

# **MINUTES**

## **STATE MINERAL AND ENERGY BOARD**

### **LEASE SALE AND BOARD MEETING**

**JANUARY 10, 2018**



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

**Opening of Bids**

**January 10, 2018**

A public meeting for the purpose of opening sealed bids was held on Wednesday, January 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

**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. 44809 through 44840 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 Manuel stated that there were no tracts to be withdrawn from today's Lease Sale.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 44811  
(Portion Bid: 136 acres)

Bidder	:	HILCORP ENERGY I, L.P.,
	:	HILCORP ENERGY COMPANY
Primary Term	:	Three (3) years
Cash Payment	:	\$30,600.00
Annual Rental	:	\$15,300.00
Royalties	:	22.5% on oil and gas
	:	22.5% on other minerals
Additional Consideration:	:	None

Tract 44814  
(Portion Bid: 18 acres)

Bidder	:	THEOPHILUS OIL, GAS & LAND
	:	SERVICES, LLC
Primary Term	:	Three (3) years
Cash Payment	:	\$4,050.00
Annual Rental	:	\$2,025.00
Royalties	:	22.5% on oil and gas
	:	22.5% on other minerals
Additional Consideration	:	None

Tract 44817  
(Portion Bid: 526 acres)

Bidder	:	THEOPHILUS OIL, GAS & LAND
	:	SERVICES, LLC
Primary Term	:	Three (3) years
Cash Payment	:	\$118,350.00
Annual Rental	:	\$59,175.00
Royalties	:	22.5% on oil and gas
	:	22.5% on other minerals
Additional Consideration	:	None

Tract 44819  
(101 acres)

Bidder	:	THEOPHILUS OIL, GAS & LAND
	:	SERVICES, LLC
Primary Term	:	Three (3) years

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Cash Payment	:	\$20,200.00
Annual Rental	:	\$10,100.00
Royalties	:	22.5% on oil and gas
	:	22.5% on other minerals
Additional Consideration	:	None

Tract 44820  
(Portion Bid: 51 acres)

Bidder	:	THEOPHILUS OIL, GAS & LAND SERVICES, LLC
Primary Term	:	Three (3) years
Cash Payment	:	\$11,475.00
Annual Rental	:	\$5,737.00
Royalties	:	22.5% on oil and gas
	:	22.5% on other minerals
Additional Consideration	:	None

Tract 44821  
(50 acres)

Bidder	:	FALCON V, L.L.C.
Primary Term	:	Three (3) years
Cash Payment	:	\$10,000.00
Annual Rental	:	\$5,000.00
Royalties	:	22.5% on oil and gas
	:	22.5% on other minerals
Additional Consideration	:	None

Tract 44822  
(Portion Bid: 281.530 acres)

Bidder	:	CYPRESS ENERGY CORPORATION
Primary Term	:	Three (3) years
Cash Payment	:	\$60,810.48
Annual Rental	:	\$30,405.24
Royalties	:	21% on oil and gas
	:	21% on other minerals
Additional Consideration	:	None

Tract 44825  
(Portion Bid: 6.45 acres)

Bidder	:	THEOPHILUS OIL, GAS & LAND SERVICES, LLC
Primary Term	:	Three (3) years
Cash Payment	:	\$1,451.25
Annual Rental	:	\$725.63

Royalties	:	22.5% on oil and gas
	:	22.5% on other minerals
Additional Consideration	:	None

Tract 44826  
(Portion Bid: 124.8 acres)

Bidder	:	THEOPHILUS OIL, GAS & LAND SERVICES, LLC
Primary Term	:	Three (3) years
Cash Payment	:	\$28,080.00
Annual Rental	:	\$14,040.00
Royalties	:	22.5% on oil and gas
	:	22.5% on other minerals
Additional Consideration	:	None

Tract 44829  
(Portion Bid: 200 acres)

Bidder	:	BYRON ENERGY INC. (OF DELAWARE)
Primary Term	:	Three (3) years
Cash Payment	:	\$44,000.00
Annual Rental	:	\$22,000.00
Royalties	:	21.5% on oil and gas
	:	21.5% on other minerals
Additional Consideration	:	None

**STATE AGENCY TRACTS**

Tract 44837  
(Portion Bid: 84 acres)

Bidder	:	RICELAND PETROLEUM COMPANY
Primary Term	:	Three (3) years
Cash Payment	:	\$25,284.00
Annual Rental	:	\$12,642.00
Royalties	:	20% on oil and gas
	:	20% on other minerals
Additional Consideration	:	None

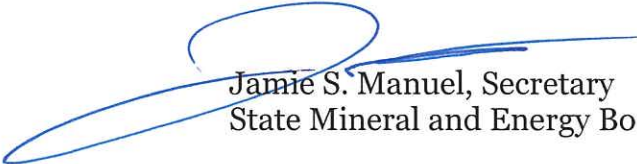
Tract 44838  
(Portion Bid: 129 acres)

Bidder	:	BYRON ENERGY INC. (OF
	:	DELAWARE)
Primary Term	:	Three (3) years
Cash Payment	:	\$28,380.00
Annual Rental	:	\$14,190.00
Royalties	:	21.5% on oil and gas
	:	21.5% on other minerals
Additional Consideration	:	None

This concluded the reading of the bids.

There being no further business, the meeting was concluded at 8:45 a.m.

Respectfully Submitted,



Jamie S. Manuel, Secretary  
State Mineral and Energy Board



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

**REGULAR MEETING**

**January 10, 2018**

The Regular Meeting of the State Mineral and Energy Board was held on **Wednesday, January 10, 2018**, beginning at 9:40 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.**  
**J. Todd Hollenshead**  
**Rochelle A. Michaud-Dugas**

The following members of the Board were recorded as absent:

**Gregory C. Carter**  
**Thomas L. Arnold, Jr.**  
**Robert D. Watkins**  
**Johnny B. Bradberry**

Mr. Manuel announced that seven (7) 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  
**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 DECEMBER 13, 2017 MINUTES**

The Chairman stated that the first order of business was the approval of the December 13, 2017 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. Harris 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 Nos. 18-01-001 thru 18-01-005)
- b) Nomination and Tract Report  
(Resolution No. 18-01-006)
- c) Audit Report
- d) Legal and Title Controversy Report  
(Resolution Nos. 18-01-007 thru 18-01-010)
- e) Docket Review Report  
(Resolution Nos. 18-01-011 thru 18-01-20)



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

**I. GEOLOGICAL AND ENGINEERING STAFF REVIEW**

According to the SONRIS database, there were 1,213 active State Leases containing approximately 536,000 acres. Since the last Lease Review Board meeting, the Geological and Engineering Division reviewed 96 leases covering approximately 37,000 acres for lease maintenance and development issues.

