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CONSERVATION

DEPARTMENT OF ENERGY AND NATURAL RESOURCES

REGULAR MEETING JUNE 11, 2025

The Regular Meeting of the State Mineral and Energy Board was held on Wednesday, June 11, 2025, beginning at 9:30 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 (*left after Executive Session*)
Andrew Young, Secretary Gray's Designee
Robert D. Watkins
Magnus J. "Jake" Arceneaux IV
Matthew G. Moncla

The following members were recorded as absent:

Benjamin C. Bienvenu
Billy A. Busbice, Jr.
Clifton Dale Sittig
Charles W. "Wes" Shepherd Sr.
Richard A. Nelson, Governor Landry's Designee

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 May 14, 2025 Minutes

The Chairman stated that the next order of business was the approval of the May 14, 2025 Minutes.

A motion was made by Mr. Hollenshead adopt the May 14, 2025 Minutes as submitted, and to waive reading said minutes in entirety. His motion was seconded by Mr. Watkins 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) Audit Report – Presented by Taletha Shorter, Audit Director, Mineral Income Division
- c) Nomination and Tract Report – Presented by Greg Roberts, Energy Lands Director, Energy Lands Division
- d) Legal and Title Controversy 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

June 11, 2025
(Resolution No. 25-06-001)

I. GEOLOGICAL AND ENGINEERING STAFF REVIEW

According to the SONRIS database, there are 951 active State Leases containing approximately 406,583 acres. Since the last Lease Review Report, the Geological and Engineering Division reviewed 97 leases covering approximately 17,713 acres for lease maintenance and development.

II. BOARD REVIEW

1. Mr. Jason Talbot with the Office of Mineral Resources (OMR Staff) gave a report to the Board on Henergy Caddo Pine Island LLC (Henergy), Lessee and Field Operator, State Lease 173, Caddo Pine Island Field, Caddo Parish

At the February 12, 2025 meeting, the State Mineral and Energy Board (Board) deferred this matter for sixty (60) days in order for OMR Staff and Henergy to further discuss Henergy's lease development and plug and abandonment obligations and the release of non-productive acreage.

At the May 14, 2025 meeting, the Board deferred this matter for an additional thirty (30) days to allow additional time for OMR Staff and Henergy to meet and further discuss this matter and report back to the Board at its next meeting to be held on June 11, 2025.

In lieu of a meeting, OMR Staff forwarded a letter to Henergy dated June 4, 2025, outlining prior Board resolutions where Henergy was required to a) release acreage; b) account for lease development since acquiring the lease as well as future plans; and c) conduct well plug and abandonment activities.

The letter afforded Henergy the opportunity to reply to OMR's letter by June 30, 2025 after which time OMR Staff would make its recommendation to the Board at a future meeting.

OMR Staff provided a copy of the June 4, 2025 letter to the Board and recommended that the Board approve the requirements outlined in the letter.

Upon motion of Mr. Moncla, seconded by Mr. Young and by unanimous vote of the Board, the Board approved the requirements outlined in the June 4, 2025 letter to Henergy and that Henergy provide all responsive information to OMR Staff by June 30, 2025 to allow OMR Staff the opportunity to review and prepare a recommendation to the Board at a future meeting. **(Resolution No. 25-06-001)**

III. FORCE MAJEURE

There were no Force Majeure items brought before the Board.

b) AUDIT REPORT
June 11, 2025
(Resolution No. 25-06-002)

The Board heard the report of Ms. Taletha Shorter, Audit Director, on Wednesday, June 11, 2025, relative to the following:

As of May 31, 2025, field audit collections totaled \$865,478.93 which includes \$807,644.89 in royalty exceptions and \$57,834.04 in interest. In the month of May, 3 audits were closed. The current number of open royalty audits is 30.

Royalties collected in May 2025 totaled \$11,292,360.43. Fiscal Year to Date totaled \$127,804,911.07, as compared to last year's Fiscal Year to Date Royalties of \$147,487,724.22 as of May 31, 2024.

