

MINUTES

STATE MINERAL AND ENERGY BOARD

LEASE SALE AND BOARD MEETING

October 10, 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

October 10, 2018

A public meeting for the purpose of opening sealed bids was held on Wednesday, October 10, 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
Rachel Newman – Director, Mineral Income Division
Byron Miller – Administrator, Geology, Engineering & Land Division
Jason Talbot – Geology Supervisor, Geology, Engineering & Land 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. 44983 through 44990 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 Manuel stated that there were no tracts to be withdrawn from today's Lease Sale.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 44984

Bidder	:	CYPRESS ENERGY CORPORATION
Primary Term	:	Three (3) years
Cash Payment	:	\$34,000.00
Annual Rental	:	\$17,000.00
Royalties	:	25% on oil and gas
	:	25% on other minerals
Additional Consideration	:	None

Tract 44989
(Portion Bid: 42.00 acres)

Bidder	:	PRIDE OIL & GAS PROPERTIES, INC.
Primary Term	:	Three (3) years
Cash Payment	:	\$8,904.00
Annual Rental	:	\$4,452.00
Royalties	:	21% on oil and gas
	:	21% on other minerals
Additional Consideration	:	None

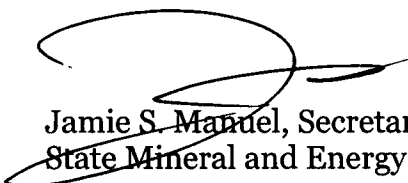
Tract 44989
(Portion Bid: 69.00 acres)

Bidder	:	PRIDE OIL & GAS PROPERTIES, INC.
Primary Term	:	Three (3) years
Cash Payment	:	\$14,628.00
Annual Rental	:	\$7,314.00
Royalties	:	21% on oil and gas
	:	21% on other minerals
Additional Consideration	:	None

This concluded the reading of the bids.

There being no further business, the meeting was concluded at 8:35 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
October 10, 2018

The Regular Meeting of the State Mineral and Energy Board was held on **Wednesday, October 10, 2018**, beginning at 9:30 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. W. Paul Segura, Jr., 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
Rochelle A. Michaud-Dugas
Emile B. Cordaro (arrived at 9:37 a.m. during the Lease Review Report)
Robert D. Watkins
J. Todd Hollenshead
Thomas L. Arnold, Jr.
Theodore M. "Ted" Haik, Jr.

The following members of the Board were recorded as absent:

Johnny B. Bradberry
Thomas F. Harris, DNR Secretary
Byron L. Lee

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, Office of Mineral Resources
Ryan Seidemann - Assistant Attorney General
Christopher Lento - Assistant Attorney General
William Iturralde – Attorney, Office of Mineral Resources
Rachel Newman - Director, Mineral Income Division
Taletha Shorter – Audit Manager, Mineral Income Division
Byron Miller –Administrator, Geology, Engineering & Land Division
Jason Talbot – Geology Supervisor, Geology, Engineering & Land Division
Charles Bradbury – Engineering Supervisor, Geology, Engineering & Land Division
Emile Fontenot – Petroleum Lands Director, Geology, Engineering & Land Division
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 SEPTEMBER 12, 2018 MINUTES

The Chairman stated that the first order of business was the approval of the September 12, 2018 Minutes. A motion was made by Ms. Michaud-Dugas to adopt the Minutes as submitted and to waive reading of same. Her motion was seconded by Mr. Watkins 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 No(s). 18-10-001 thru 18-10-003)
- b) **Nomination and Tract Report**
(Resolution No(s). 18-10-004)
- c) **Audit Report**
- d) **Legal and Title Controversy Report**
(Resolution No(s). 18-10-005 thru 18-10-007)
- e) **Docket Review Report**
(Resolution No(s). 18-10-008 thru 18-10-014)

**a) LEASE REVIEW REPORT
October 10, 2018**

I. GEOLOGICAL AND ENGINEERING STAFF REVIEW

According to the SONRIS database, there were 1,180 active State Leases containing approximately 513,874 acres. Since the last Lease Review Report, the Geological and Engineering Division reviewed 87 leases covering approximately 48,935 acres for lease maintenance and development issues.

