REGULAR MEETING
FEBRUARY 11, 2026

The Regular Meeting of the State Mineral and Energy Board was held on Wednesday, February 11, 2026, 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. 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.

The following members were recorded as present:

J. Todd Hollenshead, Vice-Vice-Chairman
Mark Normand, Jr., C&E Undersecretary
Mark E. Barton
Jeffery C. Delahoussaye
Charles W. "Wes" Shepherd Sr.
Robert D. Watkins
Michael J. Tanner
Jarrod J. Coniglio, Governor Landry's Designee
Billy A. Busbice, Jr. (arrived at 9:42 a.m.)

The following members were recorded as absent:

Sidney W. Degan, III, Vice-Chairman
Magnus J. "Jake" Arceneaux IV

Also recorded as present were:

Andrew Young, Executive Director of the Office of State Resources and Secretary to the State Mineral and Energy Board
David Peterson, Assistant Attorney General

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 14, 2026 Minutes

The Vice-Chairman stated that the next order of business was the approval of the January 14, 2026 Minutes.

A motion was made by Mr. Watkins to adopt the January 14, 2026 Minutes as submitted, and to waive reading said minutes in entirety. His motion was seconded by Mr. Delahoussaye and unanimously adopted by the Board. No public comments were made at this time.

V. Staff Reports

The Vice-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, Resource Analytics Division

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

c) Nomination and Tract Report – Presented by Greg Roberts, Petroleum Lands Director, Land Administration Division

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

e) Docket Review Report – Presented by Greg Roberts, Petroleum Lands Director, Land Administration Division

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

a) LEASE REVIEW REPORT

February 11, 2026
(Resolution No. 26-02-001)

The Board heard the report of Mr. Jason Talbot, Petroleum Scientist Manager, on Wednesday, February 11, 2026, relative to the following:

I. RESOURCE ANALYTICS DIVISION REVIEW

According to the SONRIS database, there are a total of approx. 863,266 state acres under contract (i.e., state leases, operating agreements). Shown below is each category:

Oil & Gas Leases

- 925 SLs - approx. 386,297 acres
  - Reviewed 77 leases approx. 33,908 acres

Oil & Gas Operating Agreements

- 72 OAs - approx. 8,386 acres
  - Reviewed 7 OAs approx. 615 acres

Gas Storage Operating Agreements

- 4 OAs – approx. 2,755 acres

Carbon Capture Storage Operating Agreements

- 6 OAs - approx. 406,216 acres

Wind Energy Operating Agreements

- 1 OA – approx. 59,693 acres

II. BOARD REVIEW

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

III. STAFF ITEMS AUTHORIZED BY BOARD

An application for a non-exclusive geophysical permit to conduct operations over state water bottoms has recently be received and is currently being processed for finalization.

IV. FORCE MAJEURE (FM)

1. A request by Key Operating Oil and Gas, LLC/Sibley Investments (Key/Sibley) that an ongoing Force Majeure condition be extended for State Lease Nos. 17279, 17278,

17277, 18194, 18043 located in the Chandeleur Sound Blk 71 Field until March 31, 2026.
The last extended FM was approved at the October 8th 2025 meeting under Resolution No. 25-10-002 providing Key/Sibley until December 1, 2025 to restart production. According to SONRIS production reports, October & November 2025 showed production.

Key/Sibley's January 29, 2026 FM request stated that shortly after restoring production to wells, the main compressor located in Main Pass 4 facility incurred a major failure resulting in the wells being shut-in.

Key/Sibley outline steps being taken to remedy the FM occurrence and some of the highlights are:

- The compressor rental company has disassembled the compressor and is being repaired at that their Houma facility.
- During the month of February, there are plans to perform well work on three wells by replacing the tubing strings for at an estimated cost of $1.55 MM. In the same period, the compressor will be transported and re-installed at the production facility.

Upon motion of Mr. Shepherd, seconded by Mr. Delahoussaye, the Board voted unanimously to grant Key/Sibley until March 31, 2026 to return production back to State Lease Nos. 17279, 17278, 17277, 18194, 18043 located in Chandeleur Sound Block 71 Field. **(Resolution No. 26-02-001)**

2. An update by Staff on Torrent Gulf Coast III, LLC's (Torrent) FM that was recognized at the September 10th 2025 State Mineral and Energy Board under Resolution No. 25-09-003 for State Lease Nos. 16610, 20433 and 21645 located in Breton Sound Blocks 32 & 18 fields.

