

MINUTES

STATE MINERAL AND ENERGY BOARD

LEASE SALE AND BOARD MEETING (via Zoom)

FEBRUARY 10, 2021

John Bel Edwards
GOVERNOR



Thomas F. Harris
SECRETARY
Jamie S. Manuel
Assistant Secretary

State of Louisiana

DEPARTMENT OF NATURAL RESOURCES

OFFICE OF MINERAL RESOURCES

CERTIFICATION OF INABILITY TO MEET IN PERSON DUE TO COVID-19 PUBLIC HEALTH EMERGENCY FOR STATE MINERAL AND ENERGY BOARD

In accordance with La. Acts 2020, No. 302 and Executive Proclamations JBE 2021-6 and JBE 2021-7, this notice shall serve as a certification of the Louisiana State Mineral and Energy Board's ("Board") inability to otherwise operate in accordance with the Louisiana Open Meetings Law as a result of the COVID-19 public health emergency. The Board will provide for attendance and quorum at its essential government meeting on February 10, 2021, via video conference. Pursuant to La. Acts 2020, No. 302, the Board must meet because:

- 1) Matters that, if they are delayed, will cause curtailment of vital public services or severe economic dislocation and hardship. Because the Board must administer the state's proprietary interest in minerals by granting leases on state owned lands, has full supervision of all mineral leases granted by the state, and has general authority to take any action for the protection of the interests of the state under Louisiana Revised Statute 30:121 *et seq.*, its continued function during this pandemic is essential and, failing timely meeting, would result in the curtailment of vital public services or severe economic dislocation and hardship.
- 2) Matters that are critical to continuation of the business of the public body and that are not able to be postponed to a meeting held in accordance with the other provisions of this Chapter due to a legal requirement or other deadline that cannot be postponed or delayed by the public body. The Board's operations must follow statutorily-mandated deadlines. It is impossible to postpone or delay the matters of the Board.

Considering the foregoing, and in accordance with La. Acts 2020, No. 302 and Executive Proclamations JBE 2021-6 and JBE 2021-7, the Board's meeting on Wednesday, February 10, 2021, at 9:15 a.m. will be held via video conference and in a manner that allows for observation and input by members of the public, as set forth in the Notice posted on February 5, 2021.


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

Opening of Bids
February 10, 2021

A public meeting for the purpose of opening sealed bids was held on Wednesday, February 10, 2021, beginning at 9:15 a.m. via Zoom.

Byron Miller presided over the meeting. He then read the letter of notification certifying the legal sufficiency of the advertisement of Tract Nos. 45395 through 45399 which was published for lease by the Board at today's sale.

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

Mr. Miller 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. Miller:

Tract 45395
(Entire: 126.276 acres)

Bidder	:	THEOPHILUS OIL, GAS & LAND SERVICES, LLC
Primary Term	:	Three (3) years
Cash Payment	:	\$204,819.67
Annual Rental	:	\$102,409.84
Royalties	:	25% on oil and gas
	:	25% on other minerals
Additional Consideration	:	None

Tract 45397(1)
(Entire: 7 acres)

Bidder	:	JUSTISS OIL COMPANY, INC.
Primary Term	:	Three (3) years
Cash Payment	:	\$7,700.00
Annual Rental	:	\$3,850.00
Royalties	:	25% on oil and gas
	:	25% on other minerals
Additional Consideration	:	None

Tract 45397(2)
(Entire: 7 acres)

Bidder	:	CYPRESS ENERGY CORPORATION
Primary Term	:	Three (3) years
Cash Payment	:	\$13,370.00
Annual Rental	:	\$6,685.00
Royalties	:	20% on oil and gas
	:	20% on other minerals
Additional Consideration	:	None

Tract 45398
(Entire: 9 acres)

