

MINUTES

STATE MINERAL AND ENERGY BOARD

LEASE SALE AND BOARD MEETING

March 13, 2019

JOHN BEL EDWARDS
GOVERNOR



THOMAS F. HARRIS
SECRETARY

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

Opening of Bids

March 13, 2019

A public meeting for the purpose of opening sealed bids was held on Wednesday, March 13, 2019, beginning at 8:32 a.m. in the LaBelle Room, First Floor, LaSalle Office Building, Baton Rouge, Louisiana.

Emile Fontenot presided over the meeting. He then read the letter of notification certifying the legal sufficiency of the advertisement of Tract Nos. 45079 through 45123 which were published for lease by the Board at today's sale.

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

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 Fontenot stated that there were no tracts to be withdrawn from today's Lease Sale.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

Tract 45080(1)
(Portion Bid: 129.810 acres)

Bidder	:	Krewe Energy, LLC
Primary Term	:	Five (5) years
Cash Payment	:	\$26,611.05
Annual Rental	:	\$13,305.53
Royalties	:	21% on oil and gas
	:	21% on other minerals
Additional Consideration	:	None

Tract 45080(2)
(Portion Bid: 45.160 acres)

Bidder	:	Krewe Energy, LLC
Primary Term	:	Five (5) years
Cash Payment	:	\$9,257.80
Annual Rental	:	\$4,628.90
Royalties	:	21% on oil and gas
	:	21% on other minerals
Additional Consideration	:	None

Tract 45081
(Portion Bid: 169.930 acres)

Bidder	:	Krewe Energy, LLC
Primary Term	:	Five (5) years
Cash Payment	:	\$34,835.65
Annual Rental	:	\$17,417.83
Royalties	:	21% on oil and gas
	:	21% on other minerals
Additional Consideration	:	None

Tract 45084
(Portion Bid: 576.00 acres)

Bidder	:	Asquared Resources, LLC
Primary Term	:	Three (3) years
Cash Payment	:	\$1,133,838.72
Annual Rental	:	\$566,919.36
Royalties	:	21% on oil and gas
	:	21% on other minerals
Additional Consideration	:	None

Tract 45088

Bidder	:	Anchor Land & Exploration Company, L.L.C.
Primary Term	:	Three (3) years
Cash Payment	:	\$4,050.00
Annual Rental	:	\$2,025.00
Royalties	:	20% on oil and gas
	:	20% on other minerals
Additional Consideration	:	None

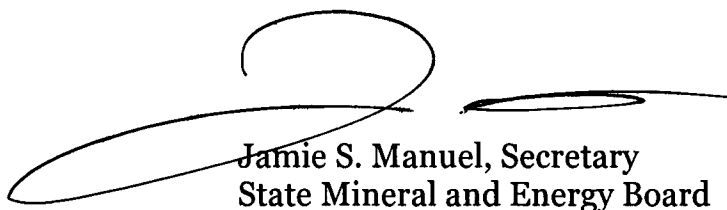
Tract 45112
(Portion Bid: 333.130 acres)

Bidder	:	Gome 1271 LLC
Primary Term	:	Three (3) years
Cash Payment	:	\$66,626.00
Annual Rental	:	\$33,313.00
Royalties	:	21% on oil and gas
	:	21% on other minerals
Additional Consideration	:	None

This concluded the reading of the bids.

There being no further business, the meeting was concluded at 8:42 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

March 13, 2019

The Regular Meeting of the State Mineral and Energy Board was held on **Wednesday, March 13, 2019**, beginning at 9:30 a.m. in the LaBelle Room, First Floor, LaSalle Office Building, Baton Rouge, Louisiana, subject to the call of the Governor and Ex-Officio Chairman.

I. CALL TO ORDER

Ms. Carol R. LeBlanc, Vice-Chair, called the meeting to order.

II. ROLL CALL

She 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** (arrived at 9:50 a.m. during the Legal & Title Report)

Carol R. LeBlanc, Vice-Chair

Thomas F. Harris, DNR Secretary

Rochelle A. Michaud-Dugas

Robert D. Watkins

J. Todd Hollenshead

Theodore M. "Ted" Haik, Jr.

***Emile B. Cordaro** (arrived at 9:40 a.m. during the Lease Review Report)

The following members of the Board were recorded as absent:

Thomas L. Arnold, Jr.

Kyle "Chip" Kline, Jr.

Byron L. Lee

Mr. Manuel announced that six (6) members of the Board were present when the roll call was taken and that a quorum was established.

III. PLEDGE OF ALLEGIANCE

The Vice-Chair led the Board in reciting the Pledge of Allegiance to the Flag of the United States of America.

IV. APPROVAL OF THE FEBRUARY 13, 2019 MINUTES

The Vice-Chair stated that the first order of business was the approval of the February 13, 2019 Minutes. A motion was made by Mr. Arnold to adopt the Minutes as submitted and to waive reading of same. His motion was seconded by Mr. Harris and unanimously adopted by the Board. (No public comment was made at this time.)