II. BOARD REVIEW

1. A staff report on State Lease 2038, Deep Lake Field, Cameron Parish. Hilcorp Energy 1, L.P. is the lessee. Upon motion of Mr. Arnold, seconded by Ms. Michaud-Dugas, the Board adopted the Staff's recommendation that Hilcorp be placed on demand to drill their deep wildcat prospect on or affecting State Lease 2038 by the second quarter of 2019 or release 20% of the non-productive acreage over the lease.
2. A staff report on State Lease 1170, Hog Bayou Offshore Field, Cameron Parish. Hilcorp Energy 1, L.P. is the lessee. Upon motion of Mr. Arnold, seconded by Ms. Michaud-Dugas, the Board adopted the Staff's recommendation that Hilcorp be placed on demand to drill their deep wildcat prospect by the second quarter of 2019 or release 20% of the non-productive acreage over the lease.
3. A staff report on State Leases 3306 and 4011, Redfish Point Field, Vermilion Parish. Hilcorp Energy 1, L.P. is the lessee. Upon motion of Mr. Hollenshead, seconded by Mr. Watkins, the Board adopted the Staff's recommendation that Hilcorp be placed on demand to acquire the 3-D seismic data by the first quarter of 2019 or release 20% of the non-productive acreage over the lease.

b) NOMINATION AND TRACT REPORT
October 10, 2018

The Board heard the report of Mr. Emile Fontenot on Wednesday October 10, 2018 relative to nominations received in the Office of Mineral Resources for the December 12, 2018 Mineral Lease Sale and other matters. Based upon the staff's recommendation, on motion of **Mr. Arnold**, duly seconded by **Ms. LeBlanc**, the Board granted authority to the staff to advertise all such tracts as have been received 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 18-10-004)

c) AUDIT REPORT
October 10, 2018

The first matter considered by the Board was the election of the October 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
October 10, 2018

The first matter considered by the State Mineral and Energy Board (Board) was a request by Castex Energy, Inc. (Castex) to escrow funds from the first date of production derived on disputed acreage involving State Lease Nos. 21608, 21615 and 21616 in accordance with State Mineral and Energy Board (Board) escrow protocol in the Board's June 13, 2018 Resolution No. 18-06-007. The disputed acreage is located within the DISC 12 RA SUA (Unit) in Bayou Goreau Field, Terrebonne Parish, Louisiana.

Staff reported that Castex, and its affiliates and assignees, are the current leasehold owners of State Lease Nos. 21608, 21615 and 21616, and an oil, gas and mineral lease granted by LL&E covering a portion of the same land and water bottoms within this Unit. LL&E has made a claim to certain portions of the lands and water bottoms within the Unit being approximately 150 acres, subject to confirmation by a survey plat as to the exact acreage and number of conflict tracts.

Staff recommended that the Board grant Castex escrow authority pursuant to Board Resolution No. 18-06-007 from the first date of production until March 13, 2019.

Upon motion of Mr. Arnold, seconded by Ms. Michoud-Dugas, and by unanimous vote of the Board, the State Mineral and Energy Board accepted Staff's recommendation and approved the request by Castex to escrow funds from the first date of production on the aforementioned until March 13, 2019. There were no comments from the public. (Resolution No. 18-10-005)

The second matter considered by the Board was a request by SOLA Energy Resources (SOLA) for Staff to negotiate the terms of an Operating Agreement covering approximately fifty (50) acres of unleased State acreage, more or less, being former State Lease Nos. 16623 (B1130) and 16642 (B1131), located in Masters Creek Field, Rapides Parish, Louisiana.

Staff recommended that the Board grant authority to Staff to negotiate an Operating Agreement with SOLA, to remove the acreage from commerce and make unavailable for leasing until January 9, 2019, unless an Operating Agreement is confected and approved by the Board, whichever occurs first.