**II. BOARD REVIEW**

1. A staff report on State Lease 192, Selection C, West Bay Field, Plaquemines Parish. Hilcorp Energy Company is the lessee. Upon motion of Mr. Haik, seconded by Mr. Cordaro, the Board accepted Hilcorp's report and granted Hilcorp until December 12, 2018 to provide a new plan of development affecting the non-productive acreage on 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. Cordaro, seconded by Mr. Harris, the Board accepted the staff's recommendation that Hilcorp notify Office of Mineral Resources by April 11, 2018 of their commitment to drill their deep wildcat prospect by year end 2018 or release 20% of the non-productive acreage over the lease.
3. A staff report on State Lease 2038, Deep Lake Field, Cameron Parish. Hilcorp Energy 1, L.P. is the lessee. Upon motion of Mr. Cordaro, seconded by Mr. Harris, the Board accepted staff's recommendation that Hilcorp notify Office of Mineral Resources by April 11, 2018 of their commitment to drill their deep prospect by year end 2018 or release 20% of the non-productive acreage over the lease.
4. 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. Cordaro, seconded by Mr. Harris, the Board accepted staff's recommendation that Hilcorp notify Office of Mineral Resources by April 11, 2018 of their commitment to acquire the 3-D seismic data by year end 2018 or release 20% of the non-productive acreage over State Lease 4011.

State Mineral and Energy Board Lease Review Report  
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III. FORCE MAJEURE

1. Day Dreams Resources, LLC requested staff recognition of a force majeure condition affecting State Lease 19930 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. Haik, seconded by Ms. Michaud-Dugas, the Board approved recognition of force majeure condition affecting State Lease 19930 in Concordia Parish.
2. Clovelly Oil Co. LLC requested staff recognition of a force majeure condition affecting State Leases 2918, 4041, 4043, 5565, 5568, 5585, and 5779 in Lake Pontchartrain, Jefferson Parish. The staff requested Clovelly make shut-in payments to maintain the leases. Payments have been received. This item was provided for informational purposes only to the Board and no Board action is required.

**b) NOMINATION AND TRACT REPORT**  
**January 10, 2018**

The Board heard the report of Mr. Emile Fontenot on Wednesday January 10, 2018 relative to nominations received in the Office of Mineral Resources for the March 14, 2018 Mineral Lease Sale and other matters. Based upon the staff's recommendation, on motion of **Ms. LeBlanc**, duly seconded by **Mr. Haik**, 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 presented by Mr. Fontenot. (Resolution 18-01-006)

**c) AUDIT REPORT**  
**January 10, 2018**

The first matter on the audit report was the election of the January 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 AND TITLE CONTROVERSY REPORT**  
**January 10, 2018**

The first matter considered by the State Mineral and Energy Board (Board) was a request from Red Stick Energy, LLC (Red Stick) dated December 11, 2017, for a full or partial waiver regarding liquidated damages in the amount of \$13,300.00 for the late release of State Lease No. 21136 located in Plaquemines Parish, Louisiana.

Mr. Emile Fontenot stated that the owner of Red Stick could not be present for today's meeting due to an unforeseen situation but had requested that this item be deferred until the February Board Meeting in order to be present. Mr. Fontenot continued that subsequent to that time, there was a Mr. Bradford Lapeyrouse, who was legal representative for Red Stick in the audience. If the Board had any questions, he would be glad to address them.

Mr. Fontenot stated that this was Red Stick's first infraction, and according to Board protocol dated May 13, 2009, the Board could waive the late release assessment if it so chose. He continued that OMR Staff recommended a full waiver of the \$13,300.00 damage assessment.

Mr. Todd Hollenshead asked if Red Stick had plugged and abandoned all of the wells and met all lease requirements associated with this lease. Mr. Fontenot answered that there were no wells on State Lease No. 21136.

Mr. Hollenshead asked if Red Stick owed the Board or OMR any more monies. Mr. Fontenot answered that he did not recall any outstanding debts owed.

Mr. Hollenshead made a motion to waive the \$13,300.00 damage assessment for State Lease No. 21136 in accordance with Staff's recommendation.

Mr. Ted Haik asked Mr. Fontenot if he said this was the first infraction. Mr. Fontenot answered affirmatively.

Mr. Lapeyrouse addressed the Board stating that a clerical error had occurred and it just slipped through.

DNR Secretary Tom Harris seconded Mr. Hollenshead's motion. Chairman Paul Segura stated that Mr. Hollenshead made the motion and Secretary Harris seconded it, to accept Staff's recommendation to waive the damage assessment. By unanimous vote of the Board, the State Mineral and Energy Board approved the request by Red Stick for a full waiver of the \$13,300.00 liquidated damages for the late release of State Lease No. 21136. There were no comments from the public. (Resolution No. 18-01-007)

The second matter considered by the Board was a request by Integrated Exploration Production, LLC (Integrated) dated December 15, 2017, for a full waiver of

the liquidated damages in the amount of \$30,100.00 for the late release of State Lease No. 17772 in the Bayou Biloxi Field located in St. Bernard Parish, Louisiana.

Mr. Fontenot stated that in accordance with Board protocol dated May 13, 2009, and this being Integrated's first infraction, the Board could waive the late release assessment if it so chose. He continued that OMR staff recommended a full waiver of the \$30,100.00 damage assessment.

Ms. LeBlanc made a motion to accept Staff's recommendation.

Mr. Hollenshead asked if there were any wells on this lease that were unplugged, if a letter had been written, and if a response had been received. Mr. Fontenot answered that there were two (2) new leases over this area, and two (2) active saltwater disposal wells, and three (3) of the remaining five (5) were plugged and abandoned.

Mr. Hollenshead inquired that there were two (2) active saltwater wells on this lease. Mr. Fontenot answered affirmatively. Mr. Hollenshead asked where the water was coming from that was going into those wells and does OMR receive oil off this lease.

Mr. Boyd Handley answered that those are saltwater disposal wells so OMR does not receive anything from them.

Mr. Hollenshead stated that he understood and asked whose water was going down that well if OMR does not have any active production on the lease. Mr. Handley answered that he could check with Conservation to obtain that information.

Mr. Hollenshead asked when water is being put down a well and there is no production from that lease, is another state well receiving that water or are we just taking someone else's water. Normally, there is a fee for saltwater disposal.

Chairman Segura asked if they would have a separate agreement under the saltwater injection laws. Mr. Handley answered that, like a normal process, if you have a Lessee that has an operator, they have a separate operating agreement that we never see. OMR assumes that with saltwater disposal, the operator of the well has an agreement with another party. As far as determining that, we will be glad to check with Conservation for any recordation.

