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ASSISTANT SECRETARY
MINERAL RESOURCES

STEVEN M. GIAMBRONE
INTERIM DIRECTOR
CONSERVATION

DEPARTMENT OF ENERGY AND NATURAL RESOURCES

REGULAR MEETING
FEBRUARY 12, 2025

The Regular Meeting of the State Mineral and Energy Board was held on Wednesday, February 12, 2025, beginning at 9:33 a.m. in the LaBelle Room of the LaSalle Building, 617 N. 3rd Street, First Floor, Baton Rouge, Louisiana.

I. Call to Order

Mr. Todd Hollenshead, Vice-Chairman of the State Mineral and Energy Board, called the meeting to order.

II. Roll Call

The Vice-Chairman then requested a roll call for the purpose of establishing a quorum.

J. Todd Hollenshead, Vice-Chairman
Andrew Young, Secretary Gray's Designee
Robert D. Watkins
Magnus J. "Jake" Arceneaux IV
Matthew G. Moncla
Charles W. "Wes" Shepherd Sr.
Clifton Dale Sittig (arrived at 9:38 a.m.)
Benjamin C. Bienvenu

The following members were recorded as absent:

Sidney W. Degan III, Chairman
Billy A. Busbice, Jr.
Richard A. Nelson, Governor Landry's Designee

The Vice-Chairman announced that a quorum was established.

III. Pledge of Allegiance

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

IV. Approval of the January 8, 2025 Minutes

The Vice-Chairman stated that the next order of business was the approval of the January 8, 2025 Minutes.

A motion was made by Mr. Shepherd to adopt the January 8, 2025 Minutes as submitted, and to waive reading said minutes in entirety. His motion was seconded by Mr. Moncla and unanimously adopted by the Board. No public comments were made at this time.

V. Staff Reports

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

a) Lease Review Report – Presented by Jason Talbot, Petroleum Scientist Manager, Geology and Engineering Division

b) Nomination and Tract Report – Presented by Greg Roberts, Energy Lands Director, Energy Lands Division

c) Audit Report – Presented by Taletha Shorter, Audit Director, Mineral Income Division

d) Legal and Title Controversy Report – Presented by Greg Roberts, Energy Lands Director, Energy Lands Division

e) Docket Review Report – Presented by Greg Roberts, Energy Lands Director, Energy Lands Division

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

a) Lease Review Report
February 12, 2025
(Resolution No. 25-02-001)

I. GEOLOGICAL AND ENGINEERING STAFF REVIEW

According to the SONRIS database, there are 966 active State Leases containing approximately 417,865 acres. Since the last Lease Review Report, the Geological and Engineering Division reviewed 85 leases covering approximately 35,835 acres for lease maintenance and development.

II. BOARD REVIEW

1. An appearance by Henergy Oil & Gas LLC, Lessee and field operator, to report on State Lease 173 Caddo Pine Island Field, Caddo Parish.

   Lee Carr, an attorney for Henergy, came in person before the Board, per request by the Staff, to report on their lease development activities and the plug & abandonment obligation of non-producing wells over the lease.

   Staff provided a written and oral timeline of its pursuit of lease development on State Lease No. 173 Caddo Pine Island, Caddo Parish to the State Mineral and Energy Board (Board) and made a recommendation to place Henergy Oil & Gas, LLC (Henergy), Lessee and field operator, on demand to release acreage within ninety (90) days of the Board meeting in accordance with Resolution No. 22-05-001 due to non-lease development. Additionally, that authority be granted to the Louisiana Attorney General Office to file suit against Henergy if found later to be non-compliant with the Board's demand.

   After a lengthy discussion and consideration of this matter, the Board took the following action:

   Upon motion of Mr. Young, seconded by Mr. Moncla, with Mr. Shepherd recusing himself, the State Mineral and Energy Board deferred this matter for a period of sixty (60) days for Staff and Henergy to further discuss the issue of releasing acreage being held by State Lease No. 173 in accordance with Resolution No. 22-05-001 due to non-lease development, with this matter being revisited by the Board at a future meeting.

III. FORCE MAJEURE

There were no Force Majeure items brought before the Board for discussion.

b) Nomination and Tract Report
February 12, 2025
(Resolution No. 25-02-002)

The Board heard the report of Mr. Greg Roberts on Wednesday, February 12, 2025, relative to nominations received in the Office of Mineral Resources for the April 9, 2025 Mineral Lease Sale and other matters as follows:

I. PRESENT LEASE SALE

A. Approval by the State Mineral and Energy Board (Board) was previously granted to the Staff of the Office of Mineral Resources (OMR) to process and advertise the six (6) tracts that were nominated for the February 12th, 2025 Mineral Lease Sale.

By comparison, OMR received nine (9) nominations for advertisement concerning the February 14, 2024 Mineral Lease Sale.