Upon motion of Mr. Arnold, seconded by Mr. Hollenshead, and by unanimous vote of the Board, the State Mineral and Energy Board accepted Staff's recommendation and approved the request by SOLA to negotiate the terms of an Operating Agreement with Staff on the aforementioned. The acreage will be removed from commerce and made unavailable for leasing until January 9, 2019, unless an Operating Agreement is confected and approved by the Board, whichever occurs first. There were no comments from the public. (Resolution No. 18-10-006)

The third matter considered by the Board was a request by Sunnyside Resources, Inc. (Sunnyside) to extend the primary term of State Lease No. 21660 from three (3) years to four (4) years, thereby extending the expiration date from March 9, 2019 to March 9, 2020 for a rental consideration of \$175.00 per acre or a total rental consideration of \$9,100.00 due on or before March 9, 2019.

Staff reported that Sunnyside has been active in acquiring leases and promoting and participating in wells in the Port Hudson area for the past 25 years. Sunnyside is also the lessee for State Lease Nos. 21831 and 21832; both leases located adjacent to State Lease No. 21660 and both expiring on July 11, 2021. Due to current industry conditions, Sunnyside has been unable to attract an adequately capitalized industry partner necessary to drill a well to the proposed Tuscaloosa Formation.

Staff recommended that the Board extend the primary term of State Lease No. 21660 for the above stated term and consideration.

Upon motion of Mr. Arnold, seconded by Mr. Watkins, and by unanimous vote of the Board, the State Mineral and Energy Board accepted Staff's recommendation and approved the request by Sunnyside to extend the primary term of State Lease No. 21660 to four (4) years, extending the expiration date March 9, 2020 for a rental consideration of \$175.00 per acre or a total rental consideration of \$9,100.00 due on or before March 9, 2019. There were no comments from the public. (Resolution No. 18-10-007)

**e) DOCKET REVIEW REPORT
October 10, 2018**

The Board heard the report from Emile Fontenot on Wednesday, October 10, 2018, relative to the following:

- Category A: State Agency Leases
Docket Item A
- Category B: State Lease Transfers
Docket Item Nos. 1 through 5.
- Category C: Department of Wildlife & Fisheries State Agency Lease
There were no items for this category
- Category D: Advertised Proposals
Docket Item No. 18-22

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

- Category A: State Agency Leases
Approve Docket Item A (Resolution No. 18-10-008)
- Category B: State Lease Transfers
Approve Docket Item Nos. 1 through 5 (Resolution Nos. 18-10-009 through 18-10-013)
- Category D: Advertised Proposals
Approve Docket Item No. 18-22 (Resolution No. 18-10-014)

VI. EXECUTIVE SESSION

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 Mr. Arnold, the Board Members went into Executive Session at 10:40 a.m.

Upon motion of Mr. Arnold, seconded by Mr. Cordaro, the Board reconvened in open session at 11:40 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.

The Board was briefed in Executive Session 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. Byron Miller to present Staff's recommendations to the Board.

Upon motion by Mr. Arnold, seconded by Mr. Hollenshead, the Board unanimously voted to accept Staff's recommendations as follows:

1. Award a lease on Tract No. 44994 to Cypress Energy Corporation
2. Award a lease on a portion of Tract No. 44989 to Pride Oil & Gas Properties, Inc.
3. Award a lease on a portion of Tract No. 44989 to Pride Oil & Gas Properties, Inc.

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.

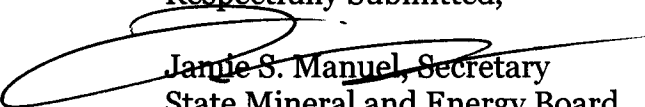
IX. ANNOUNCEMENTS

Mr. Manuel stated that there were three (3) leases awarded totaling \$57,532.00 for the October 10, 2018 Lease Sale bringing the fiscal year total to \$5,488,270.07.

X. ADJOURNMENT

The Chairman then stated there being no further business to come before the Board, upon motion of Ms. Michaud-Dugas, seconded by Ms. LeBlanc, the meeting was adjourned at 11:43 a.m.