Chairman Segura asked if sometimes the water or that agreement is not necessarily on the same property. Mr. Fontenot answered that the only information he had obtained was that there were two (2) saltwater disposal wells. Mr. Fontenot stated that the important thing is that there are two (2) current leases, 21532 and 21533, that covered that area which lead him to believe that they were actively pursuing and there might be some use for those two (2) saltwater wells.

Mr. Handley added that in the letters that will go out, those two (2) wells would be in that letter requesting plugging and abandoning and, at that point, OMR should receive information back from the operator.

DNR Secretary Tom Harris asked if there was a representative from Integrated in the audience. Mr. Fontenot answered there was not; that he had received an email that Russell Butz was planning to attend but his father fell ill and he had to take care of him. Mr. Fontenot continued that Mr. Butz stated that Integrated was a small independent oil and gas company with limited resources, it did not have an in-house land department and that there was no one else in the organization that could attend. Mr. Fontenot stated that if the first infraction was an issue for the Board to act on at that meeting, he would ask, on Mr. Butz's behalf, that the Board waive that item to the February meeting.

Mr. Haik requested to make a substitute motion to Ms. LeBlanc's motion to accept Staff's recommendation. Mr. Haik stated that his substitute motion would be to delay this item to the next Board Meeting due to three (3) reasons:

1. There was no representative from Integrated to give the Board an explanation;
2. There were some questions that have not been able to be answered by Staff;
3. It was not addressed as to whether or not that this was the first infraction of this company.

Mr. Fontenot answered that this was Integrated's first infraction. Mr. Haik stated that it was not indicated that it was the first infraction of the company and it could have been the first infraction of this particular lease. Mr. Handley answered that whenever the Staff mentions first infraction, it is for the company, it is not lease specific. Mr. Haik asked that Staff please say that in the future. Chairman Segura stated that it was in the verbiage.

Chairman Segura stated that Ms. LeBlanc had a motion and Mr. Haik had a substitute motion to Ms. LeBlanc's motion to defer this matter to the February 14, 2018 Board Meeting. Mr. Hollenshead seconded the substitute motion and stated that he would be in favor that Integrated have a representative at the February Board Meeting to answer the Board's questions.

Ms. LeBlanc asked how deferring this matter for a month would affect the company. Mr. Fontenot answered that the infraction stopped when Integrated recorded the release. She stated that, with first infractions, she did not have a problem with her motion.

Chairman Segura stated that it does not stop Integrated's operations – they were just asking for relief from their assessment of penalty.

OMR Assistant Secretary Jamie Manuel stated that while there are two (2) saltwater disposal wells, as Mr. Fontenot had said, there were two (2) active leases in this area also, so that was a consideration that we had to look at.

Mr. Hollenshead stated that he would like to know if those saltwater wells were facilitating the operation of the two (2) wells. Mr. Hollenshead continued that he would like to know who is taking responsibility for those two (2) saltwater wells when the lease is released.

Mr. Haik stated that when companies come before the Board asking for a substantial waiver of a violation, someone should be there to make a presentation and he had a problem with waiving \$30,000.00 without someone from the company giving an explanation.

Chairman Segura stated that in relation to what the Assistant Secretary said, Integrated had noted in the packets that they are spending \$100,000.00 to restore production in the three (3) wells. He continued that the Board had a substitute motion and a second to that substitute, by unanimous vote of the Board, the State Mineral and Energy Board deferred the request by Integrated for a full waiver of the \$30,100.00 liquidated damages for the late release of State Lease No. 17772 to the February 14, 2018 Board Meeting. There were no comments from the public. (Resolution No. 18-01-008)

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, Terrebonne Parish, Louisiana, that was tabled at the December 13, 2017, Board Meeting, pursuant to Resolution #17-12-004, wherein the Board requested additional information be furnished in reference to the liquidated damages waived in 2008.

Mr. Fontenot stated that he had received an email from TPIC requesting that this matter be postponed to the February 14, 2018 Board Meeting.

Upon motion of Mr. Haik, seconded by Ms. LeBlanc, and by unanimous vote of the Board, the State Mineral and Energy Board postponed the request by TPIC for a full waiver of liquidated damages for the late release of State Lease No. 17174 to the February 14, 2018 Board Meeting. There were no comments from the public. (Resolution No. 18-01-009)

The fourth matter considered by the Board was a request from OMR Legal to grant authority to escrow funds to LLOLA, L.L.C., in accordance with the Board's escrow protocol, derived from production on disputed acreage that would be due under State Lease No. 21345 within the 9400 BIG T RC SUA located in Manila Village Field, Jefferson Parish, Louisiana, until the July 11, 2018 State Mineral and Energy Board Meeting, and to make this authority retroactively effective to August 7, 2016.



Staff recommended that the Board grant authority to OMR Legal to escrow funds to LLOLA, L.L.C. for the above referenced disputed acreage.

Mr. Haik asked Staff to give the Board an explanation as to how this matter was in accordance with the Board's escrow protocol. Mr. James Devitt answered that the Lessee places the funds in an account they own but reports are required on that account monthly and that they are complying with that requirement.

Chairman Segura asked if this was different from a concursus. Mr. Devitt answered affirmatively.

Mr. Haik asked why the money was being put in their escrow account as opposed to putting it in an escrow account held by the State. Mr. Devitt answered that the Board's protocol did not require that the funds be put in an account owned by the State.

Mr. Haik asked how much money was that in reference to this issue. Mr. Devitt answered that he did not know.

Mr. Haik asked what occurs with the interest that is generated by this escrow. OMR Assistant Secretary Manuel answered that this escrow account process was set up in lieu of filing a concursus proceeding because it had the same effect as the financial aspect. He continued that if this Lessee wanted to file a concursus, it could, and it would place the money in the registry of the court where the court would hold it and interest would accrue on it.

Assistant Secretary Manuel stated that the account – it is an interest bearing account in the registry of the court, and the party who is successful gets the interest. He continued that it operated the same way in this situation; there were no constrictions of meeting pleading deadlines and dealing with the judge. He said this allowed the parties, while still possible, to reach an amicable resolution while the money was in an account that the Lessee had put it in and it was accruing interest.

Assistant Secretary Manuel continued that the Lessee had essentially said that it was not their money anymore, that it was either the State's money or the entity that they were having competitive title with; so it was the same effect – it just allowed OMR to get a deal done before having to file a lawsuit.

Mr. Haik asked if the office knew the amount that was in dispute or in escrow. Mr. Fontenot answered that he had a conversation with the LLOX people and they thought it was around \$100,000.00.