II. FUTURE LEASE SALE

A. Seven (7) nominations for advertisement were received by OMR for the April 9, 2025 Mineral Lease Sale.

Staff recommended that the Board grant authority to advertise the seven (7) nominations received by OMR for the April 9, 2025 lease sale.

Based upon Staff's recommendation, and on motion of Mr. Shepherd, seconded by Mr. Young and by unanimous vote of the Board, the Board granted authority to Staff to advertise all such tracts that have been received by the Staff of the Office of Mineral Resources as well as any tracts that have been previously advertised and rolled over and otherwise approve the Nomination and Tract Report. **(Resolution No. 25-02-002)**

c) Audit Report
February 12, 2025
(Resolution No. 25-02-003 and 25-02-004)

The Board heard the report of Ms. Taletha Shorter, Audit Director, on Wednesday, February 12, 2025, relative to the following:

As of January 31, 2025, field audit collections totaled $98,666.16 in royalty exceptions. In the month of January, two audits were closed. The current number of open royalty audits is 33.

Royalties collected in January 2025 totaled $10,450,840.55 and Fiscal Year to Date $76,287,831.92, as compared to last year's Fiscal Year to Date Royalties of $95,842,409.43 as of January 31, 2024.

Monthly state royalty reports submitted in January totaled 213 which include 74 SR1s for oil, 124 SR2s for gas and 15 SR5s for plant products.

Items on the report were as follows:

1. A penalty waiver request from EnSight IV Energy Management, LLC for a penalty in the amount of $27,776.43, which was billed for the late payment of royalty.

   Upon motion of Mr. Sittig, seconded by Mr. Watkins, the Board voted unanimously to approve a 75% penalty waiver of $20,832.32, with a balance of $6,944.11 due to the state, in accordance with the Penalty Waiver Protocol, established by the April 8, 2015 resolution. **(Resolution No. 25-02-003)**

2. Staff reported to the Board that the election for February 2025 gas royalty is 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.

   Upon motion of Mr. Shepherd, seconded by Mr. Watkins, the Board voted unanimously to acknowledge and approve the election of the February 2025 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. **(Resolution No. 25-02-004)**

d) Legal & Title Controversy Report
February 12, 2025
(Resolution No. 25-02-005)

1. A request for authorization and discussion of House Bill No. 24 (Act 17) which was passed by the Louisiana State Legislature during the 2024 Third Extraordinary Session. Act 17 allows for the increase of some administrative fees associated with the State of Louisiana's mineral leasing process due to inflationary adjustments, namely:

    - Amendments within Act 17 to R.S. 30:125 increase the application-for-lease fee from four hundred dollars ($400) to six hundred dollars ($600).
    - R.S. 30:126(A) is amended to state that "When requested to furnish proof of publication, the board may charge a fee of thirty-five dollars to furnish the proof of publication." (formerly $20)
    - R.S. 30:128(A) is amended to state that "The mineral board may charge a fee of one hundred seventy-five dollars to cover the cost of preparing and docketing transfers or assignments of such leases." (formerly $100)
    - R.S. 30:148.3 is amended to require "a cash deposit of one hundred dollars" for an application for a storage lease. (formerly $50)

    Staff reported that the first three (3) fees have remained in place since 2002. The cash deposit has not had a price adjustment since originally instated in 1995.

    Staff requested authorization from the Board to begin implementing these changes up to the maximum amounts allowed by statute and to amend and promulgate pertinent regulations in the Louisiana Administrative Code to be consistent with the amendments effected by Act 17. Additionally, although Act 17 was made effective January 1, 2025, Staff requested authority to advertise the subject fee increases to the public for a minimum of sixty (60) days prior to collection of the fee increases.

    After discussion of this matter, and upon motion of Mr. Watkins, seconded by Mr. Moncla, the Board voted unanimously to grant the following authority requested by Staff:

    The Board granted Staff the authority to implement these changes up to the maximum amounts allowed by statute; to amend and promulgate pertinent regulations in the Louisiana Administrative Code to be consistent with the amendments effected by Act 17; and to advertise the subject fee increases to the public for a minimum of sixty (60) days prior to the collection of the fee increases.

    Upon request for comments from the public, none were received on this matter. **(Resolution No. 25-02-005)**

2. An update on development of the process for submitting and evaluating proposals for carbon sequestration and wind energy production on state-owned land.

    This matter was informational only, and no Board action was taken.

e) Docket Review Report
February 12, 2025
(Resolution No(s). 25-02-006 through 25-02-009)

The Board heard the report from Greg Roberts on Wednesday, February 12, 2025, relative to the following:

Category A: State Agency Leases
There were no items in this category

Category B: State Lease Transfers
Docket Item Nos. 1 and 2

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. Sittig, duly seconded by Mr. Watkins, the Board voted to accept the following recommendations:

Category B: State Lease Transfers
Docket Item Nos. 1 and 2
(Resolution No. 25-02-006 and No. 25-02-007)

Category D: Advertised Proposals
Docket Item Nos. 1 and 2
(Resolution No. 25-02-008 and No. 25-02-009)

VI. Executive Session

The Vice-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. Shepherd, seconded by Mr. Watkins, and a roll call of the Board Members, the Board went into Executive Session at 10:37 a.m.