Respectfully Submitted,



Janelle S. Manuel, Secretary
State Mineral and Energy Board

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

**Resolution #18-10-001
(Lease Review)**

On motion of Mr. Arnold, seconded by Ms. Michaud-Dugas, the following resolution was offered and unanimously adopted by the State Mineral and Energy Board:

WHEREAS, the State Energy and Mineral Board (SMEB) last reviewed State Lease 2038, Deep Lake Field, Cameron Parish, on January 10, 2018, whereby the SMEB accepted staff's recommendation that by April 11, 2018, Hilcorp commit to drill their deep wildcat prospect by year end 2018 or release 20% of the non-productive acreage over the lease; and

WHEREAS, Hilcorp, by letter dated July 9, 2018, reported expenditures on well work activities and facility improvements in the Deep Lake Field. In the January 2018 report to the SMEB, Hilcorp planned to reprocess 3D seismic data to confirm multiple drill prospects over the Deep Lake Field; however, Hilcorp's July 9, 2018 report made no mention of completing the reprocessing and confirming the prospects.

NOW THEREFORE BE IT RESOLVED that the State Mineral and Energy Board adopts staff's recommendation that Hilcorp be placed on demand to drill their deep wildcat prospect on or affecting State Lease 2038 by the second quarter of 2019 or release 20% of the non-productive acreage over the lease.

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 the 10th day of October, 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 #18-10-002
(Lease Review)**

On motion of Mr. Arnold, seconded by Ms. Michaud-Dugas, the following resolution was offered and unanimously adopted by the State Mineral and Energy Board:

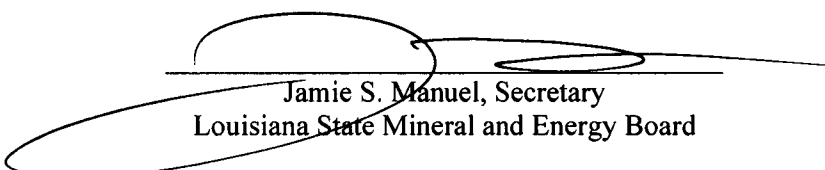
WHEREAS, the State Mineral and Energy Board (SMEB) last reviewed State Lease 1170, Hog Bayou Field, Cameron Parish, on January 10, 2018, whereby the SMEB accepted staff's recommendation that by April 11, 2018, Hilcorp commit to drill their deep wildcat prospect by year end 2018 or release 20% of the non-productive acreage over the lease; and

WHEREAS, Hilcorp, by letter dated July 9, 2018, reported expenditures on well work activities and facility improvements on the lease. In the January 2018 report to the SMEB, Hilcorp's future plans included the following: 1) Complete the State Lease 1170 No. A-13 Well; 2) Confirm a deep wildcat prospect on the west side of the lease. However, Hilcorp's July 9, 2018 report made no mention if these plans were completed or had begun.

NOW THEREFORE BE IT RESOLVED that the State Mineral and Energy Board adopted staff's recommendation that Hilcorp be placed on demand to drill their deep wildcat prospect by the second quarter of 2019 or release 20% of the non-productive acreage, affecting State Lease 1170, Cameron Parish.

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 the 10th day of October, 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 #18-10-003
(Lease Review)**

On motion of Mr. Arnold, seconded by Ms. Michaud-Dugas, the following resolution was offered and unanimously adopted by the State Mineral and Energy Board:

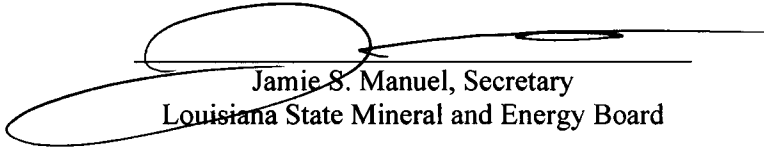
WHEREAS, the State Energy and Mineral Board (SMEB) last reviewed State Leases 3306 and 4011, Redfish Point Field, Cameron Parish, on January 10, 2018, whereby the SMEB accepted staff's recommendation that by April 11, 2018, Hilcorp commit to acquire the 3-D seismic data by year end of 2018 or release 20% of the non-productive acreage over State Lease 4011; and

WHEREAS, Hilcorp, by letter dated July 9, 2018, reported expenditures on well work activities and facility improvements over the leases. In the January 2018 report to the SMEB, Hilcorp's future plans included: 1) Evaluation of acquiring and processing 3D seismic data, 2) Confirm uphole recompletions in two wells on the leases. Hilcorp's July 9, 2018 report made no mention those plans were completed or had begun.