The Vice-Chair 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*

VI. STAFF REPORTS

- a) Lease Review Report**
presented by Jason Talbot, Geology Supervisor
Geology, Engineering & Land Division

- b) Nomination and Tract Report**
presented by Emile Fontenot, Petroleum Lands Director
Geology, Engineering & Land Division

- c) Audit Report**
presented by Rachel Newman, Audit Director
Mineral Income Division

- d) Legal and Title Controversy Report**
presented by Emile Fontenot, Petroleum Lands Director
Geology, Engineering & Land Division

- e) Docket Review Report**
presented by Emile Fontenot, Petroleum Lands Director
Geology, Engineering & Land Division

a) LEASE REVIEW REPORT

March 13, 2019

(Resolution No(s). 19-03-001 through 19-03-002)

I. GEOLOGICAL AND ENGINEERING STAFF REVIEW

According to the SONRIS database, there were 1,179 active State Leases containing approximately 512,175 acres. Since the last Lease Review Report, the Geological and Engineering Division reviewed 120 leases covering approximately 49,139 acres for lease maintenance and development issues.

II. BOARD REVIEW

1. A staff report on State Lease 14589, Lake Raccourci Field, Lafourche Parish. Exxon Mobil Corporation is the lessee. Upon motion of Mr. Hollenshead, seconded by Mr. Harris, the State Mineral and Energy Board accepts Exxonmobil's plat of the acreage to be released and grants Exxonmobil until May 1, 2019 to finalize the execution of the partial release. **(Resolution No. 19-03-001)**

III. FORCE MAJEURE

2. Falcon V LLC has requested recognition of a force majeure condition affecting State Leases 4746 and 5021 and Operating Agreement A0382, Manchac Point Field, East Baton Rouge Parish due to government delays in permitting a new well to be drilled to maintain these state leases and operating agreement. Upon motion of Mr. Harris, seconded by Ms. Michaud-Dugas, the State Mineral and Energy Board approves recognition of force majeure condition affecting State Lease 4746, 5021 and Operating Agreement A0382, Manchac Point Field, East Baton Rouge Parish. **(Resolution No. 19-03-002)**

b) NOMINATION AND TRACT REPORT
March 13, 2019
(Resolution No(s). 19-03-003)

The Board heard the report of Mr. Emile Fontenot on Wednesday March 13, 2019 relative to nominations received in the Office of Mineral Resources for the May 8, 2019 Mineral Lease Sale and other matters. Based upon the staff's recommendation, on motion of Mr. Hollenshead, duly seconded by Mr. Watkins, the Board granted authority to the staff to advertise all such tracts as have been received by the staff of the Office of Mineral Resources as well as any tracts that have been previously advertised and rolled over and otherwise approve the Nomination and Tract Report. **(Resolution No. 19-03-003)**

c) AUDIT REPORT
March 13, 2019

The first matter considered by the Board was the election of the March 2019 gas royalty to be paid on a processed basis at the Discovery Plant at Larose and the Sea Robin Plant at Henry per the terms of the State Texaco Global Settlement Agreement.

No action required.

d) LEGAL & TITLE REPORT
March 13, 2019

The first matter considered by the Board was a request from Pledger Operating Company, Inc. (Pledger) for a full waiver of the \$27,800.00 liquidated damage assessment incurred due to the late release of 2.33 acres of State Lease No. 17315 located in Broussard Field, Lafayette Parish, Louisiana.

Staff reported that State Lease No. 17315 expired on July 6, 2016. The Lessee could have recorded a release on or before July 6, 2016 without liquidated damage assessment. The release was recorded on July 11, 2017 – 278 days late causing a late assessment of \$27,800.00.

Staff continued that based on Board protocol from the May 13, 2009 Board Resolution, the Board has two (2) sets of criteria to evaluate in accessing waivers for Pledger's late release. Staff stated that the first criteria is that since this is Pledger's first and only infraction, a complete waiver of the entire assessment by the Board is possible.

Staff stated that the second criteria in accessing waivers for Pledger's late release that the Board may consider is waiving the entirety or a portion of the liquidated damage assessment for cause or, if the circumstances of the late release demonstrate misconduct or bad faith, the Board may determine that no reduction of the assessment is warranted.

The Attorney General's Office Staff recommended that the Board grant a full waiver of the \$27,800.00 liquidated damage assessment to Pledger for State Lease No. 17315, contingent upon Pledger's payment for all costs involved with all legal actions taken in this matter on behalf of the Office of Mineral Resources.

Upon motion of Mr. Segura, seconded by Mr. Haik, and by unanimous vote of the Board, the Board accepted the Attorney General's Office Staff recommendation and granted a full waiver to Pledger as stated above. There were no comments from the public.
(Resolution No. 19-03-004)

The second matter considered by the Board was a request by Castex Energy Partners, LLC to amend and extend the authority to escrow funds derived from production from State Lease No. 21615 No. 1 Well bearing Serial No. 250499 on disputed acreage lying within the DISC 12 RA SUA Unit located in Bayou Goreau Field, Terrebonne Parish, Louisiana, granted under Resolution #18-10-005 dated October 10, 2018.

