

MINUTES

STATE MINERAL AND ENERGY BOARD

LEASE SALE AND BOARD MEETING

FEBRUARY 14, 2018

JOHN BEL EDWARDS
GOVERNOR



THOMAS F. HARRIS
SECRETARY

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

Opening of Bids

February 14, 2018

A public meeting for the purpose of opening sealed bids was held on Wednesday, February 14, 2018, beginning at 8:30 a.m. in the LaBelle Room, First Floor, LaSalle Office Building, Baton Rouge, Louisiana.

Recorded as present were:

Jamie Manuel – Assistant Secretary of the Office of Mineral Resources

Stacey Talley - Business Analytics Specialist of the Office of Mineral Resources

Rachel Newman – Director, Mineral Income Division

Boyd Handley – Administrator, Geology, Engineering & Lands Division

Emile Fontenot – Director, Petroleum Lands

Mr. Manuel presided over the meeting. He then read the letter of notification certifying the legal sufficiency of the advertisement of Tract Nos. 44841 through 44846 which were published for lease by the Board at today's sale.

Mr. Manuel stated that there were no letters of protest received for today's Lease Sale.

Mr. Manuel stated that there were no tracts to be withdrawn from today's Lease Sale.

The following bids were then opened and read aloud to the assembled public by
Mr. Emile Fontenot.

INLAND TRACTS

Tract 44841 (1)

Bidder	:	BRIX OPERATING LLC
Primary Term	:	Three (3) years
Cash Payment	:	\$3,000.00
Annual Rental	:	\$1,500.00
Royalties	:	25.00% on oil and gas
	:	25.00% on other minerals
Additional Consideration:	:	None

Tract 44841 (2)

Bidder	:	THEOPHILUS OIL, GAS & LAND SERVICES, LLC
Primary Term	:	Three (3) years
Cash Payment	:	\$12,120.00
Annual Rental	:	\$6,060.00
Royalties	:	25% on oil and gas
	:	25% on other minerals
Additional Consideration	:	None

Tract 44842

Bidder	:	CYPRESS ENERGY CORPORATION
Primary Term	:	Three (3) years
Cash Payment	:	\$55,300.00
Annual Rental	:	\$27,650.00
Royalties	:	25.00000% on oil and gas
	:	25.00000% on other minerals
Additional Consideration	:	None

Tract 44844
(Portion Bid: 396.000 acres)

Bidder	:	HILCORP ENERGY I, L.P.
Primary Term	:	Three (3) years
Cash Payment	:	\$89,100.00
Annual Rental	:	\$44,550.00
Royalties	:	22.50000% on oil and gas
	:	22.50000% on other minerals
Additional Consideration	:	None

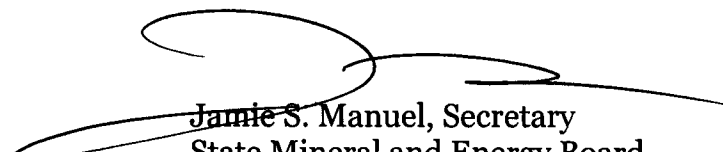
Tract 44846
(Portion Bid: 98.300 acres)

Bidder	:	HILCORP ENERGY I, L.P.
Primary Term	:	Three (3) years
Cash Payment	:	\$22,117.50
Annual Rental	:	\$11,058.75
Royalties	:	22.50000% on oil and gas
	:	22.50000% on other minerals
Additional Consideration	:	None

This concluded the reading of the bids.

There being no further business, the meeting was concluded at 8:36 a.m.

Respectfully Submitted,



Jamie S. Manuel, Secretary
State Mineral and Energy Board

JOHN BEL EDWARDS
GOVERNOR



THOMAS F. HARRIS
SECRETARY

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

REGULAR MEETING
February 14, 2018

The Regular Meeting of the State Mineral and Energy Board was held on **Wednesday, February 14, 2018**, beginning at 9:33 a.m. in the LaBelle Room, First Floor, LaSalle Office Building, Baton Rouge, Louisiana, subject to the call of the Governor and Ex-Officio Chairman.

I. CALL TO ORDER

Mr. Paul Segura, Chairman, called the meeting to order.

II. ROLL CALL

He then requested Mr. Jamie Manuel, Assistant Secretary of the Office of Mineral Resources, call the roll for the purpose of establishing a quorum.

W. Paul Segura, Jr., Chairman
Carol R. LeBlanc, Vice-Chair
Thomas F. Harris, DNR Secretary
Emile B. Cordaro
Theodore M. "Ted" Haik, Jr.
Robert D. Watkins
J. Todd Hollenshead
Johnny B. Bradberry

The following members of the Board were recorded as absent:

Gregory C. Carter
Rochelle A. Michaud-Dugas
Thomas L. Arnold, Jr.

Mr. Manuel announced that eight (8) members of the Board were present and that a quorum was established.

Also recorded as present were:

Stacey Talley – Business Analytics Specialist of the Office of Mineral Resources
Ryan Seidemann - Assistant Attorney General
Christopher Lento - Assistant Attorney General
Rachel Newman - Director, Mineral Income Division
Boyd Handley – Administrator, Geology, Engineering & Land Division
Emile Fontenot - Director, Petroleum Lands
Byron Miller – Supervisor, Geology
Jason Talbot – Supervisor, Geology
Charles Bradbury – Supervisor, Engineering
Blake Canfield – Executive Counsel, Department of Natural Resources
James Devitt - Deputy General Counsel, Department of Natural Resources

III. PLEDGE OF ALLEGIANCE

The Chairman led the Board in reciting the Pledge of Allegiance to the Flag of the United States of America.

IV. APPROVAL OF THE JANUARY 10, 2018 MINUTES

The Chairman stated that the first order of business was the approval of the January 10, 2017 Minutes. A motion was made by Mr. Haik to adopt the Minutes as submitted and to waive reading of same. His motion was seconded by Mr. Bradberry and unanimously adopted by the Board. (No public comment was made at this time.)

The Chairman then stated that the next order of business was the presentation of the following Staff Reports:

** Resolutions are in chronological order at the end of the minutes*

V. STAFF REPORTS

- a) Lease Review Report
(Resolution #18-02-001 thru 18-02-004)
- b) Nomination and Tract Report
(Resolution No. 18-02-005)
- c) Audit Report
(Resolution No. 18-02-006)
- d) Legal and Title Controversy Report
(Resolution Nos. 18-02-007 thru 18-02-013)
- e) Docket Review Report
(Resolution Nos. 18-02-014 thru 18-02-019)

**a) LEASE REVIEW REPORT
 February 14, 2018**

I. GEOLOGICAL AND ENGINEERING STAFF REVIEW

According to the SONRIS database, there were 1,218 active State Leases containing approximately 534,000 acres. Since the last Lease Review Board meeting, the Geological and Engineering Division reviewed 71 leases covering approximately 15,000 acres for lease maintenance and development issues.

II. BOARD REVIEW

1. A staff report on State Lease 724, Four Isle Dome Field, Terrebonne Parish. Hilcorp Energy I, L.P. (Hilcorp) is the operator. Upon motion of Mr. Watkins, seconded by Mr. Hollenshead, the Board accepted Hilcorp's report and their offer to release acreage in the Northeast portion of the lease; and requested that Hilcorp provide a status report on their shallow oil opportunities by August 8, 2018.
2. A staff report on State Lease 797, Grand Isle Block 18 Field, Plaquemines Parish. Energy XXI GOM, LLC (Energy XXI) is the lessee. Upon motion of Mr. Harris, seconded by Mr. Bradberry, the Board accepted Energy XXI's offer to release twenty percent (20%) of the acreage on State Lease 797 in lieu of drilling a well and requested Energy XXI to provide an updated activities report by January 9, 2019.
3. A staff report on State Lease 799, Grand Isle Block 16 Field, Jefferson Parish. Energy XXI GOM, LLC is the lessee. Upon motion of Mr. Harris, seconded by Mr. Bradberry, the Board accepted Energy XXI's report and requested that Energy XXI provide an updated activities report on the lease by January 9, 2019.