NOW THEREFORE BE IT RESOLVED that the State Mineral and Energy Board adopted staff's recommendation that Hilcorp be placed on demand to acquire the 3-D seismic data by the first (1st) quarter of 2019 or release 20% of the non-productive acreage over State Lease 4011, Cameron Parish.

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 the 10th day of October, 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 December 12,
2018 Lease Sale

Resolution #18-10-004
(NOMINATION AND TRACT REPORT)

WHEREAS, Mr. Emile Fontenot reported that thirty-two (38) tracts were nominated for the December 12, 2018 Mineral Lease Sale, and requested that same be advertised pending staff review;

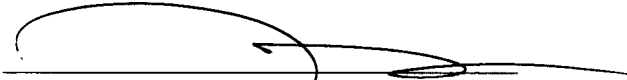
ON MOTION of *Mr. Arnold*, seconded by *Ms. LeBlanc*, the following recommendation was offered and unanimously adopted by the Board after discussion and careful consideration:

That the State Mineral and Energy Board grant approval to advertise all such tracts for the December 12, 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 received by the staff of the Office of Mineral Resources, as well as any tracts that were 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 10th day of October 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

LOUISIANA STATE MINERAL AND ENERGY BOARD

RESOLUTION #18-10-005
(LEGAL & TITLE CONTROVERSY)

CASTEX ENERGY, INC
ESCROW AUTHORIZATION
STATE LEASE NOS 21608,
21615 & 21616

ON MOTION OF Mr. Arnold, duly seconded by Ms. Michoud-Dugas, the following Resolution was adopted by the State Mineral and Energy Board (Board):

WHEREAS, the State of Louisiana (State) has a strong and vital interest in developing its natural resources for the benefit of its citizens; and

WHEREAS, La. R.S. 30:129 grants the Board full supervision over all mineral leases granted by the State, authorizes the Board to take any action necessary to protect the interests of the State and enter into agreements or amend leases in the manner most beneficial to the State; and

WHEREAS, by letter dated September 26, 2018, **Castex Energy, Inc. (Lessee)** notified the Office of Mineral Resources that a *bona fide* dispute exists because of an adverse and competing claim by an individual or entity not a party to the lease agreement ("Disputing Parties") regarding the ownership of mineral rights or title to all or a portion of the premises (Disputed Property) under lease by the State of Louisiana within the **DISC 12 RA SUA Unit**, affecting State Lease Nos. 21608, 21615 and 21616 ("State Leases"), and requested authorization to deposit the royalty payments due from the first date of production attributable to the Disputed Property into an escrow account in lieu of directly making royalty payments to the Office of Mineral Resources as required by the State Leases; and

WHEREAS, when Disputing Parties assert competing mineral ownership claim(s) against the State for the minerals lying under the Disputed Property, the Lessee may desire to establish an independent escrow account(s) with an escrow agent, in lieu of suspending royalty payments and filing a concursus proceeding, for the purpose of protecting itself from making unnecessary royalty payments pursuant to a mineral lease or operating agreement. The escrow account(s) will remain open pending resolution of the ownership dispute or the filing of a concursus proceeding; and

NOW THEREFORE, BE IT RESOLVED:

- I. a) The escrow authorization granted from the first date of production attributable to the Disputed Property shall terminate on March 13, 2019 or the next Board meeting; and
- b) The payment of royalties into the escrow account, as provided in Section II hereof, shall be accepted by the Board as the royalty payments due from the first date of production as required by the State Lease, and Lessee shall not be held in default of payment of its royalty obligation owed the State of Louisiana as long as deposits are timely and properly made into the escrow account as required by this Resolution; and
- c) The Board reserves the right to audit the royalty payments deposited into the escrow account and further reserves all audit rights authorized by the State Lease; and
- d) This Resolution shall become effective immediately upon adoption unless otherwise stated; and
- e) The Board authorizes Lessee to suspend the direct payment of royalties to the Office of Mineral Resources contingent on continued compliance with the requirements set forth herein; and

- f) The Board may within its sole discretion terminate the Escrow Agreement by providing thirty (30) days' notice to the Lessee.