Staff reported that royalties due from production secured from this Well may be associated with State Lease Nos. 21608, 21615 and 21616. Staff continued that Castex Energy Partners, Inc. was not the proper party to request authority to escrow funds because the current Lessee for the agreements stated in Resolution No. 18-10-005, among others, is Castex Energy Partners, LLC.

Staff stated that Castex Energy Partners, LLC has complied with OMR's escrow requirements as it relates to SR reporting only; and noted that a similar request was submitted to the Board at last month's meeting by Castex Energy Partners, LLC in reference to State Operating Agreement A0383 and State Lease Nos. 21676 and 21677.

Staff recommended that the Board amend Resolution #18-10-005 to authorize Castex Energy Partners, LLC to escrow funds derived from production from State Lease No. 21615 No. 1 Well bearing Serial No. 250499 on disputed acreage lying within the DISC 12 RA SUA Unit located in Bayou Goreau Field, Terrebonne Parish, Louisiana, and to extend that authority granted under Resolution #18-10-005 until September 11, 2019.

Upon motion of Mr. Segura, seconded by Mr. Haik, and by unanimous vote of the Board, the Board accepted Staff's recommendation and approved the request from Castex Energy Partners, LLC to escrow funds as stated above, and to extend that authority granted under Resolution #18-10-005 until September 11, 2019. There were no comments from the public. **(Resolution No. 19-03-005)**

The third matter considered by the Board was a request by Staff to rescind Resolution #18-05-006 authorizing the Attorney General's Office to place Alpine Exploration Companies, Inc. on demand for non-payment of the State's unleased mineral interest (B1074) situated in the Fleming Plantation VUA in Section 15, Township 15 South, Range 23 East, located in Jefferson Parish, Louisiana.

Staff reported that the reason for rescinding Resolution #18-05-006 was due to the unleased State claimed acreage being misplotted.

Staff recommended that the Board rescind Resolution #18-05-006.

Upon motion of Mr. Haik, seconded by Mr. Watkins, and by unanimous vote of the Board, the Board accepted Staff's recommendation as stated above. There were no comments from the public. **(Resolution No. 19-03-006)**

The fourth matter considered by the Board was a request by Hilcorp Energy I, L.P. (Hilcorp) for authority to escrow funds derived from production on State Lease Nos. 21620 and 21782 on disputed acreage lying within the BIG 2 RA SUA located in Lake Raccourci Field, Lafourche Parish, Louisiana, for a period of one hundred eighty (180) days to afford the parties adequate time to attempt negotiating a royalty sharing agreement or other appropriate resolution of this matter.

Staff reported that various bona fide title disputes exist between the State of Louisiana and The Louisiana Land and Exploration Company, LLC with respect to certain lands within the above mentioned unit, being unit tracts 1 (53.83 acres) and 2 (116.52 acres). The BIG 2 RA SUA Unit contains 654.27 acres and production had already commenced.

Staff recommended that the Board grant authority to Hilcorp to escrow funds derived from production on State Lease Nos. 21620 and 21782 as stated above, for a period of one hundred eighty (180) days to afford the parties adequate time to attempt negotiating a royalty sharing agreement or other appropriate resolution of this matter.

Upon motion of Mr. Hollenshead, seconded by Mr. Watkins, and by unanimous vote of the Board, the Board accepted Staff's recommendation to grant authority to Hilcorp to escrow funds derived from production on State Lease Nos. 21620 and 21782 mentioned herein until September 11, 2019. There were no comments from the public.
(Resolution No. 19-03-007)

The fifth matter considered by the Board was a discussion of Articles 1, 2, 3, 5, 7, and 17 of the Proposed New Lease Form for the Board's consideration.

Mr. Blake Canfield, DNR Executive Counsel, presented the results from the March 12, 2019 Board Special Meeting wherein the Board voted to accept Articles 1, 2, 5, and 17 of the Proposed New Lease Form and to review and re-present Articles 3 and 7 at the April 10, 2019 Board Meeting.

Upon motion of Mr. Segura, seconded by Secretary Harris, and by unanimous vote of the Board, the Board voted to preliminarily accept, as written, Articles 1, 2, 5, and 17 of the Proposed New Lease Form and agreed to review and re-present revised Articles 3 and 7 at the April 10, 2019 Board Meeting. There were no comments from the public.
(Resolution No. 19-03-008)

Mr. Hollenshead commented that the Board should look at or at least consider the royalty provision under "Paragraph Q" in the Texas lease form and that the Board review and maybe comment on it in the future.

Mr. Watkins commented that he thought there should be consideration or something special to entice industry to get excited about coming back to Louisiana.

Mr. Haik commented that it was his understanding that at the end of the discussion of the new lease form, the Board would have the opportunity to go back and review any of those sections that the Board agreed with, or disagreed with, and then a final adoption of the entire document would be made.

Mr. Canfield answered that the Proposed New Lease Form will need final approval; so subject to the final approval, the Board can always go back and make subsequent changes.