Mr. Haik asked if reports were received on how much money was being held. Mr. Devitt answered affirmatively. Assistant Secretary Manuel stated that those reports are sent to OMR's audit staff and they have a definite idea about what is in there. Ms. Rachel Newman stated that the Lessee had to send in a separate SR report – that it was called an SR-9; and it was specifically designated for escrow accounts; the Lessee had to

send that in monthly along with any bank statements that showed they had made a deposit and it is reconciled every month. Ms. Newman said her Staff stays on top of it every month to ensure that once the concursus or dispute has been resolved, it is all set up and ready to go and there are no questions about any additional money that needed to be paid; it can be processed immediately.

Mr. Haik asked if the Board could get a report indicating how many individual escrow accounts exist and how much is involved with those. Assistant Secretary Manuel answered that a running tab was kept of all those with a running spreadsheet that is maintained and the office met on it every two weeks to review particular issues and that either in-house lawyers in DNR or lawyers with the Attorney General's Office enter into negotiations with those parties.

Mr. Haik asked if he could be furnished a copy of that list to which Staff answered affirmatively.

Upon motion of Ms. LeBlanc, seconded by DNR Secretary Harris, and by unanimous vote of the Board, the State Mineral and Energy Board granted authority to DNR Legal to escrow funds to LLOLA, L.L.C., in accordance with the Board's escrow protocol, derived from production on disputed acreage that would be due under State Lease No. 21345 within the 9400 BIG T RC SUA located in Manila Village Field, Jefferson Parish, Louisiana, until the July 11, 2018 State Mineral and Energy Board Meeting, and made this authority retroactively effective to August 7, 2016. There were no comments from the public. (Resolution No. 18-01-010)

The fifth matter considered by the Board was a Settlement and Boundary Agreement by and between Bedford, L.L.C., E.T. Robinson Property, L.L.C., Jane Grey Ohrt Properties, L.L.C., Herold-Winks-Vallhonrat, L.L.C., and the State of Louisiana, acting through its agents, the Louisiana Division of Administration, Office of State Lands, and the State Mineral and Energy Board, whereas said parties have reached a settlement in the matter entitled BHP Billiton Petroleum (N.A.), L.P. v E.T Robinson Property, L.L.C., et al, Docket No. 36076, within the 39th Judicial District Court of Red River Parish, Louisiana, affecting State Lease No. 18503 located in Red River Parish, Louisiana, with further particulars stipulated in the instrument. This item was duly advertised and appeared on the Docket as Item 18-01.

This matter was for informational purposes only and no Board action was needed or taken. There were no comments from the public.

The sixth matter considered by the Board was a Settlement, Receipt and Release Agreement by and between Hilcorp Energy Company, individually and as General Partner of Hilcorp Energy I, LP, Plaquemines Parish Government, on behalf of itself and the Buras Levee District, and the State of Louisiana, acting through its agent, the State Mineral and Energy Board, whereas said parties have reached a settlement in the matter entitled Hilcorp Energy Co., et al vs. State of Louisiana, through the State Mineral and Energy Board and Plaquemines Parish Government, Docket No. 60-827, 25th Judicial

District Court, Plaquemines Parish, Louisiana, affecting State Lease No. 20564 located in Plaquemines Parish, Louisiana, with further particulars being stipulated in the instrument. This item was duly advertised and appeared on the Docket as Item 18-02.

This matter was for informational purposes only and no Board action was needed or taken. There were no comments from the public.

The seventh matter considered by the Board was an update on the Lease Form Compilation Process.

Assistant Secretary Manuel stated that in line with the procedures that he had sent to the Board by previous email, Staff had completed its internal review of Articles 1 through 8 and those Articles had been emailed to the Board for review. He continued that Staff was in the process of reviewing and drafting the royalty provision which was Article 9. Assistant Secretary Manuel said that Article 9, other than our Lease Maintenance Article and Article 3, was the most important one that we wanted to get right and wanted to do well in the Mineral Lease.

Assistant Secretary Manuel continued that he is in the process of reviewing legal articles on some of the issues that have been dealt with in the past with execution or royalty provisions. He continued that our Legal Staff is doing its own legal research on this; we will all get together, meet on it, make some revisions to it, and he would likely get that out to the Board within the next month. Assistant Secretary Manuel said that would probably be by itself; then the internal review process would be continued on the remainder of the Articles.

Chairman Segura thanked Assistant Secretary Manuel and asked if there were any comments. Mr. Haik said that he would like to say to the Board, and to those in attendance, that Assistant Secretary Manuel had been very cooperative; and that he and Mr. Hollenshead had a meeting with Assistant Secretary Manuel that morning and made some suggestions on Articles 1 through 8.

Mr. Haik said that he appreciated Assistant Secretary Manuel for what he had done; he knew he was working hard on it; he knew that other Staff members were working hard on it too.

Assistant Secretary Manuel thanked Mr. Haik for his kind words.

This matter was for informational purposes only and no Board action was needed or taken. There were no comments from the public.

**e) DOCKET REPORT**  
**January 10, 2018**

The Board heard the report from Emile Fontenot on Wednesday, January 10, 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 8.
- 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 8, Docket Nos. 2 and 4 are approved subject to the approval of the Governor (Resolution Nos. 18-01-011 through 18-01-018)
- Category D: Advertised Proposals  
Approve Docket Item Nos. 18-01 and 18-02 (Resolution Nos. 18-01-019 and 18-01-020)

## VI. EXECUTIVE SESSION

(Resolution Nos. 18-01-021 thru 18-01-023)

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. Haik, seconded by Mr. Hollenshead, the Board Members went into Executive Session at 10:45 a.m.

Upon motion of Mr. Hollenshead, seconded by Ms. LeBlanc, the Board reconvened in open session at 11:32 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

Upon motion of Mr. Haik, seconded by Mr. Cordaro, the Board voted unanimously to grant authority to Staff to arrange a meeting with Chevron to discuss the framework agreement prior to the March 14, 2018 Board Meeting as discussed in Executive Session. No comments were made by the public. (Resolution No. 18-01-021)

- b. A request by OMR Staff for authority to enter into negotiations with Verona Energy, Inc. regarding the proceeds of production on unleased acreage from the L TUSC RA SUC, Ark-La Resources #2 affecting 7.6 acres of B-Lease No. B1098, Lake Marydale Field, Tensas Parish, Louisiana.

Upon motion of Mr. Haik, seconded by Mr. Hollenshead, the Board voted unanimously to grant authority to Staff to enter into negotiations with Verona Energy, Inc. as discussed in Executive Session. No comments were made by the public. (Resolution No. 18-01-022)

- c. A discussion regarding the suit entitled: Chesapeake v. State of Louisiana, Docket No. 35585, 39th Judicial District Court, Red River Parish, State of Louisiana.