Bidder	:	ZACHRY EXPLORATION, LLC
Primary Term	:	Three (3) years
Cash Payment	:	\$1,845.00
Annual Rental	:	\$922.50
Royalties	:	21% on oil and gas
	:	21% on other minerals
Additional Consideration	:	None

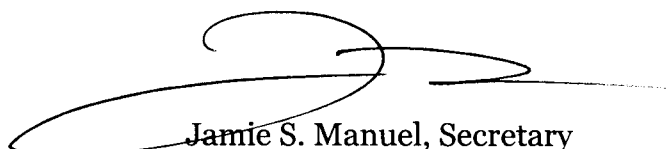
Tract 45399
(Entire: 2.226 acres)

Bidder	:	TYGER ENERGY PARTNERS I, LLC
Primary Term	:	Three (3) years
Cash Payment	:	\$556.50
Annual Rental	:	\$278.25
Royalties	:	20% on oil and gas
	:	20% on other minerals
Additional Consideration	:	None

This concluded the reading of the bids.

There being no further business, the Opening of the Bids Meeting was concluded at 9:24 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 10, 2021

The Regular Meeting of the State Mineral and Energy Board was held on **Wednesday, February 10, 2021**, beginning at 9:30 a.m. via Zoom.

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
Thomas L. Arnold, Jr.
J. Todd Hollenshead
Rochelle A. Michaud-Dugas
Robert D. Watkins
Harvey "Ned" White
Willie J. Young, Sr.

The following members of the Board were recorded as absent:

Thomas F. Harris, DNR Secretary
Harry J. Vorhoff
Darryl D. Smith

Mr. Manuel announced that a quorum was established.

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 13, 2021 MINUTES

The Chairman stated that the first order of business was the approval of the Minutes.

A motion was made by Mr. Arnold to adopt the January 13, 2021 Minutes as submitted and to waive reading of same. His 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**
presented by Jason Talbot, Petroleum Scientist Manager
and Charles Bradbury, P.E., Engineering Supervisor
Geology, Engineering & Land Division
- b) **Nomination and Tract Report**
presented by Byron Miller, Petroleum Scientist Administrator
Geology, Engineering & Land Division
- c) **Audit Report**
presented by Rachel Newman, Audit Director
Mineral Income Division
- d) **Legal and Title Controversy Report**
presented by Byron Miller, Petroleum Scientist Administrator
Geology, Engineering & Land Division
- e) **Docket Review Report**
presented by Byron Miller, Petroleum Scientist Administrator
Geology, Engineering & Land Division

a) LEASE REVIEW REPORT
February 10, 2021
(Resolution Nos. 21-02-001 thru 21-02-002)

I. GEOLOGICAL AND ENGINEERING STAFF REVIEW

According to the SONRIS database, there are 1,076 active State Leases containing approximately 465,952 acres. Since the last Lease Review Report, the Geological and Engineering Division reviewed 99 leases covering approximately 40,796 acres for lease maintenance.

II. BOARD REVIEW

1. Staff reported on State Lease No. 195, Selection C, Quarantine Bay Field, located in Plaquemines and St. Bernard Parishes, Louisiana.

Staff reported that Cox Operating L.L.C. (Cox) is the field operator and Staff last reviewed this lease on January 8, 2020.

Staff further reported that the Board accepted Cox's report and granted Cox until December 9, 2020 to report on their continued development on the lease.

Staff continued that by letter dated December 9, 2020, Cox reported the following:

- Cox was able to limit downtime from April to November of 2020 to just 33 days despite a very challenging year due to Covid, low product prices, and multiple hurricanes over Quarantine Bay, including State Lease Nos. 195 and 1349.
- Cox is actively working with two (2) oil and gas companies to farm-out state acreage within the field for two (2) separate prospects.
- The farm-outs will require the drilling of an initial test well within one (1) year of execution and will develop reserves from sands within the field.
- Cox is optimistic that the new drills will improve their current seismic profile over Quarantine Bay.
- As discussed by Cox in their previous report, a farm-out proposal with Southern Oil was met with delay for 2020 but they are hopeful a resumption of discussions will occur.

