Agreement, permittee shall not be required to pay permittor any further fee to conduct operations on said acreage once the Prior Agreement has terminated, either totally or in part, but (2) if the permittee has not entered into an agreement with the Prior Agreement party, then permittee shall pay permittor an additional fee stipulated as the per acre seismic fee paid for in the permit, multiplied by the number of terminated acres of the Prior Agreement. Permits issued are limited to a term of one year from date of issuance, unless revoked for cause. The State may lease acreage within the seismic permitted area during the one year term of the non-exclusive seismic permit, however, the lessee shall allow the prior seismic permittee to conduct seismic operations over the leased area. Seismic permits may also be issued to other parties within the survey area during the same one year term of the non-exclusive. The permit is subject to any prior seismic permit or other agreement already in existence on the acreage at the time said non-exclusive seismic permit is issued.

C. A permit to conduct seismic, geophysical and/or geological surveying of any kind upon State of Louisiana lands or water bottoms over which the SMB through the OMR has jurisdiction shall be subject to the following terms:

1. The permit shall be valid for a period of one year from date of issuance.

2. The exercise of operations under the permit shall be limited only to the project area set forth in the application.

3. Any and all rights exercised under a valid seismic permit issued hereunder shall be exclusive only to the named permittee or, if the permittee is not a shooting company, the company named in the permit application as the entity to actually do the physical, "on ground" seismic project and the permit shall include location plat, written description, and total acreage of state owned land and/or water bottoms in the project area, covered by the permit, and the date of commencement of the permitted activity.

4. No permit issued hereunder shall be transferable.

5. The permittee shall pay a fee to the OMR for the seismic permit - by a check, made payable to "Office of Mineral Resources". The fee shall be as determined by the SMB in its most recent resolution on seismic permit fees. If the area is surveyed using a technique other than 2D or 3D (e.g. refraction, geochemical, gravity or magnetics, etc.) then the fee will be determined by the SMB at the time of the application.

6. The permittee shall retain ownership of the seismic data gathered and shall not be required to submit a copy of the seismic data to the OMR. However, the SMB or its employees, OMR, shall be allowed to review any and all geophysical or geological data acquired under the permit, all in a format acceptable to the OMR, at a facility designated by OMR. Permittee may, but shall not be required to, voluntarily agree to make available to OMR the fully migrated and processed data derived from the seismic project under the issued permit. Except for information included in a seismic permit, including the plat showing the outline of the area in which the seismic is to be shot, all data secured or reviewed by OMR shall be deemed confidential and not subject to the public records doctrine; but shall be for the use of the OMR staff only.

D. In order to accommodate proper administration of seismic permits issued hereunder and orderly operations conducted under said permits, the applicant shall submit to the OMR notice of the date of commencement of any seismic operations authorized by the permit, and a map acceptable to the Staff of the OMR reasonably identifying the particular geophysical layout for the area in which operations are to be conducted. For purposes of this section, date of commencement of operations is defined as the date upon which surveying crews and equipment are moved into the area to be worked for purposes of preliminary line placement surveying prior to the beginning of acquisition of data.

E. Violation by the permittee of any of the terms specified in this schedule as promulgated, or which may be written on the permit form, shall be deemed to be a permit violation by the OMR which may, at the sole discretion of the OMR, subject permittee to the cancellation of his permit and forfeiture of his permit fee.

F. Pursuant to *R.S. 30:214* any and all rights exercised by any permittee pursuant to a permit issued hereunder shall be in compliance with any and all applicable rules and regulations which have been promulgated, and which may be further promulgated from time to time, by the Department of Wildlife and Fisheries governing the conduct of seismic exploration on land and/or water for the protection of oysters, fish, and wildlife. Further, all wildlife and waterfowl refuges, game and fish preserves, or oyster seed ground reservations, the mineral rights over which the Department of Wildlife and Fisheries exercises direct control, shall not be included in any project area covered by any permit issued hereunder unless written permission is secured from said agency.

G. The approval of the State Mineral Board is granted subject to the rules which may be adopted by the State Mineral Board from time to time.

