

JEFF LANDRY
GOVERNOR



TYLER PATRICK GRAY
SECRETARY

ANDREW YOUNG
ASSISTANT SECRETARY

State of Louisiana

DEPARTMENT OF ENERGY AND NATURAL RESOURCES
OFFICE OF MINERAL RESOURCES
STATE MINERAL AND ENERGY BOARD

REGULAR MEETING AUGUST 14, 2024

The Regular Meeting of the State Mineral and Energy Board was held on **Wednesday, August 14, 2024**, 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
Tyler P. Gray, DENR Secretary
Richard A. Nelson, Governor Landry's Designee
Robert D. Watkins
Magnus J. "Jake" Arceneaux IV
Matthew G. Moncla
Charles W. "Wes" Shepherd Sr.

The following members were recorded as absent:

Clifton Dale Sittig
Harvey "Ned" White
Billy A. Busbice, Jr.

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.

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IV. APPROVAL OF THE JULY 10, 2024 MINUTES

The Chairman stated that the next order of business was the approval of the July 10, 2024 Minutes.

A motion was made by Mr. Watkins to adopt the July 10, 2024 Minutes as submitted, and to waive reading said minutes in entirety. His motion was seconded by Mr. Shepherd 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
AUGUST 14, 2024**

I. GEOLOGICAL AND ENGINEERING STAFF REVIEW

According to the SONRIS database, there are 968 active State Leases containing approximately 409,017 acres. Since the last Lease Review Report, the Geological and Engineering Division reviewed 70 leases covering approximately 24,649 acres for lease maintenance and development.

II. BOARD REVIEW

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

III. FORCE MAJEURE

1. There were no Force Majeure items to bring before the Board.

b) NOMINATION AND TRACT REPORT
AUGUST 14, 2024
(Resolution No. 24-08-001)

The Board heard the report of Mr. Greg Roberts on Wednesday, August 14, 2024, relative to nominations received in the Office of Mineral Resources for the October 9, 2024 Mineral Lease Sale and other matters.

Based upon Staff's recommendation, and on motion of Mr. Shepherd, duly seconded by Mr. Arceneaux, 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. 24-08-001)**

**c) AUDIT REPORT
AUGUST 14, 2024
(Resolution Nos. 24-08-002 and 24-08-003)**

The first matter on the audit report was a recoupment request from Brammer Engineering for an overpayment in the amount of \$51,004.25.

Upon recommendation of Staff and upon motion of Mr. Hollenshead, seconded by Mr. Watkins, the Board voted unanimously to approve the recoupment request of Brammer Engineering for an overpayment in the amount of \$51,004.25. **(Resolution No. 24-08-002)**

The second matter on the audit report was the election of the August 2024 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.

Upon motion of Mr. Shepherd, seconded by Mr. Watkins, the Board voted unanimously to acknowledge and approve the election of the August 2024 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. 24-08-003)**

d) LEGAL & TITLE CONTROVERSY REPORT
AUGUST 14, 2024
(Resolution No. 24-08-004)

The State Mineral and Energy Board (Board) considered a request by Highlander Oil & Gas Assets LLC to temporarily remove state owned land from commerce while the State Mineral and Energy Board considers an Operating Agreement on land located in the Bayou Long Field, St. Martin Parish, Louisiana.

Staff recommended that the Board grant the staff authority to negotiate for an Operating Agreement and to temporarily remove the subject land from commerce.

After lengthy discussion, and upon motion of Mr. Arceneaux, seconded by Mr. Moncla, the Board voted unanimously to grant the staff authority to negotiate with Highlander Oil & Gas Assets LLC for an Operating Agreement and to temporarily remove state owned land from commerce located within the Bayou Long Field, St. Martin Parish, Louisiana. There were no comments from the public on this matter. **(Resolution No. 24-08-004)**

**e) DOCKET REVIEW REPORT
AUGUST 14, 2024
(Resolution No. 24-08-005)**

The Board heard the report of Greg Roberts on Wednesday, August 14, 2024, relative to the approval of the following Docket items:

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

Based on Staff's recommendations, on upon motion of Mr. Hollenshead, duly seconded by Mr. Shepherd, the Board voted unanimously to approve the following Docket items:

- Category B: State Lease Transfers
Docket Item No. 1
(Resolution No. 24-08-005)

- VI. A presentation by Secretary Tyler Gray providing updates on reorganization of the Department of Energy and Natural Resources and the Natural Resources Trust Authority

Upon motion of Mr. Arceneaux, seconded by Mr. Shepherd, and by unanimous vote of the Board, the State Mineral and Energy Board offered its support of the reorganization of the Department of Energy and Natural Resources and the Natural Resources Trust Authority in the creation of rules and regulations. There were no comments from the public on this matter. **(Resolution No. 24-08-006)**

VII. 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 motion of Mr. Shepherd, seconded by Mr. Hollenshead, and a roll call of the Board Members, the Board went into Executive Session at 10:05 a.m.

Upon motion of Mr. Shepherd, seconded by Mr. Watkins, and a roll call of the Board Members, the Board reconvened in open session at 11:26 a.m. for consideration of the following matters discussed in Executive Session:

- a. A discussion and request for authority to submit a counteroffer for settlement of the suit entitled: BHP v. E.T. Robinson, Docket No. 36074, 39th Judicial District Court, Red River Parish, State of Louisiana

Upon motion of Mr. Shepherd, 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 submit a counteroffer for settlement based upon the terms as discussed in Executive Session. There were no comments from the public on this matter. **(Resolution No. 24-08-007)**

- b. A discussion and request for authority to submit a counteroffer for settlement of the suit entitled: BHP v. E.T. Robinson, Docket No. 36018, 39th Judicial District Court, Red River Parish, State of Louisiana

Upon motion of Mr. Arceneaux, seconded by Mr. Shepherd, and by unanimous vote of the Board, the State Mineral and Energy Board granted authority to Staff and the Attorney General's office to submit a counteroffer for settlement based upon the terms as discussed in Executive Session. There were no comments from the public on this matter. **(Resolution No. 24-08-008)**

- c. A discussion of the bankruptcy cases entitled: In re Whitney Oil & Gas, LLC, Case No. 23-11873, and In re Trimont Energy (NOW), LLC, Case No. 23-11868, U.S. Bankruptcy Court, Eastern District of Louisiana

This matter was a discussion only, and no action by the Board was required.

- d. A discussion of proposed terms for an Operating Agreement with Williams covering underground natural gas storage within the Washington Gas Storage Unit in St. Landry Parish, Louisiana

Upon motion of Mr. Shepherd, 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 accept the terms offered by Williams as discussed in Executive Session. There were no comments from the public on this matter. **(Resolution No. 24-08-009)**

- e. Technical Briefing on Bids

On request of Staff, and upon motion of Mr. Hollenshead, seconded by Mr. Shepherd, and by unanimous vote of the Board, the State Mineral and Energy Board changed the order of the following two items by addressing IX. Awarding of Leases before VIII. A presentation by Diligence Offshore Services.

VIII. A presentation by Diligence Offshore Services regarding a proposed wind energy production development in Sabine Lake, Cameron Parish, Louisiana

This item was a presentation, and no action by the Board was required.

IX. AWARDING OF LEASES

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

Staff reported that six (6) of the ten (10) tracts up for bid at today's lease sale received bids with two (2) of the tracts, Tracts 45838 and 45839, having competitive bidding.

Staff recommends accepting the bid of Chesapeake Louisiana, LLC on Tract 45838 and the bid of Chesapeake Louisiana, LLC on Tract 45839. All other bids received on the remaining tracts were also recommended for approval at today's lease sale.