Upon motion of Mr. Hollenshead, seconded by Mr. Harris, the Board voted unanimously to grant authority to the Attorney General's office to enter into negotiations as discussed in Executive Session. No comments were made by the public. (Resolution No. 18-01-023)

- d. 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 the following:

- a) That the bid received on Tract No. 44811 be rejected and opened to the floor for oral bidding;
- b) That the bid received on Tract No. 44837 be rejected for insufficient consideration;
- c) That the bid received on Tract No. 44838 be rejected and opened to the floor; and
- d) That the bids received on Tract Nos. 44814, 44817, 44819, 44820, 44821, 44822, 44825, 44826, and 44829 be accepted.

Upon motion by Ms. LeBlanc, seconded by Mr. Haik, the Board unanimously voted to accept the Staff's recommendations.

### Leases Awarded:

Tract No. 44814 to Theophilus Oil, Gas & Land Services, LLC  
Tract No. 44817 to Theophilus Oil, Gas & Land Services, LLC  
Tract No. 44819 to Falcon V, L.L.C.  
Tract No. 44820 to Theophilus Oil, Gas & Land Services, LLC  
Tract No. 44821 to Falcon V, L.L.C.  
Tract No. 44822 to Cypress Energy Corporation  
Tract No. 44825 to Theophilus Oil, Gas & Land Services, LLC  
Tract No. 44826 to Theophilus Oil, Gas & Land Services, LLC  
Tract No. 44829 to Byron Energy Inc. (of Delaware)

Upon motion by Ms. LeBlanc, seconded by Mr. Haik, the Board unanimously voted to reject the bid received on Tract No. 44811 and allow oral bidding from the floor.

Upon request by the Chairman for oral bidding on Tract No. 44811, Mr. Pat Theophilus of Theophilus Oil, Gas & Land Services, LLC came forward and offered the following:

Tract 44811  
(Portion Bid: 136 acres)

Bidder	:	Theophilus Oil, Gas & Land
	:	Services, LLC
Primary Term	:	Three (3) years
Cash Payment	:	\$30,600.00

Annual Rental	:	\$15,300.00
Royalties	:	22.5% on oil and gas
	:	22.5% on other minerals
Additional Consideration	:	None

There being no other bidders on this tract, upon motion by Mr. Hollenshead, seconded by Mr. Haik, and based on Staff's recommendations, the Board unanimously voted to award a lease on Tract No. 44811 to Theophilus Oil, Gas & Land Services, LLC.

Upon motion by Ms. LeBlanc, seconded by Mr. Haik, the Board unanimously voted to reject the bid received on Tract No. 44838 and allow oral bidding from the floor.

Upon request by the Chairman for oral bidding on Tract No. 44838, Mr. Paul Provenza on behalf of Byron Energy Inc. (of Delaware) came forward and offered the following:

Tract 44838  
(Portion Bid: 129 acres)

Bidder	:	Byron Energy Inc. (of Delaware)
Primary Term	:	Three (3) years
Cash Payment	:	\$45,150.00
Annual Rental	:	\$22,575.00
Royalties	:	25% on oil and gas
	:	25% on other minerals
Additional Consideration	:	None

There being no other bidders on this tract, upon motion by Ms. LeBlanc, seconded by Ms. Michaud-Dugas, and based on Staff's recommendations, the Board unanimously voted to award a lease on Tract No. 44838 to Byron Energy Inc. (of Delaware).

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.

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

### **VIII. NEW BUSINESS**

No new business was discussed by the Board.

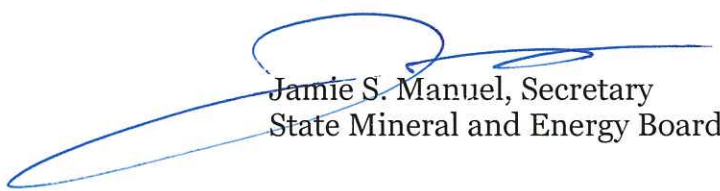
**IX. ANNOUNCEMENTS**

Mr. Manuel stated that there were eleven (11) leases awarded totaling \$374,166.73 for the January 10, 2018 Lease Sale bringing the fiscal year total to \$2,785,691.31.

**X. ADJOURNMENT**

The Chairman then stated there being no further business to come before the Board, upon motion of Ms. LeBlanc, seconded by Mr. Haik, the meeting was adjourned at 11:46 a.m.

Respectfully Submitted,



Jamie S. Manuel, Secretary  
State Mineral and Energy Board



# RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

**Resolution #18-01-001  
(LEASE REVIEW)**

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

**WHEREAS**, the Board last reviewed State Lease 192-C, West Bay Field, on February 8, 2017. The Board accepted Hilcorp Energy's (Hilcorp) report and granted Hilcorp until December 14, 2017 to provide a status update of their activities on the lease; and,

**WHEREAS**, by letter dated December 7, 2017, Hilcorp reported that certain lease activities had taken place over State Lease 192-C; and,

**NOW THEREFORE BE IT RESOLVED** the Board accepts Hilcorp's status report and grants Hilcorp until December 12, 2018 to provide a new plan of development affecting the non-productive acreage on 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 January 10, 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 #18-01-002  
(LEASE REVIEW)**

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


**WHEREAS**, the Board last reviewed State Lease 1170, Hog Bayou Field, on January 11, 2017 and the Board adopted staff's recommendation to grant Hilcorp Energy (Hilcorp) until December 11, 2017 to provide a status update on their lease activities; and,

**WHEREAS**, by letter dated November 30, 2017, Hilcorp reported that certain lease activities had taken place over State Lease 1170; and,

**NOW THEREFORE BE IT RESOLVED** the Board accepts 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.

## 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 January 10, 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 #18-01-003 (LEASE REVIEW)

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

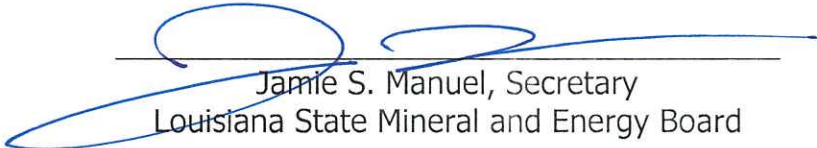
**WHEREAS**, the Board last reviewed State Lease 2038, Deep Lake Field, on January 11, 2017 and the Board adopted staff's recommendation to grant Hilcorp Energy (Hilcorp) until December 11, 2017 to provide a status update on their lease activities; and,

**WHEREAS**, by letter dated November 30, 2017, Hilcorp reported that certain lease activities had taken place over State Lease 2038; and,

**NOW THEREFORE BE IT RESOLVED** the Board accepts staff's recommendation that by April 11, 2018, Hilcorp commit to drill their deep prospect by year end 2018 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 January 10, 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.