III. FORCE MAJEURE

1. RABB Contracting Company, LLC requested staff recognition of a force majeure condition affecting State Lease 19581 in Concordia Parish. The staff recognized the force majeure condition for the period beginning October 13, 2017 until April 11, 2018. Upon motion of Mr. Hollenshead, seconded by Mr. Haik, the Board approved staff recognition of the force majeure condition.

Updated 01/31/2018

Company Name	Lease Numbers (Review Date)
Leases Off Production Due to Non-Storm Related Force Majeure Events	
Day Dreams	19930 (4/11/2018)

b) NOMINATION AND TRACT REPORT
February 14, 2018

The Board heard the report of Mr. Emile Fontenot on Wednesday February 14, 2018 relative to nominations received in the Office of Mineral Resources for the April 11, 2018 Mineral Lease Sale and other matters. Based upon the staff's recommendation, on motion of **Mr. Haik**, duly seconded by **Mr. Bradberry**, the Board granted authority to the staff to advertise all such tracts as have been reviewed by the staff of the Office of Mineral Resources as well as any tracts that have been previously advertised and rolled over and otherwise approve the Nomination and Tract Report. (Resolution 18-02-005)

c) AUDIT REPORT
February 14, 2018

The first matter considered by the Committee was staff's report on the Exco Resources, Inc. bankruptcy. Exco Operating Company LP which is affiliated with Exco Resources was added to the 2018 audit schedule.

Upon recommendation of the staff and upon motion of Mr. Watkins, seconded by Secretary Harris, the Committee voted unanimously to exclude Exco Resources Inc. from the 2018 audit cycle. (RESOLUTION #18-02-006)

The second matter on the audit report was the election of the February 2018 gas royalty to be paid on a processed basis at the Discovery Plant at Larose and the Sea Robin Plant at Henry per the terms of the State Texaco Global Settlement Agreement.

No action required.

d) LEGAL & TITLE REPORT
February 14, 2018

The first matter considered by the State Mineral and Energy Board (Board) was a second request from 1776 Energy Operators, LLC (1776 Energy) dated January 2, 2018, to appear before the Board regarding liquidated damages in the amount of \$27,200.00 for the late release of Operating Agreement 287 and liquidated damages in the amount of \$8,900.00 for the late release of Operating Agreement 288, both located in Riverton Field, Caldwell Parish, Louisiana.

Upon motion of Mr. Haik, seconded by Mr. Cordaro, and by unanimous vote of the Board, the State Mineral and Energy Board denied the request by 1776 Energy for a reduction of the liquidated damage assessment for the late releases of Operating Agreement 287 and 288. There were no comments from the public. (Resolution No. 18-02-007)

The second matter considered by the Board was a request by Petro-Guard Production, LLC (Petro-Guard) dated December 8, 2017, for a full waiver regarding liquidated damages in the amount of \$3,000.00 for the late release of State Lease No. 19544 in Port Barre Field located in St. Landry Parish, Louisiana.

Upon motion of Secretary Harris, seconded by Ms. LeBlanc, and by unanimous vote of the Board, the State Mineral and Energy Board accepted Staff's recommendation and granted a full waiver of the \$3,000.00 liquidated damages too. Petro-Guard of the late release of State Lease No. 19544. There were no comments from the public. (Resolution No. 18-02-008)

The third matter considered by the Board was a request by Texas Petroleum Investment Company (TPIC) for a full waiver of liquidated damages in the amount of \$21,300.00 for the late release of State Lease No. 17174 in West Lake DeCade Field located in Terrebonne Parish, Louisiana, that was postponed at the January 10, 2018 Board Meeting pursuant to Resolution 18-01-009.

Upon motion of Ms. LeBlanc, seconded by Mr. Bradberry, and opposed by Mr. Haik, the State Mineral and Energy Board voted to accept Staff's recommendation to reduce the \$21,300.00 liquidated damage assessment to \$15,655.00 for the late release of State Lease No. 17174, in West Lake DeCade Field located in Terrebonne Parish, Louisiana. There were no comments from the public. (Resolution No. 18-02-009)

The fourth matter considered by the Board was a request from Staff to extend previous authority to negotiate terms of an Operating Agreement with BHP Billiton Petroleum, Inc. (BHP) on unleased State acreage covered by former State Lease 17732.

Upon motion of Mr. Hollenshead, seconded by Ms. LeBlanc, and by unanimous vote of the Board, the State Mineral and Energy Board voted to accept Staff's

recommendation to extend the previous authority to negotiate terms of an Operating Agreement with BHP Billiton Petroleum, Inc. on unleased State acreage covered by former State Lease 17732 until August 8, 2018 or until an Operating Agreement was confected and approved by the Board, whichever occurred first, and to keep the unleased acreage out of commerce until said date. There were no comments from the public. (Resolution No. 18-02-010)

The fifth matter considered by the Board was a request by Krewe Energy, LLC (Krewe) to extend authority to escrow royalty payments until August 8, 2018, previously granted by the Board at its August 9, 2017 and September 13, 2017 Board Meetings. The authority affected Unit Tracts 1 through 7 and Tracts 13 through 21 of the BOURG B SUI, Conservation Order-416-F-4, Unit Tracts 4A and 6A of the Exposito B RF SUA, Conservation Order No. 416-C-12, and Unit Tract 1 of the FF-GG RA SUA, all located in the Lapeyrouse Field, Terrebonne Parish, Louisiana.

Upon motion of Mr. Watkins, seconded by Ms. LeBlanc, and by unanimous vote of the Board, the State Mineral and Energy Board voted to accept Staff's recommendation to extend authority to Krewe Energy, LLC to escrow royalty payments until August 8, 2018, for Unit Tracts 1 through 7 and Tracts 13 through 21 of the BOURG B SUI, Conservation Order-416-F-4, Unit Tracts 4A and 6A of the Exposito B RF SUA, Conservation Order No. 416-C-12, and Unit Tract 1 of the FF-GG RA SUA, all located in the Lapeyrouse Field, Terrebonne Parish, Louisiana. There were no comments from the public. (Resolution No. 18-02-011)

The sixth matter considered by the Board was a request from Falcon V, L.L.C. (Falcon V) for the Board to authorize Staff to negotiate terms of the remaining 97.19 unleased State acreage, under former State Lease No. 5024, East and West Baton Rouge Parishes, Louisiana, and to remove said acreage from commerce and make unavailable for leasing until the May 9, 2018 Board Meeting or until an Operating Agreement was confected and approved by the Board, whichever occurred first.

Upon motion of Ms. LeBlanc, seconded by Mr. Bradberry, and by unanimous vote of the Board, the State Mineral and Energy Board voted to accept Staff's recommendation to authorize Staff to negotiate terms of the remaining 97.19 unleased State acreage, under former State Lease No. 5024, East and West Baton Rouge Parishes, Louisiana, and to remove said acreage from commerce and make unavailable for leasing until the May 9, 2018 Board Meeting or until an Operating Agreement was confected and approved by the Board, whichever occurred first. There were no comments from the public. (Resolution No. 18-02-012)

The seventh matter considered by the Board was a request by Theodore M. "Ted" Haik, Jr. to the Attorney General's office for a discussion regarding the idea of including a contractual lien in the Proposed New Lease Form.

Chairman Segura stated that this item would have to be added to the Legal and Title Controversy Report since it was not in reference to item #7.

Chairman Segura called the roll and the following Board Members voted to add item #8 to the Legal and Title Controversy Report for a discussion regarding bankruptcy issues as related to State leases.

Mr. Bradberry
Mr. Haik
Ms. LeBlanc
Secretary Harris
Mr. Cordaro
Mr. Watkins
Chairman Segura

Chairman Segura stated that item #8 was now added to the Legal and Title Controversy Report for a discussion regarding bankruptcy issues as related to State leases.

Mr. Haik made a motion to request the Department of Natural Resources contract with specialist counsel, pursuant to the approved State rates, to assist the Attorney General's Office in drafting the desired bankruptcy protective language to add to the new lease form. The motion was seconded by Mr. Watkins.

