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MINERAL RESOURCES

STEVEN M. GIAMBRONE
INTERIM DIRECTOR
CONSERVATION

DEPARTMENT OF ENERGY AND NATURAL RESOURCES

REGULAR MEETING DECEMBER 11, 2024

The Regular Meeting of the State Mineral and Energy Board was held on Wednesday, December 11, 2024, beginning at 9:43 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
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
Benjamin C. Bienvenu
Billy A. Busbice, Jr.

The following members were recorded as absent:

Richard A. Nelson, Governor Landry's Designee
J. Todd Hollenshead, Vice-Chairman

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 November 13, 2024 Minutes

The Chairman stated that the next order of business was the approval of the November 13, 2024 Minutes.

A motion was made by Mr. Busbice to adopt the November 13, 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
December 11, 2024

I. GEOLOGICAL AND ENGINEERING STAFF REVIEW

According to the SONRIS database, there are 965 active State Leases containing approximately 419,231 acres. Since the last Lease Review Report, the Geological and Engineering Division reviewed 111 leases covering approximately 42,002 acres for lease maintenance and development.

II. BOARD REVIEW

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

III. FORCE MAJEURE

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

b) Nomination and Tract Report
December 11, 2024
(Resolution Nos. 24-12-001 through 24-12-002)

The Board heard the report of Mr. Greg Roberts on Wednesday, December 11, 2024, relative to nominations received in the Office of Mineral Resources for the February 12, 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 seven (7) tracts that were nominated for the December Mineral Lease Sale.

By comparison, OMR received twenty-two (22) nominations for advertisement concerning the December 2023 Mineral Lease Sale.

- B. Prior to the December 11, 2024 Mineral Lease Sale, the Staff of the Office of Mineral Resources was informed of a failure by the publisher of the Bossier Parish Journal to advertise Tract No. 45873.

Staff recommended that the Board withdraw said tract and re-advertise at a later date.

Based on Staff recommendations, and upon motion of Mr. Shepherd, seconded by Mr. Arceneaux, and by unanimous vote of the Board, the Board granted Staff the authority to withdraw Tract No. 45873 from the December 11, 2024 Mineral Lease Sale and re-advertise said tract at a later date. There were no comments from the public on this matter. **(Resolution No. 24-12-001)**

II. FUTURE LEASE SALE

- A. Six (6) nominations for advertisement were received by OMR for the February 12, 2025 Mineral Lease Sale.

Staff recommended that the Board grant authority to advertise the six (6) nominations received by OMR for the February 12, 2025 lease sale.

Based upon Staff's recommendation, and on motion of Mr. Busbice, seconded by Mr. Shepherd 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. 24-12-002)**

c) Audit Report
December 11, 2024
(Resolution No. 24-12-003)

The Board heard the report of Ms. Taletha Shorter, Audit Director, on Wednesday, December 11, 2024, relative to the following:

As of November 30, 2024, field audit collections totaled \$72,350.47 in royalty exceptions. The current number of open royalty audits is 35.

Royalties collected in November 2024 totaled \$7,428,951.80 and Fiscal Year to Date totaled \$56,005,528.56, as compared to last year's Fiscal Year to Date Royalties of \$64,907,739.96 as of November 30, 2023.

Monthly state royalty reports submitted in November totaled 217, which include 76 SR1s for oil, 118 SR2s for gas and 23 SR5s for plant products.

Items on the report are as follows:

1. Staff report to the Board that the election for November 2024 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. Sittig, the Board voted unanimously to acknowledge and approve the election of the November 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. 24-12-003)**

2. Update on procedural changes within the Office of Mineral Resources yielding positive results.

This was a presentation, and no Board action was required.

d) Legal & Title Controversy Report
December 11, 2024
(Resolution No. 24-12-004)

The State Mineral and Energy Board (Board) considered a discussion of the current Royalty Reduction Program.

Staff reported that, unless extended, the program will terminate on December 31, 2024.

Staff recommended that the Board extend the current Royalty Reduction Program for an additional year through December 31, 2025.

After lengthy discussion, and upon motion of Mr. Watkins, seconded by Mr. Moncla, the Board voted unanimously to extend the current Royalty Reduction Program for an additional year through December 31, 2025. There were no comments from the public on this matter. **(Resolution No. 24-12-004)**

e) Docket Review Report
December 11, 2024
(Resolution No(s). 24-12-005 through 24-12-009)

The Board heard the report from Greg Roberts on Wednesday, December 11, 2024, relative to the following:

- Category A: State Agency Lease
Docket Item A
- 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
There were no items for this category

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

- Category A: State Agency Lease
Docket Item No. 1
(Resolution No. 24-12-005)
- Category B: State Lease Transfers
Docket Item Nos. 1 through 4
(Resolution No. 24-12-006 through No. 24-12-009)

VI. Executive Session

(Resolution Nos. 24-12-010 through 24-12-012)

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 10:00 a.m.