§ Exclusive Geophysical Agreements

A. Exclusive geophysical agreements authorized under Title 30, Chapter 3, Sections 208 through 216 of the Louisiana Revised Statutes of 1950 may be obtained from the State Mineral Board (SMB), through the Office of Mineral Resources (OMR).

B. There are three types of Exclusive Geophysical Agreements (EGA) which may be secured from the OMR, namely: EGA Type I, EGA Type II, and EGA Type III.

The following shall apply to all EGA's secured hereunder.

1. A party desiring to apply for an EGA must first meet with the OMR staff to review the applicant's objectives. The purpose of this meeting with the OMR staff is so that the applicant can present the area of interest and the type of EGA being requested to the staff for review. The staff will determine if an EGA should be granted in the area of interest and will also decide under what special conditions, if any, the EGA should be considered. The applicant should present at this meeting an acceptable base map, such as a Tobin or USGS quadrangle with the proposed survey area outlined, with the description set forth in X/Y Lambert coordinates using State Plane Coordinate System / North American Datum 27, Louisiana North or South (SPCS/NAD 27, La. N. or S.). Active state leases boundaries should be clearly depicted with state lease numbers and acreage within the survey indicated. State lands and water bottoms should be clearly outlined, with acreage depicted as well. Property under the jurisdiction of the Wildlife and Fisheries Commission / Department of Wildlife and Fisheries (WFC/DWF) should also be depicted.

2. After the area of interest and the type of EGA has been presented to the OMR staff for review, the area will be evaluated in order to set the minimum terms. The interested party will then be provided with this information. If accepted by the party, then these minimums will be recommended to the SMB for its approval.

3. Upon SMB approval, the area to be covered by the exclusive geophysical agreement shall be nominated just as a lease. The applicant should then apply to the OMR Leasing Section to nominate the area for the designated monthly mineral lease sale. A nomination letter, including plat and legal description of the area, with an application fee of \$400.00 must be submitted according to the date schedule set by the OMR Leasing Section.

4. The nominated acreage will then be advertised on the same delay basis and in the same manner as lease nominations; which advertisement will state a property description of the geographical area over which the EGA is to be awarded, the type of EGA sought and the minimum per acre seismic fee acceptable to the SMB as a bid, and the day, date, time, place of the next State Mineral Lease Sale at which bids will be accepted.

5. The term of the EGA shall be 18 months with an option for an additional 6 months, which option period shall be granted only upon written request by the bid winner made prior to the end of the original 18 month term and upon payment to the Office of Mineral Resources in the manner set forth as acceptable herein above of a sum of money equal to one-half of the original total fee bid and paid for the seismic agreement.

6. EGA agreements are awarded by public bid.

7. The EGA awarded shall be subject to, and shall not supersede, any existing seismic permits, leases, or other agreements of any kind with the State of Louisiana in the nominated area at the time awarded, of which all parties are hereby deemed to have notice.

8. The staff of the OMR will be provided access to any and all geophysical or geological data including, but not limited to, 2-D, 3D seismic, gravity (air or surface), and magnetic (air or surface) acquired under the EGA, in a format acceptable to the OMR at the facilities of the entity conducting the seismic operations under the EGA or at facilities designated by the OMR, during all phases of the seismic operations.

9. The EGA shall be available for the purpose of conducting geophysical or geological surveys of any kind for the term and area specified in the permit. In the case of 3D seismic, all EGA's require full fold 3D coverage over the entirety of the nominated state acreage to the fullest extent possible.

10. It shall be the responsibility of the Grantee to keep OMR informed, in a timely manner, of all phases of ongoing operations, including the commencement and completion of data acquisition, processing, reprocessing, and other schedules of activity affecting the final processed seismic data.

11. Should any said Prior Agreement terminate as to all depths, either fully or partially, before the end of the primary term, or the option term, grantee shall have the right to conduct 3D geophysical operations on said acreage of the terminated Prior Agreement subject to the following: (1) if grantee has already entered into an agreement with the Prior Agreement party before termination and paid for the right to conduct geophysical surveying across the acreage subject to the Prior Agreement, grantee shall not be required to pay grantor any further fee to conduct geophysical surveying on said acreage once Prior Agreement has terminated, either totally or in part, but (2) if grantee has not entered into an agreement with the Prior Agreement party, then grantee shall pay grantor an additional fee stipulated as the per acre seismic fee at the rate bid for in the EGA.