BE IT FURTHER RESOLVED:

- II. a) Within thirty (30) calendar days of adoption of this Resolution, Lessee shall establish an escrow account, and the Lessee, the State and any agreeable Disputing Party shall enter into an Escrow Agreement upon the terms and conditions as set forth by this Resolution; and
- b) The escrow account shall be a segregated interest-bearing escrow account at a FDIC insured financial institution having a presence in the State of Louisiana. A separate escrow account shall be established for each tract of the Disputed Property where the ownership of a tract differs amongst the Disputing Parties; and
- c) Throughout the authorized escrow period, Lessee shall timely deposit into the escrow account, in accordance with the royalty payment terms of the State Lease, the properly calculated reported royalty payments attributable to the Disputed Property; and
- d) Upon request by the State, the Lessee shall provide satisfactory documentation such as, but not limited to, deposited checks, disbursements and/or monthly bank statements pertaining to the escrow account(s), to the Office of Mineral Resources; and
- e) Throughout the authorized escrow period, Lessee shall continue to timely provide fully completed SR-9 Reports (and any other requested documents) to the Office of Mineral Resources; and
- f) The Lessee does hereby acknowledge and agree that the nature of the disputed royalty payments deposited into the escrow account(s), in addition to any accumulated interest thereon, are not the property of the Lessee, but are the property of the State or the Disputing Parties and shall not be considered as the property of the Lessee's estate if the Lessee files for bankruptcy. This acknowledgement shall be contained in the terms of the Escrow Agreement; and
- g) If the ownership/title dispute is amicably resolved prior to expiration of the authorized escrow period, the royalty payments on deposit in the escrow account(s) and interest thereon accumulating, shall be timely distributed to the State or the Disputing Parties in accordance with the terms and conditions set forth in a final executed Settlement Agreement; and
- h) If the ownership/title dispute is not amicably resolved prior to expiration of the authorized escrow period, and any extension thereof authorized by the Board, Lessee shall, within thirty (30) calendar days of expiration, be liable to resume direct payments of royalties or invoke a concursus proceeding. Upon the filing of a concursus proceeding, the royalty payments deposited into the escrow account, including interest, shall be deposited into the Registry of the Court; and
- i) There shall be no transfer nor release of any funds, including interest, on deposit in the escrow account authorized by this Resolution, without the knowledge and written authorization of the State and the Disputing Parties who are party to the Escrow Agreement; and
- j) All charges and expenses in connection with the creation and maintenance of the escrow account authorized hereby are to be borne by Lessee.

CERTIFICATE

I HEREBY CERTIFY that this is a true and correct copy of a Resolution adopted at a meeting on the 10th day of October, 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 #18-10-006

(LEGAL & TITLE CONTROVERSY REPORT)

Sola Energy Resources request to negotiate Operating Agreement on former SL Nos 16623 & 16642
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WHEREAS, a request by Sola Energy Resources (Sola) to the State Mineral and Energy Board (Board) to authorize Staff to negotiate terms of an Operating Agreement covering approximately fifty (50) acres of unleased State acreage, more or less, being former State Lease Nos. 16623 (B1130) and 16642 (B1131), located in Masters Creek Field, Rapides Parish, Louisiana.

WHEREAS, Staff recommended that the Board grant authority to Staff to negotiate an Operating Agreement with Sola, to remove the acreage from commerce and make unavailable for leasing until January 9, 2019, unless an Operating Agreement is confected and approved by the Board, whichever occurs first;

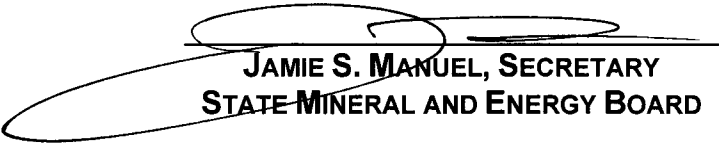
ON MOTION of Mr. Arnold, seconded by Mr. Hollenshead, after discussion and careful consideration, the following Resolution was offered and unanimously adopted by the Board:

NOW THEREFORE, BE IT RESOLVED that the State Mineral and Energy Board does hereby approve the foregoing request by Castex 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 January 9, 2019 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 10th day of October, 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 #18-10-007

(LEGAL & TITLE CONTROVERSY REPORT)