Upon motion of Mr. Shepherd, seconded by Mr. Busbice, and a roll call of the Board Members, the Board reconvened in open session at 11:19 a.m. for consideration of the following matters discussed in Executive Session:

- a. A discussion of an offer by Chevron to settle Exception #X-06 of a Royalty Audit for the years 2003-2018

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 accept Chevron's offer to settle Exception #X-06 of a Royalty Audit for the years 2003-2018. There were no comments from the public on this matter. **(Resolution No. 24-12-010)**

- b. A discussion of proposed terms for an Operating Agreement with RFP Resources, LLC covering land located within the Lake Fortuna Field in St. Bernard Parish, Louisiana

Upon motion of Mr. Busbice, 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 accept the terms proposed by RFP Resources, LLC, in principle, subject to drafting of an appropriate instrument, execution thereof, proper advertisement, and placement on the Docket for final approval. There were no comments from the public on this matter. **(Resolution No. 24-12-011)**

- c. A discussion of non-payment of royalty by Torrent Gulf Coast III, LLC and prospective authority to file legal action

Upon motion of Mr. Busbice, seconded by Mr. Watkins, and by unanimous vote of the Board, the State Mineral and Energy Board granted authority to file legal action at the Attorney General's discretion. There were no comments from the public on this matter. **(Resolution No. 24-12-012)**

- d. Technical Briefing on the Bids

VII. Awarding of Leases

Mr. Jason Talbot reported that there were originally seven (7) tracts up for bid at today's lease sale. However, Tract 45873 was withdrawn from today's lease sale.

Mr. Talbot further stated that there were four (4) bids received on four (4) of the single tracts.

Staff recommended that the Board accept all four (4) bids received for today's Mineral Lease Sale.

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

Tract 45875 (Entire: 71.517 acres)

Bidder	Mark A. O'Neal &
Associates, Inc.	
Primary Term	Three (3) years
Cash Payment	\$143,034.00
Annual Rental	\$71,517.00
Royalties	25% on oil and gas 25% on other minerals
Additional Consideration	None

Tract 45876 (Entire: 3 acres)

Bidder	Corral Oil & Gas, LLC
Primary Term	Three (3) years
Cash Payment	\$7,650.00
Annual Rental	\$3,825.00
Royalties	23.5% on oil and gas 23.5% on other minerals
Additional Consideration	None

Tract 45877
(Entire: 39.600 acres)

Bidder	Paloma Natural Gas, LLC
Primary Term	Three (3) years
Cash Payment	\$99,000.00
Annual Rental	\$49,500.00
Royalties	22.5% on oil and gas 22.5% on other minerals
Additional Consideration	None

Tract 45878
(Entire: 18.53 acres)

Bidder	Beta Land Services LLC
Primary Term	Three (3) years
Cash Payment	\$66,708.00
Annual Rental	\$33,354.00
Royalties	25.7% on oil and gas 25.7% 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.

VIII. Update from John Shiroda on recent developments related to the Natural Resources Trust Authority

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

IX. Presentation of Louisiana's Class VI regulations and regulatory oversight by the Office of Conservation by Laura Sorey, Petroleum Scientist Manager, Injection & Mining Division of the Office of Conservation

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

X. New Business

There was no new business discussed.

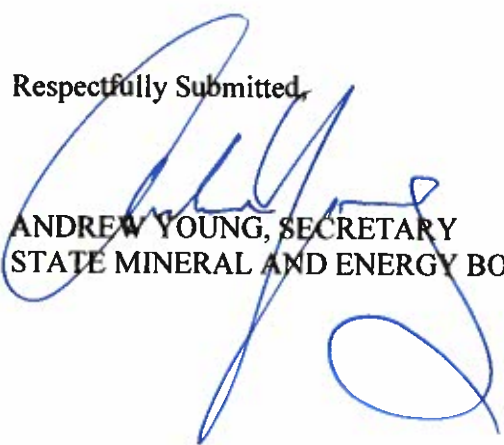
XI. Announcements

Mr. Young stated that the total cash payments received for the December 11, 2024 Lease Sale totaled \$316,392.00 bringing the fiscal year-to-date total to \$5,135,650.54.

XII. Adjournment

The Chairman then stated that there being no further business to come before the Board, upon motion of Mr. Busbice, seconded by Mr. Watkins, the meeting was adjourned at 12:04 p.m.

Respectfully Submitted,



ANDREW YOUNG, SECRETARY
STATE MINERAL AND ENERGY BOARD