By unanimous vote of the Board, the State Mineral and Energy Board voted to request that the Department of Natural Resources contract with specialist counsel, pursuant to the approved State rates, to assist the Attorney General's Office in drafting the desired bankruptcy protective language to add to the new lease form. There were no comments from the public. (Resolution No. 18-02-013)

Mr. Haik stated that he would like to make another motion on the same subject matter that the State Mineral and Energy Board adopt a resolution endorsing SR159 by Senator Bret Allain which, in part, addressed the reclassification of mineral royalties as rent and reflected that the royalties be properly classified as property of the land owners or mineral owner at the moment of severance rather than rent so that as such, royalties owed in bankruptcy could be considered a secured rather than unsecured debt. He continued that was the genesis of Senate Bill 159.

After careful discussion of this matter, no action was taken by the Board at this time. This matter will be revisited at next month's meeting in order to allow time for Mr. Haik and the Attorney General's office to draft a resolution expressing support of remedying the issue.

Chairman Segura stated that was all that was on the Legal and Title Controversy Report and thanked Mr. Haik, Mr. Lento and Assistant Secretary Manuel.

**e) DOCKET REVIEW REPORT
February 14, 2018**

The Board heard the report from Emile Fontenot on Wednesday, February 14, 2018, relative to the following:

- Category A: State Agency Leases
There were no items for this category
- Category B: State Lease Transfers
Docket Item Nos. 1 through 4
- Category C: Department of Wildlife & Fisheries State Agency Lease
There were no items for this category
- Category D: Advertised Proposals
Docket Item Nos. 1 and 2

Based upon the staff's recommendation, on motion of Mr. Harris, duly seconded by Mr. Hollenshead, the Board voted unanimously to accept the following recommendations:

- Category B: State Lease Transfers
Approve Docket Item Nos. 1 through 4
(Resolution Nos. 18-02-014 through 18-02-017)
- Category D: Advertised Proposals
Approve Docket Item Nos. 18-03 and 18-04
(Resolution Nos. 18-01-018 and 18-01-019)

VI. EXECUTIVE SESSION
(Resolution Nos. 18-02-020 thru 18-02-021)

The Chairman stated that the next order of business was discussions in Executive Session to consider matters before the Board which were confidential in nature. Upon motion of Mr. Hollenshead, seconded by Ms. LeBlanc, the Board Members went into Executive Session at 11:09 a.m.

Upon motion of Ms. LeBlanc, seconded by Mr. Cordaro, the Board reconvened in open session at 11:35 a.m. for consideration of the following matters discussed in Executive Session:

a. A status update regarding settlement of outstanding audit issues with ChevronTexaco, Texaco E&P Inc. and Unocal

This matter was only a discussion, and no action by the Board was taken. No comments were made by the public.

b. A discussion regarding the suit entitled: Chesapeake Operating, Inc. and Chesapeake Louisiana, LP v. The State Mineral and Energy Board of Louisiana, et al, Docket No. 35,483, 39th Judicial District Court, Red River Parish, State of Louisiana

Upon motion of Mr. Harris, seconded by Mr. Watkins, the Board voted unanimously to grant authority to the Attorney General's office to enter into settlement negotiations with the private claimants to this property as discussed in Executive Session. No comments were made by the public. (Resolution No. 18-02-020)

c. A discussion regarding the suit entitled: BHP Billiton Petroleum Properties (N.A.), L.P., et al. v. Hosier Properties, L.L.C., et al., Docket No. 587,839, Division A, 1st Judicial District Court, Caddo Parish, State of Louisiana

Upon motion of Mr. Hollenshead, seconded by Ms. LeBlanc, the Board voted unanimously to grant authority to the Attorney General's office to enter into negotiations with other private claimants to this suit in an attempt to globally resolve the entire suit as discussed in Executive Session. No comments were made by the public. (Resolution No. 18-02-021)

d. A discussion and review of outstanding escrow authorizations

This matter was only a discussion, and no action by the Board was taken. No comments were made by the public.

e. Technical Briefing on Bids

The Board was briefed on the bids received at today's lease sale.

VII. AWARDING OF LEASES

The Chairman stated that the next order of business was the awarding of the leases and called on Mr. Jason Talbot to present Staff's recommendations to the Board.

Mr. Talbot stated that Staff recommends that the bid received on Tract No. 44841 from Theophilus Oil, Gas & Land Services, LLC be granted along with the remaining bids received on Tract Nos. 44842, 44844, and 44846 be granted.

Upon motion by Mr. Watkins, seconded by Mr. Harris, the Board unanimously voted to accept Staff's recommendations and award leases on the following:

1. Award a lease on Tract 44841 to Theophilus Oil, Gas & Land Services, LLC
2. Award a lease on a Tract 44842 to Cypress Energy Corporation
3. Award a lease on a Tract 44844 to Hilcorp Energy I, L.P.
4. Award a lease on a Tract 44846 to Hilcorp Energy I, L.P.

Leases awarded were conditioned on tract descriptions being accurate, overlapped prior leases being subtracted from acreage bid on, acreage amount being verified and agreed between bidder and state and portion bids verified as being located within advertised boundary of tracts. (No public comment was made at this time.)

This concluded the awarding of the leases.

VIII. NEW BUSINESS

The Chairman then announced that the next order of business would be the discussion of new business.

No new business was discussed.

Discussed in the Legal & Title Report:

A general discussion regarding Theodore M. "Ted" Haik, Jr.'s presentation before the Louisiana Law Institute's Mineral Law Committee on February 9, 2018

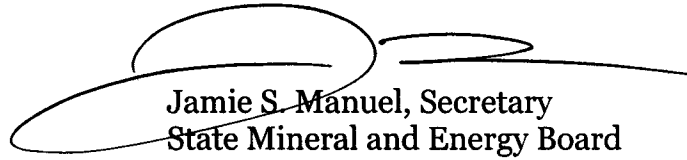
IX. ANNOUNCEMENTS

Mr. Manuel stated that there were four (4) leases awarded totaling \$111,217.50 for the February 14, 2018 Lease Sale bringing the fiscal year total to \$2,896,908.81.

X. ADJOURNMENT

The Chairman then stated there being no further business to come before the Board, upon motion of Ms. LeBlanc, seconded by Mr. Watkins, the meeting was adjourned at 11:40 a.m.

Respectfully Submitted,



Jamie S. Manuel, Secretary
State Mineral and Energy Board

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

**Resolution #18-02-001
(LEASE REVIEW)**

On motion of Mr. Watkins, seconded by Mr. Hollenshead, the following resolution was offered and unanimously adopted by the State Mineral and Energy Board (SMEB):

WHEREAS, the Board last reviewed State Lease 724, Four Isle Dome Field, on September 13, 2017. The Board accepted Hilcorp Energy's (Hilcorp) report and granted Hilcorp until January 10, 2018 to provide a new plan of development for this lease; and,


WHEREAS, by letter dated January 9, 2018, Hilcorp reported that certain lease activities had taken place over State Lease 724; and,

WHEREAS, Hilcorp also reported that they are willing to release acreage on the northeastern portion of State Lease 724 pending co-owner approval; and

NOW THEREFORE BE IT RESOLVED the Board accepts Hilcorp's status report, approves the pending release and also grants Hilcorp until August 8, 2018 to provide a status report on their shallow oil opportunities.

CERTIFICATE

I hereby certify that the above is true and correct copy of a Resolution adopted at a meeting of the State Mineral and Energy Board in the City of Baton Rouge, Louisiana, on February 14, 2018, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.



Jamie S. Manuel, Secretary
Louisiana State Mineral and Energy Board

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

**Resolution #18-02-002
(LEASE REVIEW)**

On motion of Mr. Harris, seconded by Mr. Bradberry, the following resolution was offered and unanimously adopted by the State Mineral and Energy Board (SMEB):

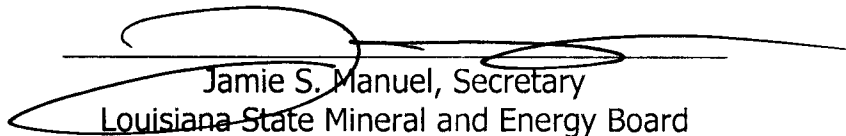
WHEREAS, the Board last reviewed State Lease 797, Grand Isle Block 18 Field, on September 13, 2017. The Board accepted Energy XXI GOM, LLC's (Energy XXI) report and granted Energy XXI until December 11, 2017 to drill a well affecting the northern portion (non-productive) of State Lease 797 by the fourth quarter of 2017 and if the well was not drilled, Energy XXI must release approximately 20% of the northern portion of State Lease 797; and,

WHEREAS, Energy XXI reported that in lieu of drilling a well on the lease by the fourth quarter of 2017, they are willing to release 20% of the current acreage of State Lease 797; and

NOW THEREFORE BE IT RESOLVED the Board accepts Energy XXI's status report, approves the pending release of 20% of the current acreage of State Lease 797 and requests that Energy XXI provide a status update of State Lease 797 by January 9, 2019.