The sixth matter to be considered by the Board was a request by Mr. Theodore "Ted" Haik for a discussion and possible decision to hire special counsel to draft language for inclusion in the Proposed New Lease Form to address the problem of royalties owed to a lessor being classified as unsecured debts in bankruptcy. In addition, a request for

the Attorney General's Office to make a recommendation for hiring said special counsel, including an estimation of cost.

Mr. Christopher Lento, Assistant Attorney General, reported that he had researched attorneys throughout Louisiana and had located a banking securities negotiable instruments firm by the name of Taylor Porter who anticipates that drafting this sort of contractual lien, similar to what Texas has in its lease, would require about 15 hours, at a maximum, an hourly rate on state contract of \$225.00 – maximum spent on drafting this language would be a little over \$3,000.00.

He continued that this would provide the expertise of somebody that knows how to draft securities instruments and it would also bring in the added support of a legal firm for future assistance.

Mr. Watkins made a motion to request that DNR hire the Taylor Porter law firm to draft contractual language to include in the Proposed New Lease Form to address the royalties issue of being classified as unsecured debts in bankruptcies.

Mr. Watkins' motion was seconded by Mr. Haik, and by unanimous vote of the Board, the Board approved Mr. Watkins' motion as stated above. There were no comments from the public. **(Resolution No. 19-03-009)**

e) DOCKET REVIEW REPORT
March 13, 2019
(Resolution No(s). 19-03-010 through 19-03-015)

The Board heard the report from Emile Fontenot on Wednesday, March 13, 2019, relative to the following:

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

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

- Category B: State Lease Transfers
Approve Docket Item Nos. 1 through 4
(Resolution Nos. 19-03-010 through 19-03-013)
- Category C: Advertised Proposals
Approve Docket Item Nos. 19-10 through 19-11
(Resolution Nos. 19-03-014 through 19-03-015)

VII. EXECUTIVE SESSION (Resolution No(s). 19-03-016)

The Vice-Chair 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. Segura, seconded by Ms. Michaud-Dugas, the Board Members went into Executive Session at 10:17 a.m.

Upon motion of Ms. Michaud-Dugas, seconded by Mr. Harris, the Board reconvened in open session at 10:51 a.m. for consideration of the following matters discussed in Executive Session with W. Paul Segura, Jr., Chairman, presiding over the remainder of the meeting:

- a. An update regarding the settlement of outstanding audit issues with ChevronTexaco, Texaco E&P Inc. and Unocal and request for authority to negotiate settlement

Upon motion of Mr. Harris, seconded by Ms. Michaud-Dugas, with Mr. Haik and Mr. Watkins objecting and Mr. Hollenshead abstaining, the Board voted to grant Staff and the Attorney General's office the authority to negotiate a possible settlement of this matter within the parameters discussed in Executive Session. No comments were made by the public. **(Resolution No. 19-03-016)**

- b. The Board was briefed in Executive Session on the bids received at today's lease sale.

VIII. 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.

Upon motion by Ms. Michaud-Dugas, seconded by Mr. Watkins, the Board unanimously voted to accept Staff's recommendations as follows:

1. Award a lease on Tract No. 45080 on 129.810 acres to Krewe Energy, LLC
2. Award a lease on Tract No. 45080 on 45.160 to Krewe Energy, LLC
3. Award a lease on Tract No. 45081 to Krewe Energy, LLC
4. Award a lease on Tract No. 45084 to Asquared Resources, LLC
5. Award a lease on Tract No. 45088 to Anchor Land & Exploration
6. Award a lease on Tract No. 45112 to Gome 1271 LLC

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.

IX. NEW BUSINESS

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

No new business was presented.

X. ANNOUNCEMENTS

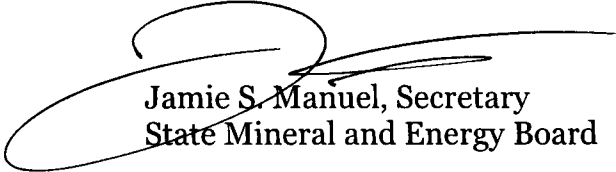
Mr. Manuel stated that there were six (6) leases awarded totaling \$1,304,819.22 for the March 13, 2019 Lease Sale bringing the fiscal year total to \$13,811,337.21.

Mr. Manuel also commended Bryon Miller, Jason Talbot, Cody Todd, and David Pipkin of our Geological, Engineering & Lands Division for a job well done representing the Office of Mineral Resources at the NAPE Conference held in Houston, Texas the week of February 11th, 2019.

XI. ADJOURNMENT

The Chairman then stated there being no further business to come before the Board, upon motion of Mr. Watkins, seconded by Ms. Michaud-Dugas, the meeting was adjourned at 10:54 a.m.