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

# RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

## Resolution #18-01-004 (LEASE REVIEW)

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


**WHEREAS**, the Board last reviewed State Leases 3306 and 4011, Redfish Point Field, on January 11, 2017 and the Board adopted staff's recommendation to grant Hilcorp Energy (Hilcorp) until December 11, 2017 to provide a status update on their lease activities; and,

**WHEREAS**, by letter dated November 30, 2017, Hilcorp reported that certain lease activities had taken place over State Leases 3306 and 4011; and,

**NOW THEREFORE BE IT RESOLVED** the Board accepts staff's recommendation that by April 11, 2018, Hilcorp commit to acquire the 3-D seismic data by year end 2018 or release 20% of the non-productive acreage over State Lease 4011.

### 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 January 10, 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 #18-01-005 (LEASE REVIEW)

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

**WHEREAS**, Mr. Bradbury, of the Office of Mineral Resources, made a report of a timely force majeure request by Day Dreams Resources, LLC ("Day Dreams") affecting State Lease 19930 in Fairview Field, Concordia Parish, Louisiana; and,

**WHEREAS**, on October 13, 2017, Day Dreams reported vandalism and potential act of illegal oil movement from their production facility servicing the VUA;SL 19930 No. 1 well that maintains State Lease 19930 to the Concordia Parish Police, FBI and Office of Conservation; and,

**WHEREAS**, on October 19, 2017 the Office of Conservation issued Compliance Order No. E-I & E-17-1162 ordering that the Day Dreams' and Rabb Contracting Company, LLC's 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 Mineral and Energy Board Policy, Mr. Bradbury recognized the force majeure event Day Dreams submitted for the period of October 13, 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 Board confirms the Office of Mineral Resources recognition of the force majeure event affecting State Lease 19930 for the period of October 13, 2017 through April 11, 2018. The Board shall further require that Day Dreams 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 January 10, 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 March 14, 2018  
Lease Sale

**Resolution #18-01-006**  
**(NOMINATION AND TRACT REPORT)**

**WHEREAS**, Mr. Emile Fontenot reported that 9 tracts had been nominated for the March 14, 2018 Mineral Lease Sale, and requests that same are to be advertised pending staff review;

**ON MOTION** of *Ms. LeBlanc*, seconded by *Mr. Haik*, 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 March 14, 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 10th day of January 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 #18-01-007

Red Stick Energy, LLC –  
Full waiver request for late  
release of SL #21136

### (LEGAL & TITLE CONTROVERSY REPORT)

**WHEREAS**, a request was made by Red Stick Energy, LLC (Red Stick) dated December 11, 2017, for a full or partial waiver regarding liquidated damages in the amount of \$13,300.00 for the late release of State Lease No. 21136 located in Plaquemines 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;


**WHEREAS**, after hearing testimony from Mr. Bradford Lapeyrouse representing Red Stick, the Board agreed to accept Staff's recommendation in the above listed matter.

**ON MOTION** of Mr. Hollenshead, seconded by Mr. Harris, 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 \$13,300.00 liquidated damage assessment for the late release of State Lease No. 21136 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 10<sup>th</sup> day of January, 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.

  
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**JAMIE S. MANUEL, SECRETARY**  
**STATE MINERAL AND ENERGY BOARD**

# RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

## RESOLUTION #18-01-008

(LEGAL & TITLE CONTROVERSY REPORT)

Integrated Exploration  
Production, LLC –  
Request for waiver of LDA  
for late release of  
SL No. 17772.

**WHEREAS**, a request made by Integrated Exploration Production, LLC (Integrated) dated December 15, 2017, for a full waiver of the liquidated damages in the amount of \$30,100.00 for the late release of State Lease No. 17772 in the Bayou Biloxi Field located in St. Bernard 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 Ms. LeBlanc to accept Staff's recommendation, and substitute motion by Mr. Haik, seconded by Mr. Hollenshead, and after thorough 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 Board hereby defers the request by Integrated for a full waiver of the \$30,100.00 liquidated damages for the late release of State Lease No. 17772 to the February 14, 2018 State Mineral and Energy Board Meeting.

## 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 January, 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 #18-01-009

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

(LEGAL & TITLE CONTROVERSY REPORT)

**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**, Staff stated that TPIC had requested by email that this matter be postponed to the February 14, 2018 Board Meeting.

**ON MOTION** of Mr. Haik, 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 does hereby postpone the above request for full waiver of liquidated damages until the February 14, 2018 State Mineral and Energy Board Meeting.

## CERTIFICATE

**I HEREBY CERTIFY** that the above is a true and correct copy of a Resolution adopted at a meeting on the 10<sup>th</sup> day of January, 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 #18-01-010

#### (LEGAL & TITLE CONTROVERSY REPORT)

LLOX, L.L.C. – Escrow  
funds to 7/11/18 –  
9400 BIG T RC SUA,  
SL #21345

**WHEREAS**, by Resolution #15-06-016 dated June 10, 2015, the State Mineral and Energy Board (Board) continued the practice of permitting Lessees to request authority to escrow royalties on title disputed lands under lease by the State; and

**WHEREAS**, by Resolution #17-02-009 dated February 8, 2017, LLOX, L.L.C. (LLOX) was granted authority to escrow funds derived from production on disputed acreage lying within the 9400 BIG T RC SUA located in Manila Village Field, Jefferson Parish, Louisiana, and LLOX was granted authority to escrow royalties until the August 9, 2017 Board Meeting, and

**WHEREAS**, by Resolution #17-06-020 dated June 14, 2017, LLOX was further granted authority to escrow funds from the first date of production, August 7, 2016; said funds derived from production on disputed acreage lying within the 9400 BIG T RC SUA located in Manila Village Field, Jefferson Parish, Louisiana, until January 10, 2018; and

**WHEREAS**, OMR Legal requested the authority to escrow funds to LLOLA, L.L.C. (LLOLA) derived from production on disputed acreage that would be due under State Lease No. 21345 within the 9400 BIG T RC SUA located in Manila Village Field, Jefferson Parish, Louisiana, until the July 11, 2018 State Mineral and Energy Board Meeting; and

**WHEREAS**, OMR Legal further requested the Board make this authority retroactively effective to August 7, 2016; and

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


That the Board approve the request by OMR Legal to grant the authority to escrow funds to LLOLA, L.L.C. derived from production on disputed acreage that would be due under State Lease No. 21345 within the 9400 BIG T RC SUA located in Manila Village Field, Jefferson Parish, Louisiana, until the July 11, 2018 State Mineral and Energy Board Meeting, and authority to escrow royalties in accordance with the Board's protocol be granted until the July 11, 2018 State Mineral and Energy Board Meeting, and to make this authority retroactively effective to August 7, 2016.