Sunnyside Resources, Inc. –
Request to extend the primary
term of State Lease No.
21660 to March 9, 2020

WHEREAS, a request by Sunnyside Resources, Inc. (Sunnyside) to extend the primary term of State Lease No. 21660 from three (3) years to four (4) years, thereby extending the expiration date from March 9, 2019 to March 9, 2020 for a rental consideration of \$175.00 per acre or a total rental consideration of \$9,100.00 due on or before March 9, 2019; and

WHEREAS, OMR Staff, upon thorough review and consideration, recommended that the Board offer the requested extension pursuant to the foregoing terms;

ON MOTION of Mr. Arnold 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 approve the foregoing request by Sunnyside Resources, Inc. to extend the primary term of State Lease No. 21660 to four (4) years, extending the expiration date to March 9, 2020 for a rental consideration of \$175.00 per acre or a total rental consideration of \$9,100.00 due on or before March 9, 2019.

CERTIFICATE

I HEREBY CERTIFY that the above is a true and correct copy of a Resolution adopted at a meeting on the 10th day of October, 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 #18-010-008

(DOCKET)

On motion of Mr. Arnold, seconded by Ms. LeBlanc, the following Resolution was offered and adopted:

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item A from the October 10, 2018 meeting be approved, said instrument being an Oil, Gas and Mineral Lease from the St. Mary Parish Council, awarded to Energy XXI Onshore, LLC, covering lands situated in Sections 10, 11, 14 and 15, T13S-R9E, St. Mary Parish, Louisiana, containing 64 acres, more or less, with further contractual obligations being more enumerated in the instrument.

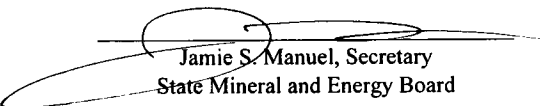
The State of Louisiana, through the State Mineral and Energy Board, asserts and claims title to the beds and bottoms of any navigable waterbed that may be located within the boundaries of the lands leased, and this approval shall not cover or extend to, or be construed as affecting the State's title to such submerged lands, if any. This lease is approved only so far as it covers lands in place, excluding from such approval any and all navigable waterbeds and sovereignty lands located within the tract leased.

BE IT FURTHER RESOLVED that this action is taken only in pursuance of Louisiana Revised Statutes 30:158 and without inquiry into the lessor's title to the leased premises or such rights, if any, that the State of Louisiana may have in the same. It is understood that this approval is solely given in order to comply with the statutory authority aforesaid.

BE IT FURTHER RESOLVED that either the Chairman, Vice-Chairman or Secretary is hereby authorized to sign said lease to reflect the approval of the State Mineral and Energy Board.

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 10th day of October, 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 #18-010-009

(DOCKET)

On motion of Mr. Arnold, seconded by Ms. LeBlanc, the following Resolution was offered and adopted.

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No. 1 from the October 10, 2018 meeting be approved, said instrument being an Assignment from Linn Energy Holdings LLC to KEM Ventures, LC, of all of Assignor's right, title and interest in and to State Lease Nos 17988 and 17989, St Mary Parish, Louisiana, with further particulars being stipulated in the instrument

KEM Ventures, LC 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 non-signatory 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,

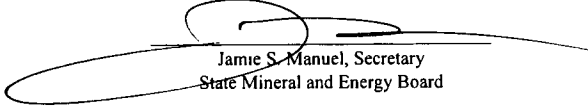
5) That for purposes of recordation and notice, certified copies of this Resolution be attached to all docketed copies of the instrument approved hereby; and

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 10th day of October, 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 #18-010-010

(DOCKET)

On motion of Mr. Arnold, seconded by Ms. LeBlanc, the following Resolution was offered and adopted:

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No. 2 from the October 10, 2018 meeting be approved, said instrument being an Assignment from CTS Energy LLC to Castex Energy 2016, LP, an undivided 6 75% of 8/8ths interest in and to State Lease No. 21614, Terrebonne Parish, Louisiana, with further particulars being stipulated in the instrument

Castex Energy 2016, LP 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,

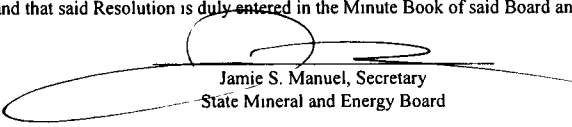
5) That for purposes of recordation and notice, certified copies of this Resolution be attached to all docketed copies of the instrument approved hereby; and

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 10th day of October, 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 #18-010-011

(DOCKET)

On motion of Mr. Arnold, seconded by Ms. LeBlanc, the following Resolution was offered and adopted:

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No. 3 from the October 10, 2018 meeting be approved, said instrument being an Assignment from GG Oil & Gas 1, Inc 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.