Respectfully Submitted,



Jamie S. Manuel, Secretary
State Mineral and Energy Board

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

Resolution #19-03-001 (LEASE REVIEW)

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

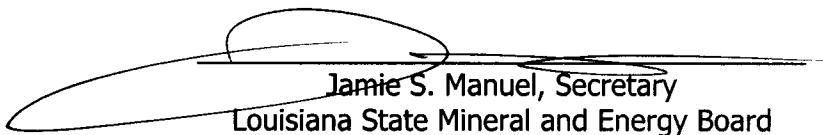
WHEREAS, the Board last reviewed State Lease 14589, in the Lake Raccourci Field on December 12, 2018, whereby the State Mineral and Energy Board (SMEB) accepted the staff's recommendation that Exxonmobil Corporation (Exxonmobil) be placed on demand to release 50% of the nonproductive acreage by March 13, 2019, and in addition, the staff was given authority to file for a commissioner's unit over the SL 14589 No. 2 well should Exxonmobil fail to release acreage; and

WHEREAS, by letter dated March 6, 2019 Exxonmobil included a plat outlining 50% of the nonproductive acreage to be released. However, due to an issue involving the property description and required approval from additional working interest owners, Exxonmobil requested additional time to complete and execute the partial release; and

NOW THEREFORE BE IT RESOLVED that the State Mineral and Energy Board accepts staff recommendation to accept Exxonmobil's plat of the acreage to be released and grants Exxonmobil until May 1, 2019 to finalize the execution of the partial release.

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 March 13, 2019, 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 #19-03-002
(LEASE REVIEW)**

On motion of Mr. Harris, 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 Falcon V, LLC. ("Falcon V") affecting State Leases 4746 & 5021 and Operating Agreement A0382 in Manchac Point Field, East Baton Rouge Parish, Louisiana; and,

WHEREAS, Falcon V reported that they filed a drilling permit for a new well to maintain the subject state leases and operating agreement on October 23, 2018; and,

WHEREAS, Falcon V reported that the well maintaining the subject state leases and operating agreement, the MARG VAG RA SU; SL 5024 Well No. 2D ceased producing on December 4, 2018; and,

WHEREAS, on February 28, 2019, Falcon V reported that the drilling permit for the new well is delayed indefinitely due to the Pontchartrain Levee District deferring to provide a letter of no objection for the drilling permit while the Mississippi River is at its current levels; and,

WHEREAS, in accordance with and under authority granted by the 2005 Mineral and Energy Board Policy, Mr. Bradbury recognized the force majeure event for a period beginning December 4, 2018 until the June 12, 2019 Board Meeting or until Falcon V receives comments from the Pontchartrain Levee District and subsequent drilling permit and flood waters subsidence permitting Falcon V to initiate drilling operations, whichever is earlier; and,

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

NOW THEREFORE BE IT RESOLVED, the State Mineral and Energy Board confirms the Office of Mineral Resources' recognition of the force majeure event affecting State Leases 4746 & 5021 and Operating Agreement A0382 for a period beginning December 4, 2018 until the June 12, 2019 Board Meeting or until Falcon V receives comments from the Pontchartrain Levee District and flood waters subsidence permitting Falcon V to initiate drilling operations, whichever is earlier. The Board shall further require that Falcon V Operating Inc. submit monthly status reports due no later than the first (1st) of each month, 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 March 13, 2019, 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 May 8,
2019 Lease Sale

Resolution #19-03-003
(NOMINATION AND TRACT REPORT)

WHEREAS, Mr. Emile Fontenot reported that eleven (11) tracts were nominated for the May 8, 2019 Mineral Lease Sale, and requested that same be advertised pending staff review;

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

That the State Mineral and Energy Board grant approval to advertise all such tracts for the May 8, 2019 Mineral Lease Sale;

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

CERTIFICATE

I HEREBY CERTIFY that the above is a true and correct copy of a Resolution adopted at a meeting of the Louisiana State Mineral and Energy Board in the City of Baton Rouge, Louisiana, on the 13th day of March 2019, 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 #19-03-004

(LEGAL & TITLE CONTROVERSY REPORT)

Pledger Operating
Company, Inc - Full
waiver request for late
release of SL #17315

WHEREAS, a request was made by Pledger Operating Company, Inc. (Pledger) to the State Mineral and Energy Board (Board) for a full waiver of the \$27,800.00 liquidated damage assessment incurred due to the late release of 2.33 acres of State Lease No. 17315 located in Broussard Field, Lafayette Parish, Louisiana; and

WHEREAS, the Attorney General's Office recommended, based on Board protocol, that the foregoing request be granted, contingent upon Pledger's payment for all costs involved with all legal actions taken in this matter on behalf of the Office of Mineral Resources.

ON MOTION of Mr. Watkins, seconded by Mr. Hollenshead, 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 to Pledger of the \$27,800.00 liquidated damage assessment for the late release of State Lease No. 17315 contingent upon Pledger's payment for all costs involved with all legal actions taken in this matter on behalf of the Office of Mineral Resources.