Monthly state royalty reports submitted in May totaled 214 which include 78 SR1s for oil, 119 SR2s for gas and 17 SR5s for plant products.

Items on the report were as follows:

1. Staff report to the Board that the election for June 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. Arceneaux, seconded by Mr. Watkins, the Board voted unanimously to acknowledge and approve the election of the June 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. 25-06-002)**

c) NOMINATION AND TRACT REPORT

June 11, 2025
(Resolution No. 25-06-003)

The Board heard the report of Mr. Greg Roberts on Wednesday, June 11, 2025, relative to nominations received in the Office of Mineral Resources for the August 13, 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 eleven (11) tracts that were nominated for the June 11th, 2025 Mineral Lease Sale.

By comparison, OMR received seventeen (17) nominations for advertisement concerning the June 11, 2024 Mineral Lease Sale.

II. FUTURE LEASE SALE

- A. Five (5) nominations for advertisement were received by OMR for the August 13, 2025 Mineral Lease Sale.

Staff recommended that the Board grant authority to advertise the five (5) nominations received by OMR for the August 13, 2025 Mineral Lease Sale.

Based upon Staff's recommendation, and on motion of Mr. Moncla, seconded by Mr. Hollenshead, and by unanimous vote of the Board, the Board granted authority to advertise all such tracts that have been received by OMR as well as any tracts that have been previously advertised and rolled over, and to otherwise approve the Nomination and Tract Report. **(Resolution No. 25-06-003)**

d) LEGAL & TITLE CONTROVERSY REPORT

June 11, 2025
(Resolution No. 25-06-004)

1. A request by Aquest Energy, LLC (Aquest) for an extension of the primary term of State Lease No. 22095 for an additional two (2) years. State Lease No. 22095, effective August 10, 2022, provides for a three (3) year primary term. As per Article 2(B) of State Lease No. 22095, if the Lessee is not in default, they may apply to the Board for an extension of the primary term by up to two (2) additional years.

Mr. Roberts reported that OMR Staff reviewed State Lease No. 22095 and confirmed that Aquest is not in default of its terms.

Staff recommended that the Board grant a two (2) year extension of the primary term with all other terms of State Lease No. 22095 remaining unchanged.

Upon motion of Mr. Moncla, seconded by Mr. Arceneaux, the Board voted unanimously to grant the request of Aquest Energy, LLC for a two (2) year extension of the primary term for State Lease No. 22095 with all other terms of State Lease No. 22095 remaining unchanged. There were no comments from the public on this matter. **(Resolution No. 25-06-004)**

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

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

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 9:47 a.m.

Upon a roll call of the Board Members, the Board reconvened in open session at 10:36 a.m. for consideration of the following matters discussed in Executive Session:

- a. A discussion of ongoing negotiations with Torrent Gulf Coast III, LLC to resolve demand for outstanding royalties under State Lease Nos. 1227, 15536, 16610, and 20433

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

- b. A discussion of potential claims relating to Cooperative Agreement 20-004 between the Office of Conservation and Louisiana Oilfield Restoration Association, Inc.

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

- c. An update on settlement negotiations with Nowotny, 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 Unit in West Bay Field, Plaquemines Parish, Louisiana

Upon motion of Mr. Hollenshead, seconded by Mr. Arceneaux, and by unanimous vote of the Board, the State Mineral and Energy Board suspended the requirement to file concursus proceedings or request authority to utilize third-party escrow accounts for a period of sixty (60) days and further granted Staff and the Attorney General's office the authority to continue to negotiate settlement of this matter as discussed in Executive Session. There were no comments from the public on this matter. (**Resolution No. 25-06-005**)

- d. A discussion of pending offers to settle the following legal matters:

- BPX Properties v. Moss and Magnolia, Docket No. 161,900, 26th JDC, Bossier Parish; Adversary Proceeding 21-01009, Unit HA RA SU 70
- BHP Billiton Petroleum Properties v. Hassell Investments, Docket No. 148,080, 26th JDC, Bossier Parish; Adversary Proceeding 21-01006, Unit HA RA SU 71
- BHP Billiton Petroleum Properties v. Rives Plantation, Docket No. 583,940, 1st JDC, Caddo Parish; Adversary Proceeding 21-01004, Unit HA RB SUDD

- BHP Billiton Petroleum Properties v. Hosier Properties, Docket No. 587,839, 1st JDC, Caddo Parish; Adversary Proceeding 21-01002, Unit HA RA SUW

Upon motion of Mr. Arceneaux, seconded by Mr. Watkins, and by unanimous vote of the Board, the State Mineral and Energy Board granted authority to Staff and the Attorney General's office to make a counteroffer based on discussions held in Executive Session. **(Resolution No. 25-06-006)**

- e. A discussion of the matter entitled: Callon Petroleum Operating Company v. Rankin, et al, Docket No. 136424, 26th Judicial District Court, Bossier Parish, State of Louisiana

Upon motion of Mr. Hollenshead, seconded by Mr. Moncla, and by unanimous vote of the Board, the State Mineral and Energy Board granted authority to Staff and the Attorney General's office to negotiate settlement of this matter based on discussions held in Executive Session. **(Resolution No. 25-06-007)**

- f. A discussion of the matter entitled: Aethon Energy Operating, LLC v. Moss and Magnolia, LLC, et al, Docket No. 634344, 1st Judicial District Court, Caddo Parish, State of Louisiana

Upon motion of Mr. Moncla, seconded by Mr. Arceneaux, and by unanimous vote of the Board, the State Mineral and Energy Board granted authority to Staff and the Attorney General's office to negotiate settlement of this matter based on discussions held in Executive Session. **(Resolution No. 25-06-008)**

- g. Technical Briefing on Bids

VII. Awarding of Leases

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

Mr. Talbot reported that eleven (11) tracts were up for bid at today's lease sale with a total of twelve (12) bids received.

The following were Staff's recommendations on the two (2) tracts Mr. Talbot discussed in detail:

Upon review of the competitive bids received on Tract No. 45937, Staff recommended accepting the bid of Cypress Energy Partners, LLC.

Upon review of the competitive bids received on Tract No. 45938, Staff recommended accepting the bid of Cypress Energy Partners, LLC.

Staff reported that the remaining eight (8) bids received on the tracts were recommended for approval at today's lease sale.

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

Tract 45932
(Portion: 9.200 acres)

<u>Bidder:</u>	Cantium, LLC
<u>Primary Term:</u>	Five (5) years
<u>Cash Payment:</u>	\$2,309.20
<u>Annual Rental:</u>	\$1,154.60
<u>Royalties:</u>	20% on oil and gas 20% on other minerals
<u>Additional Consideration:</u>	None

Tract 45933
(Entire: 204.860 acres)

<u>Bidder:</u>	Cantium, LLC
<u>Primary Term:</u>	Five (5) years
<u>Cash Payment:</u>	\$41,484.15
<u>Annual Rental:</u>	\$20,742.08
<u>Royalties:</u>	20% on oil and gas 20% on other minerals
<u>Additional Consideration:</u>	None

Tract 45934
(Entire: 55.000 acres)

<u>Bidder:</u>	Cypress Energy Partners, LLC
<u>Primary Term:</u>	Three (3) years
<u>Cash Payment:</u>	\$137,500.00
<u>Annual Rental:</u>	\$68,750.00
<u>Royalties:</u>	25% on oil and gas 25% on other minerals
<u>Additional Consideration:</u>	None

Tract 45935
(Entire: 8.874 acres)

<u>Bidder:</u>	Stamper, LLC
<u>Primary Term:</u>	Three (3) years
<u>Cash Payment:</u>	\$22,673.07
<u>Annual Rental:</u>	\$11,336.54
<u>Royalties:</u>	23.5% on oil and gas 23.5% on other minerals
<u>Additional Consideration:</u>	None