   A report from Torrent dated January 15, 2026 stated that Torrent's 10" production pipeline from BS Blocks 18 to 32 was repaired and in operation after previously determined to be leaking. Additionally, a new fuel gas line from the State Lease No. 1227 No. 29 well was constructed and completed between the two fields allowing for production to return to two state leases. Plans to repair the damage wellhead of State Lease No. 21645 No. 1 Well caused by a marine vessel is ongoing.

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

3. An update by Staff on Perdido Energy's (PE) FM that was recognized at the November 12th 2025 State Mineral and Energy Board under Resolution No. 25-11-001 for State Lease No. 18935 located in the Black Bay Field. The lease is absent a supply of gas for lifting the oil unit well for this lease.

A report from PE dated January 16, 2026 stated that PE is currently in the process of amending State Lease No. 18935 to provide for oil shut-in provision. Additionally, PE outlined steps being taken to restore gas production across the Black Bay Field. Some of the highlights included:

- Negotiations with Matrix Energy Gathering LLC to establish transportation and gathering agreements in the field.

- Farm-out acreage of State Lease No. 195 to LLOX, LLC to drill a new well in the field that could possibly provide the needed gas for oil lifting.

- The permitting to drill a new well within the 1st quarter 2026 has begun.

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

b) AUDIT REPORT

February 11, 2026
(Resolution No. 26-02-002)

The Board heard the report of Ms. Taletha Shorter, Audit Director, on Wednesday, February 11, 2026, relative to the following:

I. INCOME MONTHLY STATISTICS REVIEW

As of January 31, 2026, field audit collections totaled $3,852,834.21, which includes $3,613,196.57 in royalty collections and $239,637.64 in interest. In the month of January, one audit was closed. The current number of open royalty audits is 36.
Royalties collected in January 2026 totaled $10,604,315.32 and Fiscal Year to Date $79,138,362.38, as compared to last year's Fiscal Year to Date Royalties of $76,287,831.92 as of January 31, 2025.

Monthly state royalty reports submitted in January totaled 209, which include 66 SR1s for oil, 125 SR2s for gas and 18 SR5s for plant products.

II. CURRENT DELINQUENT PAYORS

There were no delinquent payors brought before the Board.

III. BOARD REVIEW

1. Ms. Shorter presented an overview of Field Audit Penalty Waiver Protocol to the Board.

   This item was informational only, and no Board action was required. The Board requested that this item be presented again at its' meeting to be held on March 11, 2026.

2. Ms. Shorter presented an update on open field audits to the Board.

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

3. Ms. Shorter reported to the Board that the election for February 2026 gas royalty is to be paid on an unprocessed 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. Busbice, the Board voted unanimously to acknowledge and approve the election of the February 2026 gas royalty to be paid on an unprocessed 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. 26-02-002)**

c) NOMINATION AND TRACT REPORT
February 11, 2026
(Resolution No. 26-02-003)

The Board heard the report of Mr. Greg Roberts on Wednesday, February 11, 2026, relative to nominations received in the Office of State Resources for the April 8th, 2026 Mineral Lease Sale and other matters.

I. PRESENT LEASE SALE

A. Approval by the State Mineral and Energy Board (Board) was previously granted to the Staff of the Office of State Resources (OSTR) to process and advertise the fourteen (14) tracts that were nominated for the February 11, 2026 Mineral Lease Sale.

By comparison, OSTR received six (6) nominations for advertisement concerning the February 12, 2025 Mineral Lease Sale.

II. FUTURE LEASE SALE

A. Twelve (12) nominations for advertisement were received by OSTR for the April 8, 2026 Mineral Lease Sale.

By comparison, OSTR advertised seven (7) nominations associated with the April 9, 2025 Mineral Lease Sale.

Based on Staff's recommendation, and on motion of Mr. Shepherd, seconded by Mr. Delahoussaye, and by unanimous vote of the Board, the Board granted authority to advertise all such tracts that have been received by OSTR as well as any tracts that have been previously nominated and rolled over, and to otherwise approve the Nomination and Tract Report. **(Resolution No. 26-02-003)**.

d) LEGAL & TITLE CONTROVERSY REPORT

February 11, 2026
(Resolution Nos. 26-02-004 and 26-02-005)

The Board heard the report of Mr. Greg Roberts, Petroleum Lands Director, on Wednesday, February 11, 2026, relative to the following:

1. A request by Cypress Energy Partners, LLC ("Cypress") to amend the royalty provision of State Lease No. 22319, which covers land within the Pass-A-Loutre Wildlife Management Area.