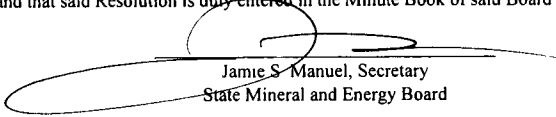
This approval is expressly granted and accepted subject to certain conditions in the absence of which conditions approval of said instrument would not have been given as follows:

- 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 10th day of October, 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 #18-010-012 (DOCKET)

On motion of Mr. Arnold, seconded by Ms. LeBlanc, the following Resolution was offered and adopted:

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No 4 from the October 10, 2018 meeting be approved, said instrument being an Assignment from Theophilus Oil, Gas & Land Services, LLC to USG Properties Haynesville, LLC, of all of Assignor's right, title and interest in and to State Lease No. 21827, Caddo Parish, Louisiana, with further particulars being stipulated in the instrument.

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

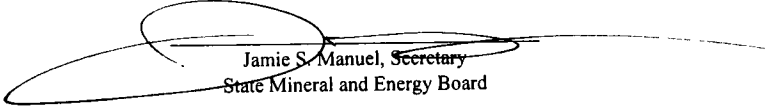
This approval is expressly granted and accepted subject to certain conditions in the absence of which conditions approval of said instrument would not have been given as follows:

- 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 10th day of October, 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 #18-010-013

(DOCKET)

On motion of Mr. Arnold, seconded by Ms. LeBlanc, the following Resolution was offered and adopted.

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No. 5 from the October 10, 2018 meeting be approved, said instrument being an Assignment from Camterra Resources Partners, Ltd. to Elm Grove Holdings, L.L.C., an undivided 11.812626% interest in and to State Lease No. 17946, Caddo Parish, Louisiana, with further particulars being stipulated in the instrument

Elm Grove Holdings, L.L.C. 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,

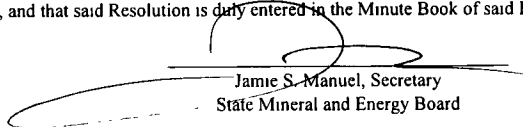
5) That for purposes of recordation and notice, certified copies of this Resolution be attached to all docketed copies of the instrument approved hereby; and

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 10th day of October, 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 #18-010-014

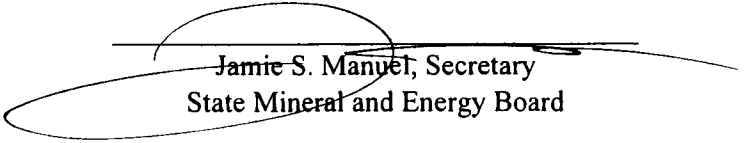
(DOCKET)

On motion of Mr. Arnold, seconded by Ms. LeBlanc, the following Resolution was offered and adopted:

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No. 18-22 from the October 10, 2018 meeting be approved, said instrument a Settlement, Receipt and Release Agreement by and between Hunt Oil Company, Fieldwood Energy LLC and the State of Louisiana, acting through its agent, the Louisiana State Mineral and Energy Board, whereas said parties agree to resolve the disputes among the parties, as to the payment of the proceeds of production and any other ancillary payments that may be due, from the L CRIS I RB SUA, K.F. Stewart No. 1 Well (Serial No. 228921), insofar as any production is attributable to 0.338 of land, more or less, being Lots 3-16, 3-30, 3-35 and 1-39 in Oakville Subdivision, affecting Lease No. B1109, Plaquemines Parish, Louisiana, for the period covering May 1, 2004 through July 31, 2014, 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 10th day of October, 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