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MINERAL RESOURCES

STEVEN M. GIAMBRONE
INTERIM DIRECTOR
CONSERVATION

DEPARTMENT OF ENERGY AND NATURAL RESOURCES

REGULAR MEETING MARCH 12, 2025

The Regular Meeting of the State Mineral and Energy Board was held on Wednesday, March 12, 2025, beginning at 9:35 a.m. in the LaBelle Room of the LaSalle Building, 617 N. 3rd Street, First Floor, Baton Rouge, Louisiana.

I. Call to Order

Mr. Sidney W. Degan III, Chairman of the State Mineral and Energy Board, called the meeting to order.

II. Roll Call

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

Sidney W. Degan III, Chairman
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.
Benjamin C. Bienvenu
Billy A. Busbice, Jr.

The following members were recorded as absent:

Richard A. Nelson, Governor Landry's Designee
Clifton Dale Sittig

The Chairman announced that a quorum was established.

III. Pledge of Allegiance

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

IV. Approval of the February 12, 2025 Minutes

The Chairman stated that the next order of business was the approval of the February 12, 2025 Minutes.

A motion was made by Mr. Busbice to adopt the February 12, 2025 Minutes as submitted, and to waive reading said minutes in entirety. His motion was seconded by Mr. Hollenshead 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

March 12, 2025

I. GEOLOGICAL AND ENGINEERING STAFF REVIEW

According to the SONRIS database, there are 965 active State Leases containing approximately 416,982 acres. Since the last Lease Review Report, the Geological and Engineering Division reviewed 138 leases covering approximately 62,506 acres for lease maintenance and development.

II. BOARD REVIEW

There were no State Lease items to bring before the Board.

III. FORCE MAJEURE

1. Torrent Gulf Coast III, LLC (TGC) Force Majeure (FM) was previously recognized on the leases shown below. TGC made the decision to release seven (7) of the eight (8) leases for a total of 1,860 acres. Staff was notified that State Lease 16432 is no longer under FM but is producing. TGC representatives, Brian Daigle and Rob Schroeder, made an appearance to discuss their future leasehold plans and their royalty payment plan under the Audit Report.

Lease	Lease Status
1268	Pending Release/610 acres
16392	Pending Release/294 acres
16393	Pending Release/175 acres
16570	Pending Release/77 acres
16664	Pending Release/255 acres
20436	Pending Release/160 acres
16432	Producing/885 acres
16569	Pending Release/289 acres

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

b) NOMINATION AND TRACT REPORT

March 12, 2025
(RESOLUTION NO. 25-03-001)

The Board heard the report of Mr. Greg Roberts on Wednesday, March 12, 2025, relative to nominations received in the Office of Mineral Resources for the May 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 three (3) tracts that were nominated for the March 12th, 2025 Mineral Lease Sale.

By comparison, OMR received five (5) nominations for advertisement concerning the March 12, 2024 Mineral Lease Sale.

II. FUTURE LEASE SALE

- A. Two (2) nominations for advertisement were received by OMR for the May 14, 2025 Mineral Lease Sale.

Staff recommended that the Board grant authority to advertise the two (2) nominations received by OMR for the May 14, 2025 lease sale.

Based upon Staff's recommendation, and on motion of Mr. Arceneaux, seconded by Mr. Busbice, 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. 25-03-001)**

c) AUDIT REPORT
March 12, 2025
(Resolution No. 25-03-002)

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

As of February 28, 2025, field audit collections totaled \$98,666.16 in royalty exceptions. In the month of February, three audits were engaged. The current number of open royalty audits is 36.

Royalties collected in February 2025 totaled \$10,453,874.80. Fiscal Year to Date totaled \$86,741,706.72, as compared to last year's Fiscal Year to Date Royalties of \$109,455,985.65 as of February 29, 2024 (*previously stated incorrectly on the initial report as February 28, 2024*).

Monthly state royalty reports submitted in February totaled 218 which include 80 SR1s for oil, 117 SR2s for gas and 21 SR5s for plant products.

Items on the report were as follows:

1. Installment payment plan request from Torrent Gulf Coast III, LLC for outstanding royalty.

This item was informational only.

2. Staff report to the Board that the election for March 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 March 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. 25-03-002)**

d) Legal & Title Controversy Report
March 12, 2025
(Resolution No. 25-03-003 through 25-03-004)

1. A request was made by BPX Operating Company (BPX), by letter dated January 30, 2025, to temporarily remove state-owned land from commerce while the State Mineral and Energy Board considered an Operating Agreement on land located in the southwest quarter of Section 33, Township 15 North, Range 12 West, Caddo Parish, Louisiana, being part of the former bed of Cannisnia Lake.

Prior to that date, OMR received a nomination for a mineral lease on January 22, 2025, covering the same state-owned lands detailed in the BPX request.

Upon recommendation of Staff, and upon motion of Mr. Arceneaux, seconded by Mr. Watkins, the Board voted unanimously to deny BPX Operating Company's request and keep the tract in commerce, making it available for bid at the April 2025 Mineral Lease Sale. **(Resolution No. 25-03-003)**

2. A request by SFWBP, LLC to extend the primary term of State Lease Nos. 22069 and 22072, as well as Operating Agreement No. A0397, for an additional two (2) years. All agreements are located in Vermilion Parish, Louisiana. SFWBP, LLC is also requesting a reduction in the rental rate per acre specified in the subject leases and operating agreement. The current rate is \$127/acre, which is twice the amount necessary to comply with R.S. 30:127. SFWBP, LLC proposes lowering the rate to \$63.50/acre to ease its financial burden while remaining in compliance with R.S. 30:127.