- Unlike Hurricane Katrina, 2020's hurricane damage to facilities were not catastrophic.
- Future Plans include:
 - To perform tubing swaps on several wells over these two (2) state leases.

Staff recommended that the Board accept Cox's report and grant Cox until December 8, 2021 to report on their continued activities on the lease.

Upon motion of Ms. Michaud-Dugas, seconded by Mr. Watkins, and by unanimous vote of the Board, the Board approved the acceptance of Cox's report and granted Cox until December 8, 2021 to report on continued activities on the lease. There were no comments from the audience concerning this item.
(Resolution No. 21-02-001)

III. FORCE MAJEURE

1. Mr. Charles Bradbury of the Office of Mineral Resources (OMR) reported that Tellus Operating Group LLC (Tellus) requested a ninety (90) day extension to the force majeure affecting State Lease No. 16381 to permit time to complete negotiations to repair a portion of a Hilcorp production facility damaged by the 2020 hurricanes.

Mr. Bradbury further reported that the well was previously producing to that facility but Hilcorp recently reported that they did not plan to repair the portion of the facility that handled Tellus' production.

Mr. Bradbury recommended that the Board grant the ninety (90) day extension until the May 12, 2021 Board Meeting where the matter will be reconsidered.

Upon motion of Mr. Arnold, seconded by Ms. Michaud-Dugas, and by unanimous vote of the Board, the Board approved the request by Tellus Operating Group LLC (Tellus) for a ninety (90) day extension to the force majeure affecting State Lease No. 16381 to permit time to complete negotiations to repair a portion of a Hilcorp production facility damaged by the 2020 hurricanes. There were no comments from the audience on this item.
(Resolution No. 21-02-002)

b) NOMINATION AND TRACT REPORT
February 10, 2021
(Resolution No. 21-02-003)

The Board heard the report of Mr. Byron Miller on Wednesday February 10, 2021 relative to nominations received in the Office of Mineral Resources for the April 14, 2021 Mineral Lease Sale and other matters.

Based upon Staff's recommendation, and on motion of Ms. LeBlanc, duly seconded by Mr. Watkins, the Board granted authority to Staff to advertise all such tracts that 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 No. 21-02-003)**

c) AUDIT REPORT
February 10, 2021

The first matter on the audit report was the election of the February 2021 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 10, 2021

There were no items presented to the State Mineral and Energy Board for consideration.

e) DOCKET REVIEW REPORT
February 10, 2021
(Resolution No(s). 21-02-004 thru 21-02-005)

The Board heard the report from Byron Miller on Wednesday, February 10, 2021, relative to the following:

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

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

- Category D: Advertised Proposals
Docket Item Nos. 1 and 2
(Resolution Nos. 21-02-004 and 21-02-005)

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 Ms. Michaud-Dugas, seconded by Mr. Hollenshead, the Board Members went into Executive Session at 9:45 a.m.

Upon motion of Mr. Arnold, seconded by Mr. White, the Board reconvened in open session at 10:44 a.m. for consideration of the following matters discussed in Executive Session:

- a. A discussion regarding legal strategy and issues related to the general interest and requests to negotiate operating agreements for carbon sequestration on state lands and waterbottoms

This matter was a discussion only, and no action was taken by the Board.

- b. 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. Jason Talbot to present Staff's recommendations to the Board.