C. In addition to the above, the following shall apply to the Exclusive Geophysical Agreement (EGA) Type I:

1. The SMB shall not grant any new seismic agreements or permits in the nominated area during the primary term of the EGA, or the option term if activated, but does reserve the right to accept nominations for and grant new mineral leases within the nominated area of the exclusive geophysical agreement. Any new mineral leases granted within the nominated area of the EGA during its primary term, or option term if activated, shall be subject to the rights granted under the EGA and the grantee shall not be required to deal with the state mineral Lessee in order to conduct seismic operations over the new lease acreage.

D. In addition to B. 1-11 above, the following shall apply to the Exclusive Geophysical Agreement (EGA) Type II.

1. The SMB shall not grant any new seismic agreements or permits, or any new leases in the EGA area from the time it is nominated, during the primary term of the EGA, or the option term if activated. However, a buffer zone of one-half (1/2) mile will be established around existing leases or Operating Agreements within the area of the EGA. Only the grantee of the EGA and lessee of any existing lease or Operating Agreement shall have the right, concurrent with, but separate from the right of the other, to nominate acreage for a state mineral lease within that buffer zone during the primary term of the EGA, or the option term if activated. The leases may then go up for public bid at the regular monthly state mineral lease sale.

2. The EGA grantee only shall have the right to nominate acreage within the EGA area for a state mineral lease during the primary term of the EGA, or the option term if activated, except as to the buffer zone around existing leases, which lease nominations shall not exceed 1500 acres each and shall not in aggregate amount exceed one-third of the entire acreage of the EGA, unless agreed to by the SMB.

E. In addition to B. 1-11 above, the following shall apply to the Exclusive Geophysical Agreement (EGA) Type III.

1. The State will not grant any new seismic permits or agreements on, or lease the nominated acreage, or any part thereof, during the primary term of the EGA, or the option term if activated, except that a buffer zone of one-half (1/2) mile will be established around existing leases or Operating Agreements within the nominated area of the EGA. Only the grantee of the EGA and lessee of the existing lease or Operating Agreement shall have the right, concurrent with, but separate from the right of the other, to nominate acreage for a state mineral lease within that buffer zone during the primary term of the EGA, or the option term if activated. The leases may then go up for public bid at the regular monthly state mineral lease sale.

2. The EGA III grantee shall have the exclusive right, within the primary term of the EGA, or the option term if activated, to select for mineral leases tracts within the EGA area, not to exceed 1500 acres each or one-third (1/3) in the aggregate of the entire State acreage within the nominated EGA area unless agreed to by the SMB.

3. The grantee of an EGA III shall have the exclusive right to enter into lease agreement with the State on each tract for the consideration originally bid and under the terms of the Louisiana State Lease Form, Revised 1981, as amended. Each selection made, thereby creating a state lease, will incur, in addition to the per acre bonus and royalty as advertised and bid during the acquisition of the EGA, a ten percent (10%) administrative fee. Also, a fifteen dollars (\$15.00) per acre fee shall be collected from the mineral lessees and deposited into the Louisiana Wildlife and Fisheries Conservation Fund, as well as, an additional five dollars (\$5.00) per acre fee shall be collected from the mineral lessees and deposited into the Oil and Gas Regulatory Fund.

F. The State Mineral Board, through the Office of Mineral Resources, agrees, except for the information included in a seismic permit to hold all information, maps, data of any and all kinds provided to the state under R.S. 30:213 or as a result of the terms of the exclusive geophysical agreements confidential and same shall not be available for view or use except by certain members of the staff of the Office of Mineral Resources in connection with the administration of state owned lands and water bottoms, and the state mineral leases thereon unless ordered by a court of proper jurisdiction to do so, or with the granted written permission of, and under the strict limitations imposed by, the owner having authority to license said data. Said information shall be kept under lock and key, except during the course of actual examination by the staff of the Office of Mineral Resources. Any violation of these requirements is hereby declared cause for preemptory removal from office or discharge from employment in addition to the penalties provided under R.S. 30:213.