AGREEMENT TO DEFER PRODUCTION OF STATE ROYALTY GAS

BE IT KNOWN that this agreemen	nt is entered in	to as of the _	first	day of
<u>production</u> , 20by and between	en the STATE	MINERAL E	OARD for	and on behalf of
the STATE OF LOUISIANA, hereinafter	referred to for	convenience	as "State",	and the
undersigned party Lessee(s), hereinafter re	eferred to for c	onvenience a	s "Lessee",	
V	WITNESSETH	[:		
WHEREAS, Lessee owns the		_ percent (%) working
interest and State owns the	percent (_		%)	royalty interest in
the mineral lease(s) described in Exhibit "	A" hereto, ider	ntified as Stat	e Lease (s)	
No, comprising		acr	es, more or	less, located in
the	Field,			Parish,
Louisiana, which lease is hereinafter refer	red to for conv	enience as the	e "State Lea	ase"; and
WHEREAS, on	, 20	, Lessee co	mpleted its	
	Well No		_, as a shut-	in gas well, which
as a lease or unit well has been qualified b	y State under t	he provisions	of the Stat	e Lease as a well
capable of producing gas in paying quanti	ties; and			
WHEREAS, Lessee has made a di	ligent and good	d faith effort	to comply v	with the intrastate
marketing provisions of the rider attached	to and made p	art of the Stat	e Lease, an	d will continue to
do so for the remainder of the initial period	d of eighteen (18) months as	s required tl	nerein, but Lessee
has requested and State has agreed to waiv	ve such require	ment to the e	xtent of per	mitting the
production and marketing of gas from the	reservoir in wh	nich said well	is presently	y completed that
is attributable to Lessee's working interest	in the State Le	ease while de	ferring prod	luction of gas
attributable to State's royalty interest in the	e State Lease, a	as herein prov	ided.	
NOW, THEREFORE, State and L	essee agree, as	follows:		
1. Lessee shall be entitled to produce	uce and sell ea	ch month to		
(in	iterstate purcha	user)		······································

one hundred percent (100%) of the allowable gas produced and saved from the reservoir in which the aforesaid well is presently completed, paying all severance taxes due on the gas. All gas so produced and sold shall be deemed attributable solely to Lessee's working interest in the State Lease, it being the intent of the parties that production of State's royalty share of the gas in the State Lease be deferred until an intrastate market becomes available therefor. Gas so produced and delivered for sale for Lessee's account, however, shall serve to maintain the State Lease in force and effect to the extent provided therein. It is provided also that should such production cease, Lessee may maintain the State Lease under any applicable provision therein for maintaining the same following cessation of production for any cause.

2. An account shall be established and maintained separately from any other

account with State, which shall be credited with that portion of the gas produced and sold equal to State's royalty interest, the production of which is being deferred. Lessee will furnish State with a monthly statement of said account showing the total volume of all gas produced and sold, the price received therefor, the volume of deferred gas production credited to the account of State's royalty interest, and such additional pertinent information as required in the special SR-6 form attached as Exhibit B. No liquid hydrocarbon production shall be deferred and, therefore, all such production attributable to the State Lease shall be allocated, reported and paid for as provided in the State Lease and the customary SR form.