CERTIFICATE

I hereby certify that the above is true and correct copy of a Resolution adopted at a meeting of the State Mineral and Energy Board in the City of Baton Rouge, Louisiana, on February 14, 2018, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.


Jamie S. Manuel, Secretary
Louisiana State Mineral and Energy Board

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

**Resolution #18-02-003
(LEASE REVIEW)**

On motion of Mr. Harris, seconded by Mr. Bradberry, the following resolution was offered and unanimously adopted by the State Mineral and Energy Board (SMEB):

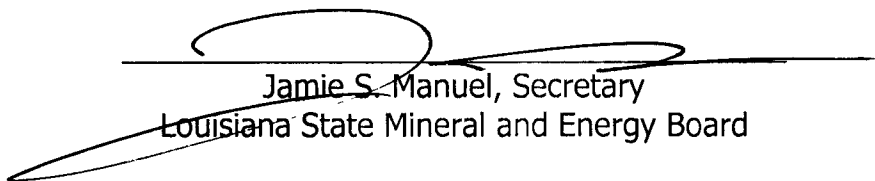
WHEREAS, the Board last reviewed State Lease 799, Grand Isle Block 16 Field, on September 13, 2017. The Board accepted Energy XXI GOM, LLC's (Energy XXI) report and granted Energy XXI until December 11, 2017 to provide a status update of State Lease 799; and,

WHEREAS, Energy XXI reported that the lease well continues to produce and that Energy XXI continues to evaluate seismic data to identify new drilling opportunities; and

NOW THEREFORE BE IT RESOLVED the Board accepts Energy XXI's status report, and requests that Energy XXI provide a status update of State Lease 799 by January 9, 2019.

CERTIFICATE

I hereby certify that the above is true and correct copy of a Resolution adopted at a meeting of the State Mineral and Energy Board in the City of Baton Rouge, Louisiana, on February 14, 2018, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.


Jamie S. Manuel, Secretary

Louisiana State Mineral and Energy Board

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

Resolution #18-02-004 (LEASE REVIEW)

On motion of Mr. Hollenshead, seconded by Mr. Haik, the following resolution was offered and unanimously adopted by the State Mineral and Energy Board (SMEB):

WHEREAS, the Mr. Bradbury of the Office of Mineral Resources made a report of a timely force majeure request by Rabb Contracting Company, LLC ("Rabb Contracting") affecting State Lease 19581 in Roseland Field, Concordia Parish, Louisiana; and,

WHEREAS, on October 14, 2017, Rabb Contracting reported that they were shut-in by the Office of Conservation and the Concordia Parish Sheriff's Department Police, reported vandalism to production equipment owned by Day Dreams Resources, LLC that shares the same salt water disposal facility with the VUA; SL 19581 No. 1 well that maintains State Lease 19581; and,

WHEREAS, on November 9, 2017, the Office of Conservation issued Compliance Order No. E-I & E-17-1162 ordering that the Day Dreams Resources, LLC and Rabb Contracting Company, LLC operated wells and facilities be shut-in and sealed for an indefinite period of time pending a study to determine the ownership of oil in the storage at each operator's production facility; and,

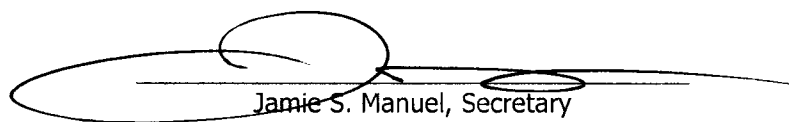
WHEREAS, in accordance with and under authority granted by the 2005 State Mineral and Energy Board Policy, Mr. Bradbury recognized the force majeure event of Rabb Contracting for the period of October 14, 2017 through April 11, 2018; and,

WHEREAS, Mr. Bradbury requests that the State Mineral and Energy Board confirm the actions of the Office of Mineral Resources concerning this force majeure condition; and,

NOW THEREFORE BE IT RESOLVED the State Mineral and Energy Board confirms the Office of Mineral Resources recognition of the force majeure event affecting State Lease 19581 for the period of October 13, 2017 through April 11, 2018. The Board shall further require that Rabb Contracting submit monthly status reports until the work is complete or production in paying quantities is restored. Finally the Board reserves its rights to rescind this force majeure recognition at any time.

CERTIFICATE

I hereby certify that the above is true and correct copy of a Resolution adopted at a meeting of the State Mineral and Energy Board in the City of Baton Rouge, Louisiana, on February 14, 2018, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.


Jamie S. Manuel, Secretary
Louisiana State Mineral and Energy Board

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

Authority to advertise
Tracts for April 11, 2018
Lease Sale

Resolution #18-02-005
(NOMINATION AND TRACT REPORT)

WHEREAS, Mr. Emile Fontenot reported that 7 tracts had been nominated for the April 11, 2018 Mineral Lease Sale, and requests that same are to be advertised pending staff review;

ON MOTION of *Mr. Haik*, seconded by *Mr. Bradberry*, the following recommendation was offered and unanimously adopted by the Board after discussion and careful consideration:

That the State Mineral and Energy Board grant final approval to advertise all such tracts for the April 11, 2018 Mineral Lease Sale;

NOW, BE IT THEREFORE RESOLVED, that the State Mineral and Energy Board does hereby approve and authorize the advertising of all such tracts reviewed by the staff of the Office of Mineral Resources, as well as any tracts that have been previously advertised and rolled over, and to otherwise approve the Nomination and Tract Report.

CERTIFICATE

I HEREBY CERTIFY that the above is a true and correct copy of a Resolution adopted at a meeting of the Louisiana State Mineral and Energy Board in the City of Baton Rouge, Louisiana, on the 14th day of February 2018, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Books of said Louisiana State Mineral and Energy Board and is now in full force and effect.


Jamie S. Manuel, Secretary
LOUISIANA STATE MINERAL AND ENERGY BOARD

RESOLUTION

Exco Resources, Inc.
Bankruptcy

LOUISIANA STATE MINERAL AND ENERGY BOARD

RESOLUTION #18-02-006 (AUDIT COMMITTEE)

WHEREAS, pursuant to La. R.S. 30:136.A(1)(c), the Office of Mineral Resources (OMR) staff is authorized to audit information relevant to the computation of royalties including appropriate records, report or other information; and

WHEREAS, by State Mineral and Energy Board (Board) Resolution dated August 12, 2009, the Board authorized the OMR to conduct all appropriate and necessary audits of any party, lessee, operator and/or payor of a State lease, that has, or may, file for bankruptcy protection; and

WHEREAS, Exco Resources, Inc. Filed Chapter 11 bankruptcy on January 15, 2018; and

WHEREAS, two of Exco Resources affiliates are noted as royalty payors including Exco Resources, Inc.; and

WHEREAS, Exco Resources, Inc. was a payor of record from March 2000 through January 2005 during which time royalty payments totaled \$9,948.40; and

WHEREAS, Exco Resources, Inc. was audited for the period of January 2000 through June 2003 and yielded no findings;

WHEREAS, OMR staff recommends Exco Resources, Inc. be removed from the 2018 audit cycle given the immaterial amount of royalty paid and no royalty is at risk; and

ON MOTION of Mr. Watkins, seconded by Secretary Harris, after discussion and careful consideration, the foregoing OMR Staff recommendations were offered and unanimously accepted by the Audit Committee.

NOW THEREFORE, BE IT RESOLVED that the State Mineral and Energy Board does hereby grant that the audit of Exco Resources, Inc. be removed from the 2018 audit cycle given the immaterial amount of royalty paid and no royalty is at risk;

CERTIFICATE

I HEREBY CERTIFY that the above is a true and correct copy of a Resolution adopted at a meeting on the 14th day of February 2018 of the State Mineral and Energy Board in the City of Baton Rouge, State of Louisiana, pursuant to due notice and in compliance with law, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Books of the Board and is now in full force and effect.