CERTIFICATE

I HEREBY CERTIFY that the above is a true and correct copy of a Resolution adopted at a meeting on the 13th day of March, 2019 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 #19-03-005
(LEGAL & TITLE CONTROVERSY REPORT)

Castex Energy Partners,
LLC - Request to Amend &
Extend Authority to Escrow
Funds Subject to Title
Dispute - 21608,
21615 and 21616

WHEREAS, Castex Energy Partners, LLC requests authority to amend and extend escrow royalty payments previously granted by the State Mineral and Energy Board (Board) under Resolution No. 18-10-005, attributable to No. 1 Well, Serial No. 250499, on disputed acreage lying within the DISC 12 RA SUA Unit located in Bayou Goreau Field, Terrebonne Parish, Louisiana, affecting State Lease Nos. 21608, 21615 and 21616; and

WHEREAS, Castex Energy Partners, Inc. was not the proper party to originally request authority to escrow funds because the current Lessee for the agreements stated in Resolution No. 18-10-005, among others, is Castex Energy Partners, LLC; and

WHEREAS, it is noted that royalties due from production secured from this Well may be associated with State Lease Nos. 21608, 21615 and 21616; and

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

That the State Mineral and Energy Board approve the request by Castex Energy Partners, LLC, to amend and extend escrow royalty payments previously granted by the Board under Resolution No. 18-10-005, from the date of first unit production from the No. 1 Well, Serial No. 250499, on disputed acreage lying within the DISC 12 RA SUA Unit located in Bayou Goreau Field, Terrebonne Parish, Louisiana, affecting State Lease Nos. 21608, 21615 and 21616 until September 11, 2019.

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

NOW THEREFORE, BE IT RESOLVED that the request by Castex Energy Partners, LLC, to amend and extend escrow royalty payments previously granted by the Board under Resolution No. 18-10-005, from the date of first unit production from the No. 1 Well, Serial No. 250499, on disputed acreage lying within the DISC 12 RA SUA Unit located in Bayou Goreau Field, Terrebonne Parish, Louisiana, affecting State Lease Nos. 21608, 21615 and 21616, until September 11, 2019, is hereby approved as stated above.

CERTIFICATE

I HEREBY CERTIFY that the above is a true and correct copy of a Resolution adopted at a meeting on the 13th day of March, 2019 of the State Mineral and Energy Board in the City of Baton Rouge, State of Louisiana, pursuant to due notice and in compliance with law, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Books of said Board and is now in full force and effect.


JAMIE S. MANUEL, SECRETARY
STATE MINERAL AND ENERGY BOARD

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

RESOLUTION #19-03-006

Rescind Resolution #18-05-006
due to unleased State claimed
acreage being misplotted

(LEGAL & TITLE CONTROVERSY REPORT)

WHEREAS, a request was made to the State Mineral and Energy Board (Board) by the Office of Mineral Resources (OMR) to rescind Resolution #18-05-006 approved by the Board at the May 9, 2018 lease sale authorizing the Attorney General's Office to place Alpine Exploration Companies, Inc. on demand for non-payment of the State's unleased mineral interest (B1074) situated in the Fleming Plantation VUA in Section 15, Township 15 South, Range 23 East, located in Jefferson Parish, Louisiana;

WHEREAS, this request for rescinding Resolution #18-05-006 is due to the unclaimed State acreage being misplotted; and


WHEREAS, OMR Staff recommends that the Board rescind Resolution #18-05-066.

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

NOW THEREFORE, BE IT RESOLVED that the Board does hereby rescind Resolution #18-05-006 approved by the Board at the May 9, 2018 lease sale due to the misplot of the unclaimed State acreage as indicated above.

CERTIFICATE

I HEREBY CERTIFY that the above is a true and correct copy of a Resolution adopted at a meeting on the 13th day of March, 2019 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 #19-03-007
(LEGAL & TITLE CONTROVERSY)

HILCORP ENERGY I, L.P.
ESCROW AUTHORIZATION
STATE LEASE NOS.
21620 AND 21782

ON MOTION OF Mr. Hollenshead, duly seconded by Mr. Watkins, the following Resolution was adopted by the State Mineral and Energy Board (Board):

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

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

WHEREAS, by letter dated March 7, 2019, Hilcorp Energy I, L.P. (Lessee) notified the Office of Mineral Resources that a *bona fide* dispute exists because of an adverse and competing claim by an individual or entity not a party to the lease agreement ("Disputing Parties") regarding the ownership of mineral rights or title to all or a portion of the premises (Disputed Property) under lease by the State of Louisiana within the **BIG 2 RA SUA** affecting State Lease Nos. 21620 and 21782 ("State Leases"), located in Lake Raccourci Field, Lafourche Parish, Louisiana, and requested authorization to deposit the royalty payments due from all future production attributable to the Disputed Property into an escrow account in lieu of directly making royalty payments to the Office of Mineral Resources as required by the State Leases; and

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

NOW THEREFORE, BE IT RESOLVED:

- i. a) The escrow authorization granted attributable to the Disputed Property shall terminate on September 11, 2019 or the next Board meeting; and
- b) The payment of royalties into the escrow account, as provided in Section II hereof, shall be accepted by the Board as the royalty payments due as required by the State Lease, and Lessee shall not be held in default of payment of its royalty obligation owed the State of Louisiana as long as deposits are timely and properly made into the escrow account as required by this Resolution; and
- c) The Board reserves the right to audit the royalty payments deposited into the escrow account and further reserves all audit rights authorized by the State Lease; and
- d) This Resolution shall become effective immediately upon adoption unless otherwise stated; and
- e) The Board authorizes Lessee to suspend the direct payment of royalties to the Office of Mineral Resources contingent on continued compliance with the requirements set forth herein; and