Upon motion of Mr. Sittig, seconded by Mr. Arceneaux, and a roll call of the Board Members, the Board reconvened in open session at 11:33 a.m. for consideration of the following matters discussed in Executive Session:

a. A request for authority to begin settlement negotiations with Nowotney, et al and Cattle Farms, et al concerning an ownership dispute related to the specific water bottoms within unit tracts 1A, 1B, 3A, 3B, and 3C in the WB 8-11 RA SU in the West Bay Field, Plaquemines Parish, Louisiana

   Upon motion of Mr. Shepherd, seconded by Mr. Sittig, and by unanimous vote of the Board, the State Mineral and Energy Board granted authority to Staff and the Attorney General's office to begin settlement negotiations with Nowotney, et al and Cattle Farms, et al concerning an ownership dispute related to the specific water bottoms within unit tracts 1A, 1B, 3A, 3B, and 3C in the WB 8-11 RA SU in the West Bay Field, Plaquemines Parish, Louisiana; to reject the settlement offer received from Nowotney, et al on Unit Tracts 3A, 3B, and 3C; and additional time to prepare a recommendation to the Board for a counter-offer for consideration in Executive Session at a future meeting. There were no comments from the public on this matter. **(Resolution No. 25-02-010)**

b. A review and discussion of Article 16 within State Lease Nos. 22211 and 22160, as well as Article I of the Unit Agreement approved during the November meeting of the State Mineral and Energy Board, which affects the WB8-11 RA SU in the West Bay Field, Plaquemines Parish, Louisiana

   Upon motion of Mr. Shepherd, seconded by Mr. Arceneaux, and by unanimous vote of the Board, the State Mineral and Energy Board suspended, for a period of ninety (90) days, those requirements of Article 16 of State Lease Nos. 22211 and 22160 and Article 1 of Unit Agreement 24-07 to initiate a concursus proceeding and deposit the royalty payments attributable to the disputed acreage into the court registry, in order to continue with ongoing settlement negotiations to resolve a title dispute related to certain lands described in said leases and unit agreement. There were no comments from the public on this matter. **(Resolution No. 25-02-011)**

c. An update and discussion of negotiations and offers regarding the seven October, 2024 letters addressed to BPX Operating Company providing notice and demand of nonpayment of royalties for seven units (HA RB SUU, HA RA SUGG, HA RB SUL, HA RA SUW, HA RB SUFF, HA RB SUV, HA RB SU68). Requesting authority for staff to negotiate certain ongoing intermediate terms with BPX.

This matter was an update only, and no Board action was required.

VII. Presentation regarding the Board's floor bidding policies and procedures given by Greg Roberts

This matter was a presentation only, no Board action was required.

Upon request for public comment, Pat Theophilus, of Theophilus Oil, Gas & Land Services, LLC, addressed the Board regarding his thoughts on floor bidding policies and procedures.

VIII. Awarding of Leases

Mr. Jason Talbot presented the Staff's recommendations to the Board:

Mr. Talbot reported that six (6) tracts were up for bid at today's lease sale with a total of two (2) bids received.

Staff reported that the two (2) bids received on the tracts for approval at today's lease sale are acceptable bids and leases should be awarded.

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

Tract 45914
(Entire: 5.311 acres)

Bidder:	Petroleum Partners, LLC
Primary Term:	Three (3) years
Cash Payment:	$13,277.50
Annual Rental:	$6,638.75
Royalties:	25.5% on oil and gas 25.5% on other minerals
Additional Consideration:	None

Tract 45919
(Entire: 44.000 acres)

Bidder:	Border Exploration, LLC
Primary Term:	Three (3) years
Cash Payment:	$11,000.00
Annual Rental:	$5,500.00
Royalties:	20% on oil and gas 20% on other minerals
Additional Consideration:	None

This concluded the awarding of the leases.

IX. New Business

a. Legislative proposals for the 2025 Regular Session – presented by Andrew Young, OMR Assistant Secretary

This presentation was informational only, and no Board action was required.

b. Update on the Natural Resources Trust Authority – John Shiroda, NRTA Director

This update was informational only, and no Board action was required.

X. Announcements

Mr. Young stated that the total cash payments received for the February 12, 2025 Lease Sale totaled $24,277.50 bringing the fiscal year-to-date total to $5,214,910.79.

XI. Adjournment

The Vice-Chairman then stated that there being no further business to come before the Board, upon motion of Mr. Sittig, seconded by Mr. Young, the meeting was adjourned at 11:56 a.m.

Respectfully Submitted,

ANDREW YOUNG, SECRETARY
STATE MINERAL AND ENERGY BOARD