Jamie S. Manuel, Secretary
State Mineral and Energy Board

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

RESOLUTION #18-02-007

(LEGAL & TITLE CONTROVERSY REPORT)

1776 Energy Operators,
LLC – Request for waiver
of LDA for late release of
AO 287 and 288

WHEREAS, a second request from 1776 Energy Operators, LLC dated January 2, 2018, to appear before the Board regarding liquidated damages in the amount of \$27,200.00 for the late release of Operating Agreement 287 and liquidated damages in the amount of \$8,900.00 for the late release of Operating Agreement 288, both located in Riverton Field, Caldwell Parish, Louisiana;


WHEREAS, the Staff of the Office of Mineral Resources, upon thorough review and consideration, recommended, based on a Resolution adopted by the Board dated December 13, 2018, not to grant a reduction to 1776 Energy for the liquidated damage assessments stated above;

ON MOTION of Mr. Haik, seconded by Mr. Cordaro, the following Resolution was offered and unanimously adopted by the State Mineral and Energy Board:

NOW THEREFORE, BE IT RESOLVED that the Board hereby denies the request by 1776 Energy for a reduction of the liquidated damage assessment for the late releases of Operating Agreements 287 and 288.

CERTIFICATE

I HEREBY CERTIFY that the above is a true and correct copy of a Resolution adopted at a meeting on the 14th day of February, 2018 of the State Mineral and Energy Board in the City of Baton Rouge, State of Louisiana, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Books of said State Mineral and Energy Board and is now in full force and effect.


JAMIE S. MANUEL, SECRETARY
STATE MINERAL AND ENERGY BOARD

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

RESOLUTION #18-02-008

(LEGAL & TITLE CONTROVERSY REPORT)

Petro-Guard Production,
LLC – Full waiver request for
late release of SL #19544

WHEREAS, a request was made by Petro-Guard Production, LLC dated December 8, 2017, for a full waiver regarding liquidated damages in the amount of \$3,000.00 for the late release of State Lease No. 19544 in Port Barre Field located in St. Landry Parish, Louisiana;

WHEREAS, the Staff of the Office of Mineral Resources, upon thorough review and consideration, recommended, based on Board protocol, that the foregoing request be granted;

ON MOTION of Mr. Harris, seconded by Ms. LeBlanc, the following Resolution was offered and adopted by the State Mineral and Energy Board:

NOW THEREFORE, BE IT RESOLVED that the Board hereby grants a full waiver of the \$3,000.00 liquidated damage assessment for the late release of State Lease No. 19544 to Red Stick Energy, LLC.

CERTIFICATE

I HEREBY CERTIFY that the above is a true and correct copy of a Resolution adopted at a meeting on the 14th day of February, 2018 of the State Mineral and Energy Board in the City of Baton Rouge, State of Louisiana, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Books of said State Mineral and Energy Board and is now in full force and effect.


JAMIE S. MANUEL, SECRETARY
STATE MINERAL AND ENERGY BOARD

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

RESOLUTION #18-02-009

(LEGAL & TITLE CONTROVERSY REPORT)

Texas Petroleum Investment Company – Full waiver request for late release of SL #17174

WHEREAS, a request was made by Texas Petroleum Investment Company (TPIC) for a full waiver of liquidated damages in the amount of \$21,300.00 for the late release of State Lease No. 17174 in West Lake DeCade Field located in Terrebonne Parish, Louisiana;

WHEREAS, pursuant to Resolution #17-12-004, this matter was tabled by the Board at the December 13, 2017 Board Meeting;

WHEREAS, TPIC requested that this matter be postponed to the February 14, 2018 Board Meeting;

WHEREAS, based on the information furnished and recommendation of Staff, reduced the liquidated damage assessment from \$21,300.00 to \$15,655.00;

ON MOTION of Ms. LeBlanc, seconded by Mr. Bradberry, and opposed by Mr. Haik, the following Resolution was offered and adopted by the State Mineral and Energy Board:

NOW THEREFORE, BE IT RESOLVED that the Board hereby accepts Staff's recommendation and approves the recommendation of Staff to reduce the \$21,300.00 liquidated damage assessment to \$15,655.00 for the late release of State Lease No. 17174, in West Lake DeCade Field located in Terrebonne Parish, Louisiana.

CERTIFICATE

I HEREBY CERTIFY that the above is a true and correct copy of a Resolution adopted at a meeting on the 14th day of February, 2018 of the State Mineral and Energy Board in the City of Baton Rouge, State of Louisiana, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Books of said State Mineral and Energy Board and is now in full force and effect.


JAMIE S. MANUEL, SECRETARY
STATE MINERAL AND ENERGY BOARD

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

RESOLUTION #18-02-010

(LEGAL & TITLE CONTROVERSY REPORT)

BHP Billiton Petroleum
(Americas), Inc – Request to
extend Operating Agreement
negotiation on former
SL No 17732

WHEREAS, a request by the Staff of the Office of Mineral Resources to grant a third extension to the original May 10, 2017 extension to negotiate the terms of an Operating Agreement with BHP Billiton Petroleum (Americas), Inc. (BHP) on unleased State acreage and remove same from commerce;

WHEREAS, this unleased State acreage, situated in Sections 29 and 30, Township 16 North, Range 11 West, Bossier Parish, Louisiana, being the same property covered by former State Lease No. 17732 within the HA RA SU 127 and the CV RA SU 45, Elmwood Field, is located in Bossier Parish, Louisiana. It was found that historical production and land issues were far more complicated than originally anticipated, thereby necessitating a request for a second extension;

WHEREAS FURTHER, the State and BHP remain mutually interested in resolving this matter. After careful consideration, Staff recommended this third extension be granted by the Board and that the acreage be removed from commerce until August 8, 2018;

ON MOTION of Mr. Hollenshead seconded by Ms. LeBlanc, the following Resolution was offered and unanimously adopted by the State Mineral and Energy Board:

NOW THEREFORE, BE IT RESOLVED that the State Mineral and Energy Board does hereby approve the foregoing request for a third extension to the original May 10, 2017 extension to negotiate an Operating Agreement as stated above;

BE IT FURTHER RESOLVED that the Board does hereby approve Staff's recommendation to remove this acreage from commerce, making it unavailable for leasing until the August 8, 2018 Board Meeting, or until an Operating Agreement is perfected and approved by the Board, whichever occurs first.

CERTIFICATE

I HEREBY CERTIFY that the above is a true and correct copy of a Resolution adopted at a meeting on the 14th day of February, 2018 of the State Mineral and Energy Board in the City of Baton Rouge, State of Louisiana, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Books of said State Mineral and Energy Board and is now in full force and effect.


JAMIE S. MANUEL, SECRETARY
STATE MINERAL AND ENERGY BOARD

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

RESOLUTION #18-02-011

(LEGAL & TITLE CONTROVERSY REPORT)

Krewe Energy, LLC – Request
to Extend Authority to August
8, 2018: B RF SUA & FF-GG-
RA SUA, BOURG B SUI

WHEREAS, Krewe Energy, LLC requests authority to extend escrow royalty payments until August 8, 2018, previously granted by the Board at its August 9, 2017 and September 13, 2017 Board Meetings from a title dispute within Unit Tracts 1 through 7 and Tracts 13 through 21 of the BOURG B SUI, Conservation Order-416-F-4, Unit Tracts 4A and 6A of the Exposito B RF SUA, Conservation Order No. 416-C-12, and Unit Tract 1 of the FF-GG- RA SUA, located in Lapeyrouse Field, Terrebonne Parish, Louisiana; and

WHEREAS, in response to this request, OMR Staff offered the following recommendation for consideration by the Board:

That the State Mineral and Energy Board approve the request for extension of authority to escrow royalty payments through the August 8, 2018 Board Meeting to allow the interested parties additional time to further pursue resolution of the adverse claim, which authority should be granted subject to the standard escrow procedure and requirements established by OMR.