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

BE IT FURTHER RESOLVED:

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

CERTIFICATE

I HEREBY CERTIFY that this is a true and correct copy of a Resolution adopted at a meeting on the 13th day of March, 2019 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 #19-03-008

(LEGAL & TITLE CONTROVERSY REPORT)

SMEB Review of Proposed New Lease Form Articles 1, 2, 3, 5, 7 & 17

WHEREAS, there was a discussion of Articles 1, 2, 3, 5, 7, and 17 of the Proposed New Lease Form for the consideration of the State Mineral and Energy Board (Board); and

WHEREAS, Mr. Blake Canfield, DNR Executive Counsel, presented the results from the March 12, 2019 Board Special Meeting wherein the Board voted to accept Articles 1, 2, 5, and 17 of the Proposed New Lease Form, as written, and, after revisions, agree to review and re-present Articles 3 and 7 at the April 10, 2019 Board Meeting; and

WHEREAS, after careful consideration by the State Mineral and Energy Board on this matter, a decision has been reached;

NOW, THEREFORE BE IT RESOLVED, upon motion of Mr. Segura, seconded by Secretary Harris, and by unanimous vote of the State Mineral and Energy Board, the Board does hereby preliminarily accept Articles 1, 2, 5, and 17 of the Proposed New Lease Form, as written, and agree to review revised Articles 3 and 7 at the April 10, 2019 Board Meeting.

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 13th day of March, 2019, 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 #19-03-009

(LEGAL & TITLE CONTROVERSY REPORT)

SMEB Request to Hire
Taylor Porter Law Firm
to Draft Bankruptcy
Language for Proposed
New Lease Form

WHEREAS, there was a request by Mr. Theodore "Ted" Haik for a discussion at the March 13, 2019 State Mineral and Energy Board Meeting for the consideration of the State Mineral and Energy Board (Board) to hire special counsel to draft language for inclusion in the Proposed New Lease Form to address the issue of royalties owed to a lessor being classified as unsecured debts in bankruptcy; and

WHEREAS, the Attorney General's Office Staff reported that research of Louisiana attorneys had located a banking securities negotiable instruments firm by the name of Taylor Porter; and

WHEREAS, the firm of Taylor Porter anticipates that drafting this sort of contractual lien (similar to what Texas has in its lease), would require approximately a maximum of 15 hours at a state contractual hourly rate of \$225.00; and

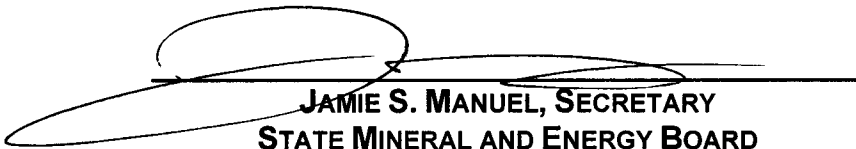
WHEREAS, the Attorney General's Office Staff reported that hiring Taylor Porter would provide the expertise required to draft a securities instrument and bring added support of a legal firm for future assistance concerning this issue; and

WHEREAS, after careful consideration by the State Mineral and Energy Board on this matter, a decision has been reached.

NOW, THEREFORE BE IT RESOLVED, upon motion of Mr. Watkins, seconded by Mr. Haik and by unanimous vote of the Board, the Board does hereby request that the Department of Natural Resources hire the Taylor Porter law firm to draft contractual language to include in the Proposed New Lease Form to address the royalties issue being classified as unsecured debts in bankruptcies as stated above.

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 13th day of March, 2019, 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 #19-03-010

(DOCKET)

On motion of Mr. Segura, 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 March 13, 2019 meeting be approved, said instrument being an Assignment from Cypress Energy Corporation to Indigo Minerals LLC, of all of Assignor's right, title and interest in and to State Lease No. 21854, Natchitoches and Red River Parishes, Louisiana, with further particulars being stipulated in the instrument.

Indigo Minerals 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;

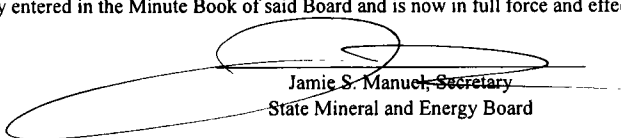
5) That for purposes of recordation and notice, certified copies of this Resolution be attached to all docketed copies of the instrument approved hereby; and

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 13th day of March, 2019, 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 #19-03-011

(DOCKET)

On motion of Mr. Segura, 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 March 13, 2019 meeting be approved, said instrument being an Assignment from Pine Wave Energy Partners Operating, LLC to USG Properties Haynesville, LLC, of all of Assignor's right title and interest in and to State Lease No. 21858, Caddo Parish, Louisiana, with further particulars being stipulated in the instrument.