In regard to the five (5) bids received across four (4) tracts, a motion was made by Mr. Watkins, and seconded by Ms. LeBlanc, the Board voted to accept Staff's recommendations to accept the following bids and award leases on the following tracts:

		Tract 45395
		(Entire: 126.276 acres)
Bidder	:	THEOPHILUS OIL, GAS & LAND SERVICES, LLC
Primary Term	:	Three (3) years
Cash Payment	:	\$204,819.67
Annual Rental	:	\$102,409.84
Royalties	:	25% on oil and gas
	:	25% on other minerals
Additional Consideration	:	None

Tract 45397(1)

(Entire: 7 acres)

Bidder	:	JUSTISS OIL COMPANY, INC.
Primary Term	:	Three (3) years
Cash Payment	:	\$7,700.00
Annual Rental	:	\$3,850.00
Royalties	:	25% on oil and gas
	:	25% on other minerals
Additional Consideration	:	None

Tract 45398

(Entire: 9 acres)

Bidder	:	ZACHRY EXPLORATION, LLC
Primary Term	:	Three (3) years
Cash Payment	:	\$1,845.00
Annual Rental	:	\$922.50
Royalties	:	21% on oil and gas
	:	21% on other minerals
Additional Consideration	:	None

Tract 45399

(Entire: 2.226 acres)

Bidder	:	TYGER ENERGY PARTNERS I, LLC
Primary Term	:	Three (3) years
Cash Payment	:	\$556.50
Annual Rental	:	\$278.25
Royalties	:	20% on oil and gas
	:	20% on other minerals
Additional Consideration	:	None

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.

VII. NEW BUSINESS

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

No new business was presented.

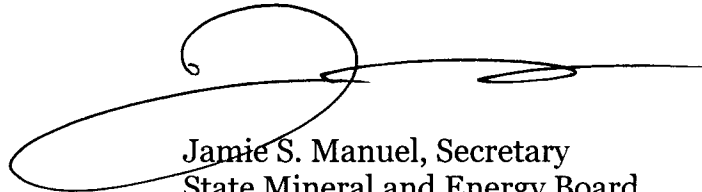
IX. ANNOUNCEMENTS

No announcements were made.

X. ADJOURNMENT

The Chairman then stated there being no further business to come before the Board, upon motion of Ms. LeBlanc, seconded by Mr. Young, the meeting was adjourned at 10:47 a.m.

Respectfully Submitted,

A handwritten signature in black ink, consisting of a large, sweeping loop on the left side that extends across the page, followed by a horizontal line that ends in a small flourish on the right.

Jamie S. Manuel, Secretary
State Mineral and Energy Board

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

RESOLUTION #21-02-001

(LEASE REVIEW REPORT)

WHEREAS, on motion of Ms. Michaud-Dugas, seconded by Mr. Arnold, the following resolution was offered and adopted:

WHEREAS, Mr. Jason Talbot of the Office of Mineral Resources made a report on State Lease No. 195, Selection C, Quarantine Bay Field, located in Plaquemines and St. Bernard Parishes, Louisiana; and

WHEREAS, Cox Operating L.L.C. (Cox) is the field operator and this lease was last reviewed by Staff on January 8, 2020; and

WHEREAS, the Board accepted Cox's report and granted Cox until December 9, 2020, to report on the continued development on the lease; and

WHEREAS, the Staff reported on both Cox's 2020 activities and their future plans on the lease. The Staff made recommendation that the Board accept Cox's report and grant Cox until December 8, 2021 to report on their continued activities on State Lease No. 195.

NOW THEREFORE BE IT RESOLVED, that the State Mineral and Energy Board confirms the Staff's recommendation that Cox's report be accepted and hereby grants Cox Operating L.L.C. until December 8, 2021 to report on their continued activities on State Lease No. 195, Selection C, Quarantine Bay Field, located in Plaquemines and St. Bernard Parishes, Louisiana.