   The advertisement for this tract included the current royalty reduction program offered by the Department of Wildlife and Fisheries, which reads as follows: "The Department will require a minimum royalty for Years 1–3 of 18.5% (this rate will apply for three years from first production). After three years of production, the royalty will increase to 2% over the accepted bid rate. Production must begin within 24 months after execution of the lease; otherwise, the royalty will increase to 4% over the accepted bid rate."

   The winning bid, which was also the only bid for this tract, as submitted by Cypress included a 20% royalty. Cypress states that it included the 20% royalty rate in its bid, rather than the advertised minimum royalty rate of 18.5%, in error and due to an oversight on its part.

   Staff confirmed with representatives of the Department of Wildlife and Fisheries that the Department would like to approve the request to reduce the royalty in State Lease No. 22319 to 18.5%.

   Upon motion of Mr. Shepherd, seconded by Mr. Delahoussaye, the Board voted unanimously to grant the request of Cypress Energy Partners, LLC ("Cypress") to amend the royalty provision of State Lease No. 22319, which covers land within the Pass-A-Loutre Wildlife Management, to reduce the royalty in State Lease No. 22319 to 18.5%. There were no other comments received from the public on this matter. **(Resolution No. 26-02-004)**

2. A request by Staff to approve previously proposed changes to the State Lease Form and the State Agency Lease Form.

   At its December 10, 2025 meeting, the Board granted Staff authority to solicit public comments regarding proposed amendments to Article 3 of the State Lease Form and State Agency Lease Form, as well as other revisions related to the renaming of the department following the recent reorganization. After consideration of one written stakeholder comment, Staff finalized its recommended language in the version submitted to the Board.

Upon motion of Mr. Delahoussaye, seconded by Mr. Watkins, the Board voted unanimously to approve the amendments to Article 3 of the State Lease Form and State Agency Lease Form, as well as other revisions related to the renaming of the department following the recent reorganization as presented. There were no other comments received from the public on this matter. **(Resolution No. 26-02-005)**

3. An update on development of the proposed State Lease Royalty Reduction Program by the Office of State Resources in accordance with Executive Order JML 25-72.

This item was for informational purposes only, and no Board action was required.

e) DOCKET REVIEW REPORT
February 11, 2026
(Resolution Nos. 26-02-006 through 26-02-013)

The Board heard the report from Greg Roberts on Wednesday, February 11, 2026, relative to the following:

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

Category B: State Lease Transfers
Docket Items B.1 through B.6

Category C: Department of Wildlife & Fisheries State Agency Lease
There were no items for this category.

Category D: Advertised Proposals
Docket Items D.1 (26-03) and D.2 (26-04)

Based upon Staff's recommendations, and upon motion of Mr. Shepherd, seconded by Mr. Busbice, the Board voted to unanimously accept the following recommendations:

Category B: State Lease Transfers
Approve Docket Items B.1 through B.6
(Resolution Nos. 26-02-006 through 26-02-011)

Category D: Advertised Proposals
Approve Docket Items D.1 (26-03) and D.2 (26-04)
(Resolution Nos. 26-02-012 and 26-02-013)

VI. Natural Resources Trust Authority Report (NRTA) and Oilfield Site Restoration Program (OSR) – Tanner Magee, Director of the Natural Resources Trust Authority, and Jody Broussard, Director of the Oilfield Site Restoration Program, presented the report for the NRTA and OSR, including the following:

I. <u>Oil Field Site Restoration Program</u>

1.) OSR monthly report for the Board

Informational only, and no Board action was required.

II. <u>Louisiana Oil Field Restoration Association Program</u>

1.) Update on monthly invoicing and collection amounts

Informational only, and no Board action was required.

2.) List of operators delinquent for R4 suspension

Informational only, and no Board action was required.

VII. 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. Barton, and upon a roll call vote of the Board Members, the Board went into Executive Session at 11:02 a.m.