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

**NOW THEREFORE, BE IT RESOLVED** that the Board hereby approves the request by OMR Legal to grant the authority to escrow funds to LLOLA, L.L.C. in accordance with Board protocol, derived from production on disputed acreage that would be due under State Lease No. 21345 within the 9400 BIG T RC SUA located in Manila Village Field, Jefferson Parish, Louisiana.

### CERTIFICATE

*I HEREBY CERTIFY* that the above is a true and correct copy of a Resolution adopted at a meeting on the 10<sup>th</sup> day of January, 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.

  
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**JAMIE S. MANUEL, SECRETARY**  
**STATE MINERAL AND ENERGY BOARD**

# RESOLUTION

## LOUISIANA STATE MINERAL AND ENERGY BOARD

### Resolution #18-001-011 (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 January 10, 2018 meeting be approved, said instrument being an Assignment from Sun Shale Ventures, Inc., of all of Assignor's interest to the following in the proportions set out below:

Sun Louisiana, LLC	50%
Pinnacle Energy International (USA) ILLC	50%

in and to State Lease No. 21754, St. Bernard Parish, Louisiana, with further particulars being stipulated in the instrument.

Sun Louisiana, 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;

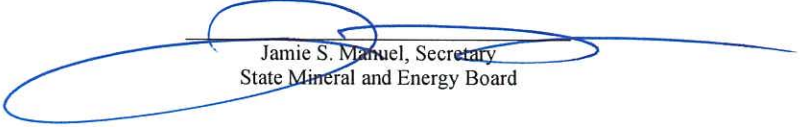
5) That for purposes of recordation and notice, certified copies of this Resolution be attached to all docketed copies of the instrument approved hereby; and

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 10<sup>th</sup> day of January, 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 #18-01-012

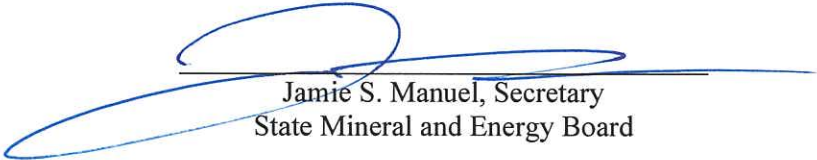
### (DOCKET)

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 January 10, 2018 meeting be approved subject to the approval of the Governor, said instrument being a Correction of Resolution #15-02-011, Docket Item No. 1 from the February 11, 2015 Meeting, being an Assignment from Chesapeake Louisiana, L.P. to SND – Vortus, L.P., whereas the following language was omitted from said resolution and is hereby being added...”Assignor is retaining all right, title and interest as to all intervals, formations, strata and depths below the base of the cotton valley formation, with the base at 9190 feet total vertical depth ( Deep Rights), affecting State Lease Nos. 249 and 10415, Bossier Parish, Louisiana.

### 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 10<sup>th</sup> day of January, 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

Approved as per Executive Order JBE 2016-28  
John Bel Edwards, Governor

By: \_\_\_\_\_  
W. Paul Segura, Jr.  
Chairman, State Mineral and Energy Board

# RESOLUTION

## LOUISIANA STATE MINERAL AND ENERGY BOARD

### Resolution #18-001-013 (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 January 10, 2018 meeting be approved subject to the approval of the Governor, said instrument being an Assignment from Chesapeake Louisiana, L.P. and Chesapeake Plains, LLC, of all of Assignor's right, title and interest to the following in the proportions set out below:

Aethon United BR LP	90%
PEO Haynesville Holdco, LLC	10%

in and to State Lease Nos. 249 and 10415, Bossier Parish, Louisiana, with further particulars being stipulated in the instrument.

Aethon United BR 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;

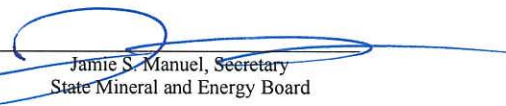
5) That for purposes of recordation and notice, certified copies of this Resolution be attached to all docketed copies of the instrument approved hereby; and

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 10<sup>th</sup> day of January, 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

Approved as per Executive Order JBE 2016-28  
John Bel Edwards, Governor

By: \_\_\_\_\_  
W. Paul Segura, Jr.  
Chairman, State Mineral and Energy Board

# RESOLUTION

## LOUISIANA STATE MINERAL AND ENERGY BOARD

### Resolution #18-001-014 (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. 4 from the January 10, 2018 meeting be approved, said instrument being an Assignment from D90 Energy, LLC to Creeta Resources, LLC, of all of Assignor's right, title and interest in and to State Lease Nos. 15346, 15350 and 15354, St. Landry Parish, Louisiana, **INSOFAR AND ONLY INSOFAR AS** State Lease No. 15354 covers 21.582 acres, more or less, in Section 22, T3S-R6E, with further particulars being stipulated in the instrument.

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

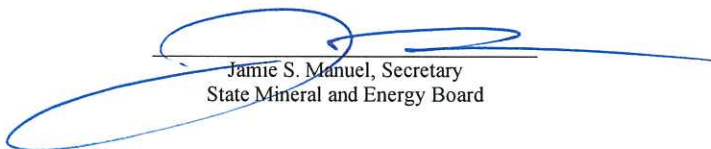
This approval is expressly granted and accepted subject to certain conditions in the absence of which conditions approval of said instrument would not have been given as follows:

- 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 10<sup>th</sup> day of January, 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 #18-001-015 (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. 5 from the January 10, 2018 meeting be approved, said instrument being an Assignment from B & L Exploration, 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;

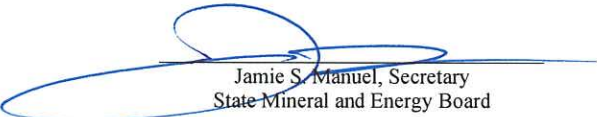
5) That for purposes of recordation and notice, certified copies of this Resolution be attached to all docketed copies of the instrument approved hereby; and

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 10<sup>th</sup> day of January, 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 #18-001-0016 (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. 6 from the January 10, 2018 meeting be approved, said instrument being an Assignment and Correction of Assignment from Six Pines Exploration, LLC to SRX3, LLC, of an undivided 1.25% working interest in and to State Lease Nos. 18165, 21187, 21692, 21693, 21694 and 21695, Plaquemines Parish, Louisiana, with further particulars being stipulated in the instrument.