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

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

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

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

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

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

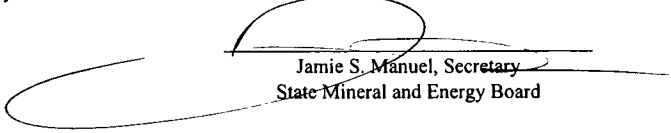
5) That for purposes of recordation and notice, certified copies of this Resolution be attached to all docketed copies of the instrument approved hereby; and

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

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

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral and Energy Board held in the City of Baton Rouge, Louisiana, on the 13th day of March, 2019, 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 #19-03-012

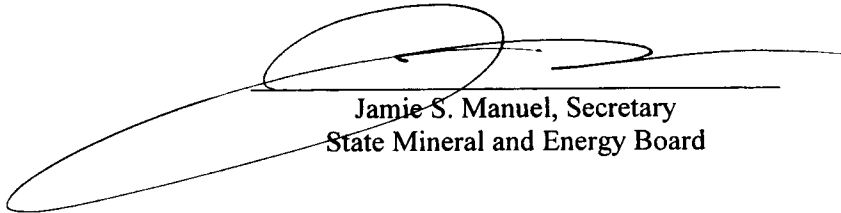
(DOCKET)

On motion of Mr. Segura, 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 March 13, 2019 meeting be approved subject to the approval of the Governor, said instrument being a Correction of Resolution No. #18-08-025, Docket Item No. 17 from the August 8, 2018 Meeting, being an Assignment from TBP Holdings, LLC of Texas to Pointe a la Hache, L.L.C., whereas State Lease No. 1732 was omitted from said resolution and is hereby being added, Plaquemines 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 13th day of March, 2019, 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 #19-03-013

(DOCKET)

On motion of Mr. Segura, 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 March 13, 2019 meeting be approved, said instrument being an Assignment from Audubon Energy, LLC to Magnum Producing, LP, of all of Assignor's right, title and interest in and to State Lease No 21884, Beauregard Parish, Louisiana, with further particulars being stipulated in the instrument.

Magnum Producing, 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,

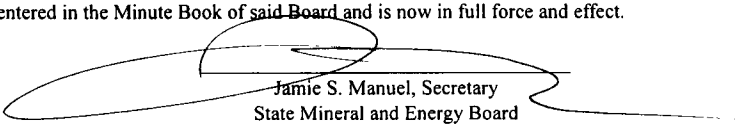
5) That for purposes of recordation and notice, certified copies of this Resolution be attached to all docketed copies of the instrument approved hereby; and

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 13th day of March, 2019, 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 #19-03-014

(DOCKET)

On motion of Mr. Segura, 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. 19-10 from the March 13, 2019 meeting be approved, said instrument being a Correction of Resolution No. 18-03-021, Docket Item No. 18-09 from the March 14, 2018 Meeting, being a Settlement Agreement by and between M&M Almond, L.L.C., et al, whereas said resolution incorrectly read... "Docket No. 36768" and is being corrected to read... "Docket No. 36168", affecting State Lease Nos. 6060, 13045, 13697, 20040 and Operating Agreement "A0158", Red River 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 13th day of March, 2019, 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 #19-02-015

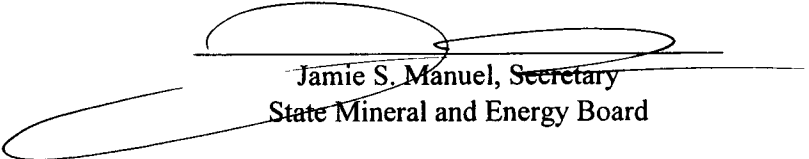
(DOCKET)

On motion of Mr. Segura, 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. 19-11 from the February 13, 2019 meeting be approved, said instrument being a Settlement Agreement by and between The Louisiana Land and Exploration Company LLC, CococoPhillips Company, Houston Energy, L.P., Talos Gulf Coast Onshore LLC, formerly known as GCER Onshore, LLC, Howard Energy Co., Inc., Knight Resources, LLC, LLOLA, L.L.C. and the State of Louisiana, through the Louisiana State Mineral and Energy Board, et al, whereas said parties have reached a settlement in the matter affecting the 86 RA SUA Unit, located in State Lease No. 21092, Bay St. Elaine Field, State Lease No. 21092, Terrebonne Parish, Louisiana, with further particulars being stipulated in the instrument.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral and Energy Board held in the City of Baton Rouge, Louisiana, on the 13th day of March, 2019 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

Executive Session Discussion
Re: Settlement of audit issues
with ChevronTexaco, Texaco
E&P Inc. and Unocal

RESOLUTION # 19-03-016

(EXECUTIVE SESSION)

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. Harris, seconded by Ms. Michaud-Dugas, with Mr. Haik and Mr. Watkins objecting and Mr. Hollenshead abstaining, the following Resolution was offered and adopted by the State Mineral and Energy Board:

NOW THEREFORE, BE IT RESOLVED that the State Mineral and Energy Board does hereby grant Staff and the Attorney General's office the authority to negotiate a possible settlement of this matter within the parameters 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 13th day of March, 2019 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 the State Mineral and Energy Board and is now in full force and effect.



JAMIE S. MANUEL, SECRETARY
State Mineral and Energy Board