ON MOTION of Mr. Watkins, seconded by Ms. LeBlanc, after discussion and careful consideration, the following Resolution was offered and unanimously adopted by the Board:

NOW THEREFORE, BE IT RESOLVED that the request for authority to extend escrow royalty payments from through the August 8, 2018 Board Meeting (or the date of the next meeting of the Board thereafter, should it not meet that month) is hereby approved.

CERTIFICATE

I HEREBY CERTIFY that the above is a true and correct copy of a Resolution adopted at a meeting on the 14th day of February, 2018 of the State Mineral and Energy Board in the City of Baton Rouge, State of Louisiana, pursuant to due notice and in compliance with law, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Books of said Board and is now in full force and effect.


JAMIE S. MANUEL, SECRETARY
STATE MINERAL AND ENERGY BOARD

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

RESOLUTION #18-02-012

(LEGAL & TITLE CONTROVERSY REPORT)

Falcon V, L.L.C. request to
negotiate Operating
Agreement on former
SL #5024

WHEREAS, a request by Falcon V, L.L.C. (Falcon V) to authorize Staff to negotiate terms of the remaining 97.19 unleased State acreage under former State Lease No. 5024, East and West Baton Rouge Parishes, Louisiana, and to remove acreage from commerce and make unavailable for leasing until the May 9, 2018 Board Meeting or until an Operating Agreement is confected and approved by the Board, whichever occurred first;

ON MOTION of Ms. LeBlanc, seconded by Mr. Bradberry, after discussion and careful consideration, the following Resolution was offered and unanimously adopted by the State Mineral and Energy Board:

NOW THEREFORE, BE IT RESOLVED that the State Mineral and Energy Board does hereby approve the foregoing request by Falcon V to negotiate an Operating Agreement as stated above;

BE IT FURTHER RESOLVED that the Board does hereby remove the acreage from commerce, making it unavailable for leasing until the May 9, 2018 Board Meeting, or until an Operating Agreement is confected and approved by the Board, whichever occurs first.

CERTIFICATE

I HEREBY CERTIFY that the above is a true and correct copy of a Resolution adopted at a meeting on the 14th day of February, 2018 of the State Mineral and Energy Board in the City of Baton Rouge, State of Louisiana, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Books of said State Mineral and Energy Board and is now in full force and effect.


JAMIE S. MANUEL, SECRETARY
STATE MINERAL AND ENERGY BOARD

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

RESOLUTION #18-02-013

(LEGAL & TITLE CONTROVERSY REPORT)

Addition of Item to L&T
Report Bankruptcy Issues
Related to State Leases

WHEREAS, a request was made to add Item #8 to the Legal and Title Controversy Report for a State Mineral and Energy Board (Board) discussion regarding bankruptcy issues as related to State leases; and

WHEREAS, Chairman Segura called Board Roll confirming the presence of a quorum and the Board voted unanimously to add item #8 to the Legal and Title Controversy Report.

ON MOTION of Mr. Haik, seconded by Mr. Watkins, after discussion and careful consideration, the following Resolution was offered and unanimously adopted by the State Mineral and Energy Board:

NOW THEREFORE, BE IT RESOLVED that the State Mineral and Energy Board does hereby request that the Department of Natural Resources contract with specialist counsel, pursuant to the approved State rates, to assist the Attorney General's Office in drafting the desired bankruptcy protective language to add to the new lease form.

CERTIFICATE

I HEREBY CERTIFY that the above is a true and correct copy of a Resolution adopted at a meeting on the 14th day of February, 2018 of the State Mineral and Energy Board in the City of Baton Rouge, State of Louisiana, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Books of said State Mineral and Energy Board and is now in full force and effect.


JAMIE S. MANUEL, SECRETARY
STATE MINERAL AND ENERGY BOARD

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

Resolution #18-002-014 (DOCKET)

On motion of Mr. Harris, seconded by Mr. Hollenshead, the following Resolution was offered and adopted:

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No. 1 from the February 14, 2018 meeting be approved, said instrument being an Assignment and Amendment of Assignment from W. A. Hudson, II and Betty Cheek Hudson to Zorro Partners, Ltd., of 75% of Assignor's right, title and interest in and to State Lease No. 7964, Acadia Parish, Louisiana, with further particulars being stipulated in the instrument.

Zorro Partners, Ltd is designated as the joint account Lessee (contact company) pursuant to State Mineral and Energy Board Resolution dated September 10, 1975.

This approval is expressly granted and accepted subject to certain conditions in the absence of which conditions approval of said instrument would not have been given as follows:

1) That all terms and conditions of the basic lease will be fulfilled, including but not limited to the full payment of rentals and royalties, regardless of the division of leasehold interests resulting from the instrument,

2) That failure to comply with the terms and conditions of the basic lease by the original lessee, or by any assignee, sublessor or sublessee, prior or subsequent hereto, shall not be deemed waived by the approval of said instrument by the State Mineral and Energy Board for the State of Louisiana, it being distinctly understood that the State Mineral and Energy Board for the State of Louisiana does not recognize said instrument as creating a novation, as regards any right or interest of the State or Board,

3) That in the event ownership of the basic mineral lease is or becomes vested in two or more lessees responsible to the lessor for compliance with indivisible obligations to maintain the lease, then said lessees shall designate in writing to the State Mineral and Energy Board the lessee representing the joint account of all lessees, who shall be accountable to the Board for discharge of indivisible obligations under the lease for all lessees or for release in lieu of compliance therewith, provided that in the event of failure of said lessees to comply with such condition, then the Board may withhold approval of and thereby deny validity to any pending or future assignment or transfer of an interest in the lease, and, provided further, that if any lessee should agree to release the lease or any segregated portion thereof in lieu of complying with an indivisible lease obligation to maintain the lease and no other lessee desires to assume and undertake the indivisible obligation, then all lessees agree to join in a release or to otherwise execute a similar release of their rights to lessor, relegating any nonsignatory lessee to such remedy, if any, as such party may have against the lessee or lessees, who may execute a release purporting to cover the entirety of the lease or of a segregated portion thereof,

4) That this approval is given merely for the purpose of validating the assignment or transfer under the provisions of R S. 30 128, but by giving its approval, the Board does not recognize the validity of any other instrument referred to therein that has not also been considered and approved by the Board in its entirety nor of any descriptions nor adopt any of the terms and conditions in the assignment or transfer, including but not limited to any election to convert an overriding royalty interest to a working interest, and any such election shall not be effective until written notice thereof is given to the Board and assignment or transfer of such working interest in recordable form is docketed for approval and approved by the Board, and, furthermore, that this approval may not operate as the Board's approval of any sales contract, which may have been entered into by the parties to the assignment or transfer, inasmuch as the Board specifically reserves the right to take its royalty oil, gas and other minerals in kind,

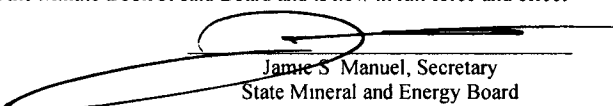
5) That for purposes of recordation and notice, certified copies of this Resolution be attached to all docketed copies of the instrument approved hereby; and

6) That nothing herein shall be construed as approval for any assignment, sublease or transfer to or from any individual, partnership, corporation or other legal entity who has filed bankruptcy proceedings unless such status is specifically recognized in this resolution.

BE IT FURTHER RESOLVED that either the Chairman, Vice-Chairman or Secretary is hereby authorized to reflect the approval of the State Mineral and Energy Board by affixing his signature to the aforesaid instrument.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral and Energy Board held in the City of Baton Rouge, Louisiana, on the 14th day of February, 2018, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect


Jamie S. Manuel, Secretary
State Mineral and Energy Board

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

Resolution #18-002-015 (DOCKET)

On motion of Mr. Harris, seconded by Mr. Hollenshead, the following Resolution was offered and adopted.

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No. 2 from the February 14, 2018 meeting be approved, said instrument being an Assignment from W A Hudson, II and Betty Cheek Hudson to Zorro Partners, Ltd, Javelina Partners and Frost Bank, as trustee of the Josephine T Hudson Testamentary Trust, in the proportions of an undivided 1/3 interest each, in and to State Lease No. 7964, Acadia Parish, Louisiana, with further particulars being stipulated in the instrument.