SRX3, 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 10<sup>th</sup> day of January, 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 #18-001-017 (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. 7 from the January 10, 2018 meeting be approved, said instrument being an Assignment from Energy Equities Incorporated, of Texas to Six Pines Exploration, LLC, an undivided 10% of 8/8ths working interest in and to State Lease No. 18165, Plaquemines Parish, Louisiana, with further particulars being stipulated in the instrument.

Six Pines Exploration, 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;

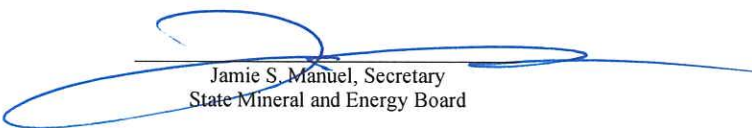
5) That for purposes of recordation and notice, certified copies of this Resolution be attached to all docketed copies of the instrument approved hereby; and

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 10<sup>th</sup> day of January, 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 #18-001-018 (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. 8 from the January 10, 2018 meeting be approved, said instrument being an Assignment from White Oak Resources VI, LLC to Bodel Holdings, LLC, of all of Assignor's right, title and interest in and to State Lease No. 15009, Jefferson Parish, Louisiana, with further particulars being stipulated in the instrument.

Bodel Holdings, 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;

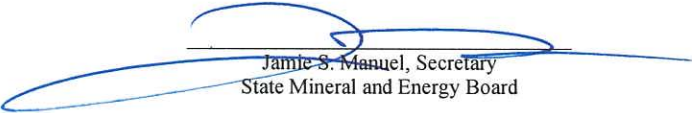
5) That for purposes of recordation and notice, certified copies of this Resolution be attached to all docketed copies of the instrument approved hereby; and

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 10<sup>th</sup> day of January, 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 #18-001-019**

**(DOCKET)**

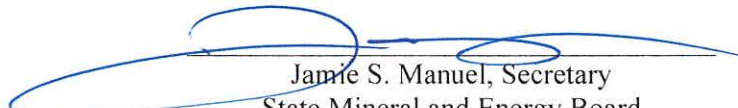
On motion of Mr. Harris, seconded by Mr. Hollenshead, the following Resolution was offered and adopted:

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No. 18-01 from the January 10, 2018 meeting be approved, said instrument a Settlement and Boundary Agreement by and between Bedford, L.L.C., E.T. Robinson Property, L.L.C., Jane Grey Ohrt Properties, L.L.C., Herold-Winks-Vallhonrat, L.L.C. and the State of Louisiana, acting through its agencies, the Louisiana Division of Administration, Office of State Lands and the Louisiana State Mineral and Energy Board, whereas said parties have reached a settlement in the matter entitled *BHP Billiton Petroleum(N.A.),L.P. v E.T Robinson Property, L.L.C., et al.* Docket No. 36076, 39<sup>th</sup> Judicial District Court, River Parish, Louisiana, affecting State Lease No. 18503, Red River Parish, Louisiana, with further particulars being stipulated in the instrument.

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 10<sup>th</sup> day of January, 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 #18-001-020

**(DOCKET)**

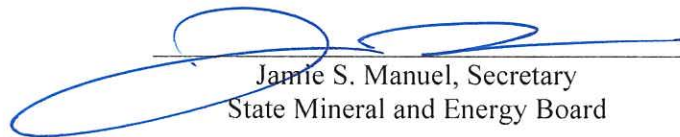
On motion of Mr. Harris, seconded by Mr. Hollenshead, the following Resolution was offered and adopted:

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No. 18-02 from the January 10, 2018 meeting be approved, said instrument a Settlement, Receipt and Release Agreement by and between Hilcorp Energy Company, individually and as General Partner of Hilcorp Energy I, LP, The Plaquemines Parish Government, on behalf of itself and the Buras Levee District and the State of Louisiana, acting through its agency, the Louisiana State Mineral & Energy Board, whereas said parties have reached a settlement in the matter entitled *Hilcorp Energy Co., et al vs. State of Louisiana, through the State Mineral and Energy Board and Plaquemines Parish Government*, Docket No. 60-827, 25<sup>th</sup> Judicial District Court, Plaquemines Parish, Louisiana, affecting former State Lease No. 20564, Plaquemines Parish, Louisiana, with further particulars being stipulated in the instrument.

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 10<sup>th</sup> day of January, 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 # 18-01-021**

(EXECUTIVE SESSION)

Executive Session Discussion Re: Settlement of outstanding audit issues with ChevronTexaco, Texaco E&P Inc. and Unocal
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**WHEREAS**, a discussion was held in Executive Session regarding settlement of outstanding audit issues with ChevronTexaco, Texaco E&P Inc. and Unocal;

**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 State Mineral and Energy Board does hereby grant authority to Staff to arrange a meeting with Chevron to discuss the framework agreement prior to the March 14, 2018 Board Meeting 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 10th day of January, 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.



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**JAMIE S. MANUEL, SECRETARY**  
**State Mineral and Energy Board**

# RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

**RESOLUTION # 18-01-022**

(EXECUTIVE SESSION)

Executive Session Discussion  
Re: Verona Energy, Inc.  
regarding the proceeds of  
production on unleased  
acreage from the L TUSC RA  
SUC, Ark-La Resources #2  
affecting 7.6 acres of B-Lease  
No. B1098, Lake Marydale  
Field, Tensas Parish Louisiana

**WHEREAS**, a discussion was held in Executive Session regarding a request by OMR Staff for authority to enter into negotiations with Verona Energy, Inc. regarding the proceeds of production on unleased acreage from the L TUSC RA SUC, Ark-La Resources #2 affecting 7.6 acres of B-Lease No. B1098, Lake Marydale Field, Tensas Parish, Louisiana;

**ON MOTION** of Mr. Haik, seconded by Mr. Hollenshead, 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 Staff to enter into negotiations with Verona Energy, Inc. 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 10th day of January, 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.

  
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**JAMIE S. MANUEL, SECRETARY**  
**State Mineral and Energy Board**

# RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

**RESOLUTION # 18-01-023**

(EXECUTIVE SESSION)

Executive Session Discussion  
Re: Chesapeake v. State of  
Louisiana, Docket No. 35585,  
39th Judicial District Court,  
Red River Parish  
State of Louisiana

**WHEREAS**, a discussion was held in Executive Session regarding the suit entitled: Chesapeake v. State of Louisiana, Docket No. 35585, 39th Judicial District Court, Red River Parish, State of Louisiana;

**ON MOTION** of Mr. Hollenshead, seconded by Mr. Harris, 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 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 10th day of January, 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.

  
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**JAMIE S. MANUEL, SECRETARY**  
**State Mineral and Energy Board**