- 3. If and when an intrastate purchaser is found for the gas attributable to State's royalty interest, and such purchaser commences taking such production, State shall be entitled to receive for delivery to such purchaser a volume of gas equal to one hundred fifty percent (150%) of the gas from the reservoir in which the aforesaid well is presently completed attributable to State's royalty interest under the State Lease, until such time as State has received the total volume of previously deferred royalty gas. At that time the interstate purchaser shall take Lessee's working interest gas and the intrastate purchaser shall take State's royalty gas in the aforesaid proportions fixed by the State Lease.
- 4. If gas production from the State Lease permanently ceases before State's royalty and Lessee's working interest accounts under the State Lease are in balance as aforesaid, Lessee shall promptly determine and notify State of the volume of State's deferred royalty gas production that was in fact taken and sold by Lessee to Lessee's interstate purchaser, such gas being the last volumes produced from or attributable to the State Lease. Within sixty (60) days, Lessee shall pay State a sum of money equal to the value of State's royalty interest in any remaining volume of deferred gas, not theretofore delivered to the State or previously paid for, less all severance taxes paid by Lessee that are attributable to State's royalty gas. "Value", as used herein, shall be that amount as determined in accordance with Paragraph 6 (b) of the State Lease (Louisiana State Lease Form Revised 1966, 1975 or 1981), but in no event less than the amount paid therefor by Lessee's interstate purchaser.
- 5. Nothing in this agreement shall ever be construed as a waiver by State of State's right to take in kind the royalty share of gas production as provided in the State Lease, which right is hereby expressly reserved.
- 6. Lessee will keep State advised of Lessee's progress in finding an intrastate purchaser for the gas production attributable to the State Lease royalty by submitting a written report to State not less than once every three (3) months.
- 7. This Agreement shall automatically terminate at such time as State's royalty and Lessee's working interest accounts under the State Lease are in balance or, if this does not occur, when production from the State Lease permanently ceases and the aforementioned cash settlement to State has been made.
- 8. The State Lease shall otherwise remain unchanged and as originally written.

IN FAITH WHEREOF, this Agreement shall become effective in accordance with its

terms and shall inure to the benefit of and be binding on the parties hereto, their successors legal
representatives and assigns.

Witnesses:		
		STATE MINERAL BOARD acting for and on behalf of the STATE OF LOUISIANA
	By:	
	Its:	
		"State"
		"Lessee"

(Appropriate Acknowledgments to be Attached and Executed)

STATE OF LOUISIANA

Notary Public

PARISH OF EAST BATON ROUGE

BEFORE ME, the undersigned authority, p	personally came and appeared
, who by n	ne being first duly sworn, deposed and said:
Thathe is one of the witnesses to the execution	of the foregoing instrument and thathe saw
sign said i	instrument as
of the STATE MINERAL BOARD for and on beh	alf of the State of Louisiana in the presence of
appearer and	_ the other subscribing witness.
Sworn to and subscribed before me	
thisday of	
	_
Notary Public	
STATE OF LOUISIANA	
PARISH OF EAST BATON ROUGE	
BEFORE ME, the undersigned authority, personal	ly came and appeared
, who by n	ne being first duly sworn, deposed and said:
Thathe is one of the witnesses to the execution	of the foregoing instrument and thathe saw
sign said i	instrument as
of the STATE MINERAL BOARD for and on beh	
appearer and	_ the other subscribing witness.
Sworn to and subscribed before me	
thisday of	, 20

EXHIBIT "A" TO THAT CERTAIN DEFERRED GAS PRODUCTION AGREEMENT BETWEEN THE STATE MINERAL BOARD FOR THE STATE OF LOUISIANA AND

SECTION LEASE	
Oil and Gas Lease dated	by and between the State Minera
Board of the State of Louisiana, as Lessor, and	a
Lessee, recorded in Conveyance Book No	, Folio
Entry No,	Parish, Louisiana
	as Lessor, and
recorded in Conveyance Book No	
Parisl SECTION UNITIZA (if applic	ON 2 <u>TION</u>
 Identification of the unit. Commissioner of Conservation Order No 	effective

3. Participation in unit:

SECTION 3 GAS CONTRACT SUMMARY

Purchaser:

Date of Contract: Term of Contract:

Contract price: Base:

Tax reimbursement: Btu adjustment: Escalation:

Point of delivery: Contract quantities: take-or-pay? Area rate clause: FERC clause:

Price redetermination: Right to process liquids: Excess Royalty clause:

SECTION 4 RESERVOIR and ECONOMIC ANALYSIS

- 1. Reservoir map and/or unit plat.
- 2. Reservoir temperature and pressure, porosity, water saturation, gas and condensate gravity, liquid/gas ratio, Z factor.
- 3. Calculation of initial gas and condensate in place, per acre-foot.
- 4. Type drive and assumed recovery efficiency.
- 5. Recoverable gas and condensate, per acre-foot.
- 6. Total recoverable gas and condensate.
- 7. Anticipated recovery, by years.
- 8. Volume and value of State's share, by years.