After discussion of this matter, and upon motion of Mr. Hollenshead, seconded by Mr. Bienvenu, the Board voted unanimously to grant a two (2) year extension of State Lease Nos. 22069 and 22072, as well as Operating Agreement No. A0397, and reduce the rental rate in these agreements to \$63.50/acre. **(Resolution No. 25-03-004)**

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

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

e) DOCKET REVIEW REPORT
March 12, 2025
(Resolution No(s). 25-03-005 through 25-03-009)

The Board heard the report from Greg Roberts on Wednesday, March 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 through 5
- Category C: Department of Wildlife & Fisheries State Agency Lease
There were no items for this category
- Category D: Advertised Proposals
There were no items for this category

Based upon the staff's recommendation, on motion of Mr. Shepherd, duly seconded by Mr. Moncla, with Mr. Hollenshead recusing himself, the Board voted to accept the following recommendations:

- Category B: State Lease Transfers
Docket Item Nos. 1 through 5
(Resolution No. 25-03-005 through No. 25-03-009)

VI. Executive Session

The Chairman stated that the next order of business was discussions in Executive Session to consider matters before the Board which were confidential in nature.

Upon a roll call of the Board Members, the Board went into Executive Session at 10:48 a.m.

Upon a roll call of the Board Members, the Board reconvened in open session at 12:12 p.m. for consideration of the following matters discussed in Executive Session:

- a. Litigation Strategy Discussion re: Healthy Gulf v. Louisiana Department of Wildlife and Fisheries, et al. Case No. C-759686, 19th Judicial District Court, Baton Rouge, Louisiana

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

- b. Litigation Strategy Discussion re: Chesapeake Exploration, L.L.C., Case No. 20-33239, U.S. Bankruptcy Court, Southern District of Texas

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

- c. Technical Briefing of Bids

VII. Awarding of Leases

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

Mr. Talbot reported that three (3) tracts were up for bid at today's lease sale with a total of three (3) bids received.

The following were Staff's recommendations on the three (3) tracts Mr. Talbot discussed in detail:

All bids received on the tracts were recommended for approval at today's lease sale.

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

Tract 45920
(Entire: 42.0208 acres)

<u>Bidder:</u>	Paloma Natural Gas, LLC
<u>Primary Term:</u>	Three (3) years
<u>Cash Payment:</u>	\$136,567.60
<u>Annual Rental:</u>	\$68,283.80
<u>Royalties:</u>	25% on oil and gas 25% on other minerals
<u>Additional Consideration:</u>	None

Tract 45921
(Entire: 16.740 acres)

<u>Bidder:</u>	Paloma Natural Gas, LLC
<u>Primary Term:</u>	Three (3) years
<u>Cash Payment:</u>	\$50,220.00
<u>Annual Rental:</u>	\$25,110.00
<u>Royalties:</u>	25% on oil and gas 25% on other minerals
<u>Additional Consideration:</u>	None

Tract 45922
(Entire: 67.6256 acres)

<u>Bidder:</u>	Cypress Energy Partners, LLC
<u>Primary Term:</u>	Three (3) years
<u>Cash Payment:</u>	\$10,481.97
<u>Annual Rental:</u>	\$5,240.98
<u>Royalties:</u>	22.5% on oil and gas 22.5% on other minerals

Additional Consideration: This lease covers and affects those depths from the surface of the ground to 100 feet below the stratigraphic equivalent of the base of the Hosston formation, defined as the formation between a depth of 6,628' TVD down to 9,472' TVD as shown on that certain electrical log of the Chesapeake Operating, Inc-AT&N Martinez 30-13-13 No. 1 Well (API No. 17-031-24642; Serial No. 239297) located in Section 30, Township 13 North, Range 13 West, DeSoto Parish, Louisiana.

Lease(s) awarded were conditioned on the tract description(s) being accurate, overlapped prior leases being subtracted from acreage bid on, acreage amount(s) being verified and agreed between bidder and state and portion bids verified as being located within advertised boundary of tract.

This concluded the awarding of the leases.

VIII. New Business

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

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

- b. Industry Update – Mike Moncla, LOGA President

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

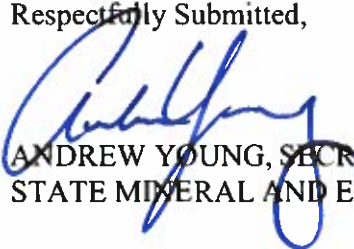
IX. Announcements

Mr. Young stated that the total cash payments received for the March 12, 2025 Lease Sale totaled \$197,269.57 bringing the fiscal year-to-date total to \$5,412,180.36.

X. Adjournment

The Chairman then stated that there being no further business to come before the Board, upon motion of Mr. Shepherd, seconded by Mr. Busbice, the meeting was adjourned at 12:56 p.m.

Respectfully Submitted,



ANDREW YOUNG, SECRETARY
STATE MINERAL AND ENERGY BOARD