



**State of Louisiana**  
DEPARTMENT OF NATURAL RESOURCES  
OFFICE OF MINERAL RESOURCES  
STATE MINERAL AND ENERGY BOARD

**TO: STATE MINERAL AND ENERGY BOARD MEMBERS**

**FROM: EMILE FONTENOT *E.F.***  
**PETROLEUM LANDS DIRECTOR**  
**OFFICE OF MINERAL RESOURCES**

**DATE: APRIL 11, 2018**

**LEGAL & TITLE CONTROVERSY REPORT**

1. A request by Staff for the State Mineral and Energy Board (Board) to authorize the Attorney General's Office to place 1776 Energy Operators, LLC (1776) on demand for outstanding liquidated damage assessments in the amount of \$27,200.00 (Invoice No. 1158879) and \$8,900.00 (Invoice No. 1158885) regarding the late release of Operating Agreements 287 and 288 in Caldwell Parish, Louisiana.

The Board denied 1776's request for waiver of the above liquidated damage assessments at its February 14, 2018 meeting. On July 31, 2017, 1776 was forwarded invoices requesting payment be submitted by August 15, 2017. Subsequent requests for payment were made on December 14, 2017, February 15, 2018 and March 15, 2018. As of this date, the aforementioned invoices remain outstanding.

2. A request to the Board to adopt the Expired Lease Procedure attached hereto.
3. A discussion by Mr. Theodore M. "Ted" Haik, Jr. regarding assignment responsibilities and the issue of novation. A copy of the current policy resolution adopting the assignment language is attached.
4. A discussion by Mr. Theodore M. "Ted" Haik, Jr. regarding Article III General Provisions A.1 of the Operating Agreement Form as it relates to bankruptcy and the State's In-Kind portion.
5. An update by Staff to the Board on the proposed new Lease Form.

6. A request by Staff to the State Mineral and Energy Board (Board) to terminate the authority to escrow payment of royalties accruing under former State Lease No. 19398 previously granted by the Board to QEP Resources under resolution dated April 11, 2012.