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

Tract 45829

(Entire: 64.210 acres)

Bidder	:	Cypress Energy Partners, LLC
Primary Term	:	Three (3) years
Cash Payment	:	\$134,841.00
Annual Rental	:	\$67,420.50
Royalties	:	22.5% on oil and gas
	:	22.5% on other minerals
Additional Consideration	:	None

Tract 45830

(Portion: 9.000 acres)

Bidder	:	Magna Operating, LLC
Primary Term	:	Three (3) years
Cash Payment	:	\$2,259.00
Annual Rental	:	\$1,129.50
Royalties	:	25% on oil and gas
	:	25% on other minerals
Additional Consideration	:	None

Tract 45831

(Portion: 92.000 acres)

Bidder	:	Mark O'Neal & Associates, Inc.
Primary Term	:	Three (3) years
Cash Payment	:	\$27,232.00
Annual Rental	:	\$13,616.00
Royalties	:	24% on oil and gas
	:	24% on other minerals
Additional Consideration	:	None

Tract 45837
(Entire: 196.034 acres)

Bidder	:	Cypress Energy Partners, LLC
Primary Term	:	Three (3) years
Cash Payment	:	\$617,507.10
Annual Rental	:	\$308,753.55
Royalties	:	25% on oil and gas
	:	25% on other minerals
Additional Consideration	:	None

Tract 45838(1)
(Entire: 12.6 acres)

Bidder	:	Chesapeake Louisiana, L.P.
Primary Term	:	Three (3) years
Cash Payment	:	\$47,250.00
Annual Rental	:	\$23,625.00
Royalties	:	27.5% on oil and gas
	:	27.5% on other minerals
Additional Consideration	:	None

Tract 45839(1)
(Entire: 10.372 acres)

Bidder	:	Chesapeake Louisiana, L.P.
Primary Term	:	Three (3) years
Cash Payment	:	\$59,639.00
Annual Rental	:	\$29,819.50
Royalties	:	27.5% on oil and gas
	:	27.5% on other minerals
Additional Consideration	:	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.

X. NEW BUSINESS

There was no new business.

XI. ANNOUNCEMENTS

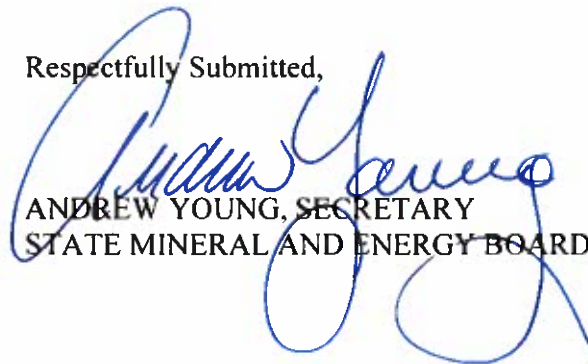
Mr. Andrew Young, Assistant Secretary of the Office of Mineral Resources and Secretary to the State Mineral and Energy Board, stated that the leases awarded totaled \$888,728.10 for the August 14, 2024 Lease Sale bringing the fiscal year-to-date total to \$2,487,396.52.

Mr. Young announced, and the Board welcomed, two (2) new employees of the Office of Mineral Resources, Jessica Do and Elizabeth Ferrier. Jessica Do will serve the Executive Division as a Business Analytics Specialist, and Elizabeth Ferrier will serve the Executive Division as a Staff Attorney.

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. Shepherd, the meeting was adjourned at 12:04 p.m.

Respectfully Submitted,



ANDREW YOUNG, SECRETARY
STATE MINERAL AND ENERGY BOARD

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

RESOLUTION #24-08-006

(REGULAR MEETING)

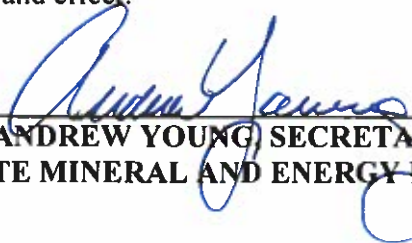
WHEREAS, a presentation by Secretary Tyler Gray providing updates on reorganization of the Department of Energy and Natural Resources and the Natural Resources Trust Authority was held; and

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

NOW THEREFORE, BE IT RESOLVED that the State Mineral and Energy Board does hereby offer its support of the reorganization of the Department of Energy and Natural Resources and the Natural Resources Trust Authority in the creation of rules and regulations.

CERTIFICATE

I HEREBY CERTIFY that the above is a true and correct copy of a Resolution adopted at a meeting on the 14th day of August, 2024 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.



ANDREW YOUNG, SECRETARY
STATE MINERAL AND ENERGY BOARD