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 February, 2021, 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
LOUISIANA STATE MINERAL AND ENERGY BOARD

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

RESOLUTION #21-02-002

(LEASE REVIEW REPORT)

WHEREAS, on motion of Mr. Arnold, seconded by Ms. Michaud-Dugas, the following resolution was offered and adopted:

WHEREAS, Mr. Charles Bradbury of the Office of Mineral Resources made a report on a request by Tellus Operating Group LLC (Tellus) for a ninety (90) day extension to the force majeure affecting State Lease No. 16381 to permit time to complete negotiations to repair a portion of a Hilcorp production facility damaged by the 2020 hurricanes; and

WHEREAS, the well was previously producing to that facility but Hilcorp recently reported that they did not plan to repair the portion of the facility that handled Tellus' production; and

WHEREAS, the Staff recommends that the Board grant the ninety (90) day extension until the May 12, 2021 Board Meeting where the matter will be reconsidered.

NOW THEREFORE BE IT RESOLVED, that the State Mineral and Energy Board hereby grants Tellus Operating Group LLC a ninety (90) day extension to the force majeure affecting State Lease No. 16381 until the May 12, 2021 Board Meeting where the matter will be reconsidered.

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 February, 2021, 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
LOUISIANA STATE MINERAL AND ENERGY BOARD

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

Authority to Advertise
Tracts for the April 14,
2021 Lease Sale

RESOLUTION #21-02-003

(NOMINATION AND TRACT REPORT)

WHEREAS, Mr. Byron Miller reported that Seventeen (17) tract(s) were nominated for the April 14, 2021 Mineral Lease Sale, and requested that same be advertised pending staff review;

ON MOTION of Ms. LeBlanc, seconded by Mr. Watkins, 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 tract(s) for the April 14, 2021 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 February 2021, 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 #21-002-004

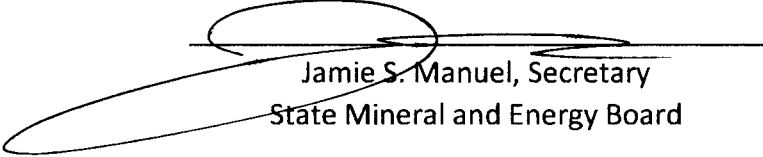
(DOCKET)

On motion of **Ms. LeBlanc**, seconded by **Ms. Michaud-Dugas**, the following Resolution was offered and adopted:

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item 21-03 from the February 10, 2021 meeting be approved, said instrument being an Operating Agreement by and between the State Mineral and Energy Board of the State of Louisiana, acting for and on behalf of the State of Louisiana and Wooldridge Land & Cattle, LLC, to create an operating tract for the exploration and development of oil gas and/or condensate and other liquid hydrocarbons, which proposal allocates to the state a State Production Interest equal to 23% interest before payout, increasing to 25% after payout, in and to the operating tract, containing 5 acres, more or less, being former State Lease No. 6375, located in the W/2 of the NW/4 of the SW/4 of the SW/4 of Section 17, T20S, R15W as shown on Exhibit "A", located in Caddo 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 10th day of February, 2021 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 #21-002-005

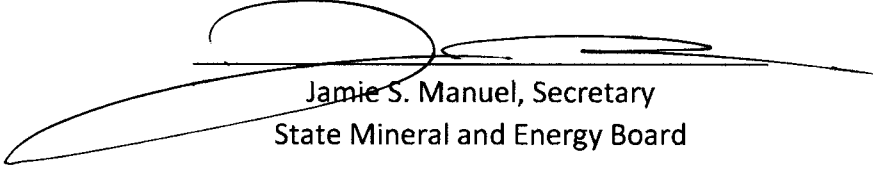
(DOCKET)

On motion of **Ms. LeBlanc**, seconded by **Ms. Michaud-Dugas**, the following Resolution was offered and adopted:

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item 21-04 from the February 10, 2021 meeting be approved, said instrument being a Unitization Agreement by and between the State of Louisiana, acting through its agency, the Louisiana State Mineral & Energy Board and Wooldridge Land & Cattle, LLC, to create a 50 acre unit, more or less, identified as the "Wooldridge Land & Cattle LLC-VUA", with 5 acres, more or less, being attributable to Operating Agreement "A0388", Caddo Pine Island Field, Caddo 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 10th day of February, 2021 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