Zorro Partners, Ltd is designated as the joint account Lessee (contact company) pursuant to State Mineral and Energy Board Resolution dated September 10, 1975

This approval is expressly granted and accepted subject to certain conditions in the absence of which conditions approval of said instrument would not have been given as follows:

1) That all terms and conditions of the basic lease will be fulfilled, including but not limited to the full payment of rentals and royalties, regardless of the division of leasehold interests resulting from the instrument;

2) That failure to comply with the terms and conditions of the basic lease by the original lessee, or by any assignee, sublessor or sublessee, prior or subsequent hereto, shall not be deemed waived by the approval of said instrument by the State Mineral and Energy Board for the State of Louisiana, it being distinctly understood that the State Mineral and Energy Board for the State of Louisiana does not recognize said instrument as creating a novation, as regards any right or interest of the State or Board,

3) That in the event ownership of the basic mineral lease is or becomes vested in two or more lessees responsible to the lessor for compliance with indivisible obligations to maintain the lease, then said lessees shall designate in writing to the State Mineral and Energy Board the lessee representing the joint account of all lessees, who shall be accountable to the Board for discharge of indivisible obligations under the lease for all lessees or for release in lieu of compliance therewith, provided that in the event of failure of said lessees to comply with such condition, then the Board may withhold approval of and thereby deny validity to any pending or future assignment or transfer of an interest in the lease, and, provided further, that if any lessee should agree to release the lease or any segregated portion thereof in lieu of complying with an indivisible lease obligation to maintain the lease and no other lessee desires to assume and undertake the indivisible obligation, then all lessees agree to join in a release or to otherwise execute a similar release of their rights to lessor, relegating any nonsignatory lessee to such remedy, if any, as such party may have against the lessee or lessees, who may execute a release purporting to cover the entirety of the lease or of a segregated portion thereof,

4) That this approval is given merely for the purpose of validating the assignment or transfer under the provisions of R.S. 30.128, but by giving its approval, the Board does not recognize the validity of any other instrument referred to therein that has not also been considered and approved by the Board in its entirety nor of any descriptions nor adopt any of the terms and conditions in the assignment or transfer, including but not limited to any election to convert an overriding royalty interest to a working interest, and any such election shall not be effective until written notice thereof is given to the Board and assignment or transfer of such working interest in recordable form is docketed for approval and approved by the Board, and, furthermore, that this approval may not operate as the Board's approval of any sales contract, which may have been entered into by the parties to the assignment or transfer, inasmuch as the Board specifically reserves the right to take its royalty oil, gas and other minerals in kind;

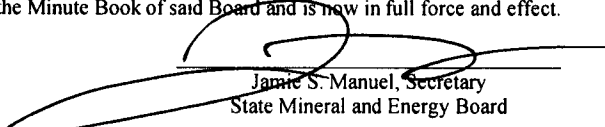
5) That for purposes of recordation and notice, certified copies of this Resolution be attached to all docketed copies of the instrument approved hereby, and

6) That nothing herein shall be construed as approval for any assignment, sublease or transfer to or from any individual, partnership, corporation or other legal entity who has filed bankruptcy proceedings unless such status is specifically recognized in this resolution

BE IT FURTHER RESOLVED that either the Chairman, Vice-Chairman or Secretary is hereby authorized to reflect the approval of the State Mineral and Energy Board by affixing his signature to the aforesaid instrument

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral and Energy Board held in the City of Baton Rouge, Louisiana, on the 14th day of February, 2018, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.


Jamie S. Manuel, Secretary
State Mineral and Energy Board

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

Resolution #18-002-016 (DOCKET)

On motion of Mr. Harris, seconded by Mr. Hollenshead, the following Resolution was offered and adopted

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No 3 from the February 14, 2018 meeting be approved, said instrument being an Assignment from Park Resources #1, L.L.C. to Krewe Energy, LLC, of all of Assignor's right, title and interest in and to State Lease Nos 19706 and 20363, Plaquemines Parish, Louisiana, with further particulars being stipulated in the instrument

Krewe Energy, LLC is designated as the joint account Lessee (contact company) pursuant to State Mineral and Energy Board Resolution dated September 10, 1975.

This approval is expressly granted and accepted subject to certain conditions in the absence of which conditions approval of said instrument would not have been given as follows.

1) That all terms and conditions of the basic lease will be fulfilled, including but not limited to the full payment of rentals and royalties, regardless of the division of leasehold interests resulting from the instrument.

2) That failure to comply with the terms and conditions of the basic lease by the original lessee, or by any assignee, sublessor or sublessee, prior or subsequent hereto, shall not be deemed waived by the approval of said instrument by the State Mineral and Energy Board for the State of Louisiana, it being distinctly understood that the State Mineral and Energy Board for the State of Louisiana does not recognize said instrument as creating a novation, as regards any right or interest of the State or Board;

3) That in the event ownership of the basic mineral lease is or becomes vested in two or more lessees responsible to the lessor for compliance with indivisible obligations to maintain the lease, then said lessees shall designate in writing to the State Mineral and Energy Board the lessee representing the joint account of all lessees, who shall be accountable to the Board for discharge of indivisible obligations under the lease for all lessees or for release in lieu of compliance therewith, provided that in the event of failure of said lessees to comply with such condition, then the Board may withhold approval of and thereby deny validity to any pending or future assignment or transfer of an interest in the lease, and, provided further, that if any lessee should agree to release the lease or any segregated portion thereof in lieu of complying with an indivisible lease obligation to maintain the lease and no other lessee desires to assume and undertake the indivisible obligation, then all lessees agree to join in a release or to otherwise execute a similar release of their rights to lessor, relegating any nonsignatory lessee to such remedy, if any, as such party may have against the lessee or lessees, who may execute a release purporting to cover the entirety of the lease or of a segregated portion thereof.

4) That this approval is given merely for the purpose of validating the assignment or transfer under the provisions of R S. 30:128, but by giving its approval, the Board does not recognize the validity of any other instrument referred to therein that has not also been considered and approved by the Board in its entirety nor of any descriptions nor adopt any of the terms and conditions in the assignment or transfer, including but not limited to any election to convert an overriding royalty interest to a working interest, and any such election shall not be effective until written notice thereof is given to the Board and assignment or transfer of such working interest in recordable form is docketed for approval and approved by the Board, and, furthermore, that this approval may not operate as the Board's approval of any sales contract, which may have been entered into by the parties to the assignment or transfer, inasmuch as the Board specifically reserves the right to take its royalty oil, gas and other minerals in kind.

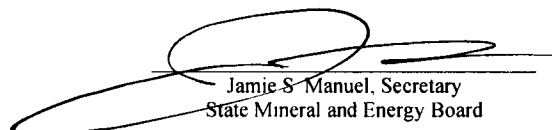
5) That for purposes of recordation and notice, certified copies of this Resolution be attached to all docketed copies of the instrument approved hereby; and

6) That nothing herein shall be construed as approval for any assignment, sublease or transfer to or from any individual, partnership, corporation or other legal entity who has filed bankruptcy proceedings unless such status is specifically recognized in this resolution.

BE IT FURTHER RESOLVED that either the Chairman, Vice-Chairman or Secretary is hereby authorized to reflect the approval of the State Mineral and Energy Board by affixing his signature to the aforesaid instrument.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral and Energy Board held in the City of Baton Rouge, Louisiana, on the 14th day of February, 2018, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.


Jamie S. Manuel, Secretary
State Mineral and Energy Board

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

Resolution #18-002-017 (DOCKET)

On motion of Mr. Harris, seconded by Mr. Hollenshead, the following Resolution was offered and adopted.

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No 4 from the February 14, 2018 meeting be approved, said instrument being an Assignment from Energy XXI Onshore, LLC to Fieldwood Onshore LLC, an undivided 36.56250% of Assignor's right, title and interest in and to State Lease No 18614, St. Mary Parish, Louisiana, with further particulars being stipulated in the instrument

Energy XXI Onshore, LLC is designated as the joint account Lessee (contact company) pursuant to State Mineral and Energy Board Resolution dated September 10, 1975

This approval is expressly granted and accepted subject to certain conditions in the absence of which conditions approval of said instrument would not have been given as follows.