Tract 45937(2)
(Entire: 35.9707 acres)

<u>Bidder:</u>	Cypress Energy Partners, LLC
<u>Primary Term:</u>	Three (3) years
<u>Cash Payment:</u>	\$147,479.87
<u>Annual Rental:</u>	\$73,739.94
<u>Royalties:</u>	25.2% on oil and gas 25.2% on other minerals
<u>Additional Consideration:</u>	None

Tract 45938(2)
(Entire: 2.565 acres)

<u>Bidder:</u>	Cypress Energy Partners, LLC
<u>Primary Term:</u>	Three (3) years
<u>Cash Payment:</u>	\$10,516.50
<u>Annual Rental:</u>	\$5,258.25
<u>Royalties:</u>	25.2% on oil and gas 25.2% on other minerals
<u>Additional Consideration:</u>	None

Tract 45939
(Entire: 0.389 acres)

<u>Bidder:</u>	Cypress Energy Partners, LLC
<u>Primary Term:</u>	Three (3) years
<u>Cash Payment:</u>	\$1,594.90
<u>Annual Rental:</u>	\$797.45
<u>Royalties:</u>	25.2% on oil and gas 25.2% on other minerals
<u>Additional Consideration:</u>	None

Tract 45940
(Entire: 72.7867 acres)

<u>Bidder:</u>	Cypress Energy Partners, LLC
<u>Primary Term:</u>	Three (3) years
<u>Cash Payment:</u>	\$298,425.47
<u>Annual Rental:</u>	\$149,212.74
<u>Royalties:</u>	25.2% on oil and gas 25.2% on other minerals
<u>Additional Consideration:</u>	None

Tract 45941
(Entire: 247.0852 acres)

<u>Bidder:</u>	Cypress Energy Partners, LLC
<u>Primary Term:</u>	Three (3) years
<u>Cash Payment:</u>	\$803,026.90
<u>Annual Rental:</u>	\$401,513.45
<u>Royalties:</u>	25% on oil and gas 25% on other minerals
<u>Additional Consideration:</u>	None

Tract 45942
(Entire: 203.289 acres)

<u>Bidder:</u>	Cypress Energy Partners, LLC
<u>Primary Term:</u>	Three (3) years
<u>Cash Payment:</u>	\$508,222.50
<u>Annual Rental:</u>	\$254,111.25
<u>Royalties:</u>	22.5% on oil and gas 22.5% on other minerals
<u>Additional Consideration:</u>	None

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. DOCKET REVIEW REPORT
June 11, 2025
(Resolution No(s). 25-06-009 through 25-06-012)

The Board heard the report from Greg Roberts, Energy Lands Director, Energy Lands Division, on Wednesday, June 11, 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 Staff's recommendations, and upon motion of Mr. Moncla, seconded by Mr. Hollenshead, the Board voted to unanimously accept the following recommendations:

- Category B: State Lease Transfers
Approve Docket Item Nos. 1 and 2
(Resolution Nos. 25-06-009 and 25-06-010)
- Category D: Advertised Proposals
Approve Docket Item Nos. 1 and 2
(Resolution Nos. 25-06-011 and 25-06-012)

IX. Natural Resources Trust Authority Report – Presented by John Shiroda, NRTA Director

X. New Business

- a. Update on OMR's efforts to address gas supply concerns for operators in the Breton Sound and Main Pass areas, Plaquemines Parish, Louisiana

This item was informational only. No Board action was taken.

XI. Announcements

Mr. Young stated that the total cash payments received for the June 11, 2025 Lease Sale totaled \$1,973,232.56, bringing the fiscal year-to-date total to \$7,720,083.55.

XII. Adjournment

The Chairman then stated that there being no further business to come before the Board, upon motion of Mr. Watkins, seconded by Mr. Young, the meeting was adjourned at 10:46 a.m.

Respectfully Submitted,

ANDREW YOUNG, SECRETARY
STATE MINERAL AND ENERGY BOARD