1) That all terms and conditions of the basic lease will be fulfilled, including but not limited to the full payment of rentals and royalties, regardless of the division of leasehold interests resulting from the instrument,

2) That failure to comply with the terms and conditions of the basic lease by the original lessee, or by any assignee, sublessor or sublessee, prior or subsequent hereto, shall not be deemed waived by the approval of said instrument by the State Mineral and Energy Board for the State of Louisiana, it being distinctly understood that the State Mineral and Energy Board for the State of Louisiana does not recognize said instrument as creating a novation, as regards any right or interest of the State or Board,

3) That in the event ownership of the basic mineral lease is or becomes vested in two or more lessees responsible to the lessor for compliance with indivisible obligations to maintain the lease, then said lessees shall designate in writing to the State Mineral and Energy Board the lessee representing the joint account of all lessees, who shall be accountable to the Board for discharge of indivisible obligations under the lease for all lessees or for release in lieu of compliance therewith, provided that in the event of failure of said lessees to comply with such condition, then the Board may withhold approval of and thereby deny validity to any pending or future assignment or transfer of an interest in the lease, and, provided further, that if any lessee should agree to release the lease or any segregated portion thereof in lieu of complying with an indivisible lease obligation to maintain the lease and no other lessee desires to assume and undertake the indivisible obligation, then all lessees agree to join in a release or to otherwise execute a similar release of their rights to lessor, relegating any nonsignatory lessee to such remedy, if any, as such party may have against the lessee or lessees, who may execute a release purporting to cover the entirety of the lease or of a segregated portion thereof;

4) That this approval is given merely for the purpose of validating the assignment or transfer under the provisions of R.S. 30.128, but by giving its approval, the Board does not recognize the validity of any other instrument referred to therein that has not also been considered and approved by the Board in its entirety nor of any descriptions nor adopt any of the terms and conditions in the assignment or transfer, including but not limited to any election to convert an overriding royalty interest to a working interest, and any such election shall not be effective until written notice thereof is given to the Board and assignment or transfer of such working interest in recordable form is docketed for approval and approved by the Board, and, furthermore, that this approval may not operate as the Board's approval of any sales contract, which may have been entered into by the parties to the assignment or transfer, inasmuch as the Board specifically reserves the right to take its royalty oil, gas and other minerals in kind,

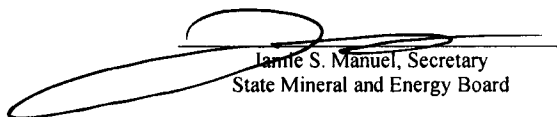
5) That for purposes of recordation and notice, certified copies of this Resolution be attached to all docketed copies of the instrument approved hereby; and

6) That nothing herein shall be construed as approval for any assignment, sublease or transfer to or from any individual, partnership, corporation or other legal entity who has filed bankruptcy proceedings unless such status is specifically recognized in this resolution.

BE IT FURTHER RESOLVED that either the Chairman, Vice-Chairman or Secretary is hereby authorized to reflect the approval of the State Mineral and Energy Board by affixing his signature to the aforesaid instrument.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral and Energy Board held in the City of Baton Rouge, Louisiana, on the 14th day of February, 2018, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.


Jamie S. Manuel, Secretary
State Mineral and Energy Board

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

Resolution #18-002-018

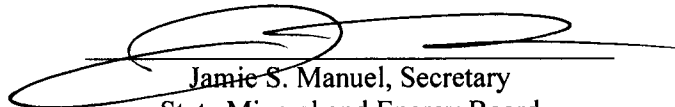
(DOCKET)

On motion of Mr. Harris, seconded by Mr. Hollenshead, the following Resolution was offered and adopted:

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No. 18-03 from the February 14, 2018 meeting be approved, said instrument being a Ratification of the approval given at the December State Mineral and Energy Board meeting of a Lease Amendment by and between the State Mineral and Energy Board and Hilcorp Energy I, L.P., whereas said parties desire to amend said State Lease 21533, Vermilion Parish, Louisiana, noting that the primary term of said lease be extended for two years, having an amended expiration date of February 11, 2020, that the annual rental payments of \$125.50 for the current primary term shall be increased to \$251.00 for year four and five (Paid-up of paid in full with the execution of the amendment) of the extended primary term, that the current royalty percentage of Twenty-Five Percent (25%) shall be increased to Twenty-Five and Five-Tenths Percent (25.5%) from February 12, 2018 through the remaining life of the lease, with further particulars to be stipulated in the instrument.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral and Energy Board held in the City of Baton Rouge, Louisiana, on the 14th day of February, 2018 pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.


Jamie S. Manuel, Secretary
State Mineral and Energy Board

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

Resolution #18-002-019

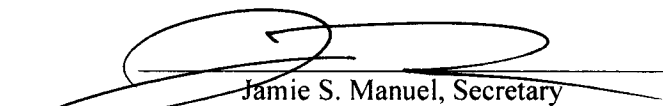
(DOCKET)

On motion of Mr. Harris, seconded by Mr. Hollenshead, the following Resolution was offered and adopted:

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No. 18-04 from the February 14, 2018 meeting be approved, said instrument being a Settlement, Receipt, and Release Agreement by and between Milagro Exploration, LLC (“Milagro”), and the State of Louisiana, acting through its agent, the Louisiana State Mineral & Energy Board, whereas said parties mutually agree to settle and resolve outstanding audit issues, affecting Former State Lease No. 8191, Plaquemines Parish, Louisiana, with further particulars being stipulated in the instrument.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral and Energy Board held in the City of Baton Rouge, Louisiana, on the 14th day of February, 2018 pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.


Jamie S. Manuel, Secretary
State Mineral and Energy Board

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

RESOLUTION # 18-02-020

(EXECUTIVE SESSION)

Executive Session Discussion
Re: Chesapeake Operating,
Inc. & Chesapeake Louisiana,
LP v. SMEB, et al, No. 35,483,
39th JDC, Red River Parish,
State of Louisiana

WHEREAS, a discussion was held in Executive Session regarding the suit entitled: Chesapeake Operating, Inc. and Chesapeake Louisiana, LP v. The State Mineral and Energy Board of Louisiana, et al, Docket No. 35,483, 39th Judicial District Court, Red River Parish, State of Louisiana;

ON MOTION of Mr. Harris, seconded by Mr. Watkins, the following Resolution was offered and unanimously adopted by the State Mineral and Energy Board:

NOW THEREFORE, BE IT RESOLVED that the State Mineral and Energy Board does hereby grant authority to the Attorney General's office to enter into settlement negotiations with the private claimants to this property as discussed in Executive Session.

CERTIFICATE

I HEREBY CERTIFY that the above is a true and correct copy of a Resolution adopted at a meeting on the 14th day of February, 2018 of the State Mineral and Energy Board in the City of Baton Rouge, State of Louisiana, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Books of said State Mineral and Energy Board and is now in full force and effect.


JAMIE S. MANUEL, SECRETARY
State Mineral and Energy Board

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

RESOLUTION # 18-02-021

(EXECUTIVE SESSION)

Executive Session Discussion
Re: BHP Billiton Petroleum
Properties (N.A.), L.P., et al. v.
Hosier Properties, L.L.C., et
al., #587,839, 1st JDC, Caddo
Parish, State of Louisiana

WHEREAS, a discussion was held in Executive Session regarding the suit entitled: BHP Billiton Petroleum Properties (N.A.), L.P., et al. v. Hosier Properties, L.L.C., et al., Docket No. 587,839, Division A, 1st Judicial District Court, Caddo Parish, State of Louisiana;

ON MOTION of Mr. Hollenshead, seconded by Ms. LeBlanc, the following Resolution was offered and unanimously adopted by the State Mineral and Energy Board:

NOW THEREFORE, BE IT RESOLVED that the State Mineral and Energy Board does hereby grant authority to the Attorney General's office to enter into negotiations with other private claimants to this suit in an attempt to globally resolve the entire suit as discussed in Executive Session.

CERTIFICATE

I HEREBY CERTIFY that the above is a true and correct copy of a Resolution adopted at a meeting on the 14th day of February, 2018 of the State Mineral and Energy Board in the City of Baton Rouge, State of Louisiana, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Books of said State Mineral and Energy Board and is now in full force and effect.


JAMIE S. MANUEL, SECRETARY
State Mineral and Energy Board