Upon motion of Mr. Delahoussaye, seconded by Mr. Watkins, and upon a roll call vote of the Board Members, the Board reconvened in open session at 12:25 p.m. for consideration of the following matters discussed in Executive Session:

a. A discussion of proposed terms for an Operating Agreement with Kenosis I, LLC covering land located in the Eloi Bay Field and Half Moon Lake Field, St. Bernard Parish, Louisiana

Upon motion of Mr. Shepherd, seconded by Mr. Delahoussaye, the State Mineral and Energy Board granted authority to Staff to issue a counter within the scope of terms discussed in Executive Session . **(Resolution No. 26-02-014)**

b. A discussion of proposed terms for an Operating Agreement with GEP Haynesville II, LLC covering land located in Sections 31 and 32, Township 12 North, Range 9 West, Red River Parish, Louisiana

Upon motion of Mr. Shepherd, seconded by Mr. Busbice, the State Mineral and Energy Board granted authority to Staff and the Attorney General's office to propose a counter-offer based on terms discussed in Executive Session. **(Resolution No. 26-02-015)**

c. A discussion of a request by BPX Operating Company (BPX) to extend time to respond to the State's Demand Letter regarding nonpayment of royalties associated with production under State Lease No. 20114, covering two tracts (Tracts 59 & 103) in the HA RA SUGG, producing unit, Sec24, Twp 12N Rng 10W, Gahagan Field

   Upon motion of Mr. Busbice, seconded by Mr. Delahoussaye, the State Mineral and Energy Board granted authority to Staff to propose a counter-offer based on terms discussed in Executive Session. **(Resolution No. 26-02-016)**

d. An update on the status of a demand issued to Cox Oil, LLC for reasonable development or release of State Lease 195 in Quarantine Bay Field, Plaquemines Parish, Louisiana

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

e. Technical Briefing on Bids

VIII. Awarding of Leases

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

Mr. Talbot reported that fourteen (14) tracts were up for bid at today's lease sale, with a total of seven (7) bids received.

Staff reported that all bids received on the tracts were recommended for approval at today's lease sale.

Upon motion of Mr. Delahoussaye, and seconded by Mr. Watkins, with Mr. Hollenshead recusing himself, the Board voted to accept Staff's recommendations regarding the following bid and award leases on the following tracts:

Tract 46008
(Portion: 40.000 acres)

Bidder:	T P Panther Dome LLC
Primary Term:	Three (3) years
Cash Payment:	$4,000.00
Annual Rental:	$2,000.00
Royalties:	18.5% on oil and gas 18.5% on other minerals
Additional Consideration:	None

Tract 46010
(Entire: 2,423.55 acres)

Bidder:	Tri-Star Vermilion LLC
Primary Term:	Three (3) years
Cash Payment:	$60,588.75
Annual Rental:	$30,294.38
Royalties:	16.666% on oil and gas 16.666% on other minerals
Additional Consideration:	None

Tract 46011
(Entire: 2,423.55 acres)

Bidder:	Tri-Star Vermilion LLC
Primary Term:	Three (3) years
Cash Payment:	$60,588.75
Annual Rental:	$30,294.38
Royalties:	16.666% on oil and gas 16.666% on other minerals
Additional Consideration:	None

Tract 46012
(Entire: 2,423.55 acres)

Bidder:	Tri-Star Vermilion LLC
Primary Term:	Three (3) years
Cash Payment:	$60,588.75
Annual Rental:	$30,294.38
Royalties:	16.666% on oil and gas 16.666% on other minerals
Additional Consideration:	None

Tract 46013
(Portion: 980.980 acres)

Bidder:	Allen & Kirmse, Ltd.
Primary Term:	Three (3) years
Cash Payment:	$73,573.50
Annual Rental:	$36,786.75
Royalties:	16.67% on oil and gas 16.67% on other minerals
Additional Consideration:	None

Tract 46020
(Entire: 7.350 acres)

Bidder:	USG Properties Haynesville, LLC
Primary Term:	One (1) year
Cash Payment:	$22,050.00
Annual Rental:	$0.00
Royalties:	25% on oil and gas 25% on other minerals
Additional Consideration:	None

Tract 46021
(Entire: 2.000 acres)

Bidder:	Cypress Energy Partners, LLC
Primary Term:	Three (3) years
Cash Payment:	$6,200.00
Annual Rental:	$3,100.00
Royalties:	25% on oil and gas 25% on other minerals
Additional Consideration:	None

This concluded the awarding of the leases.

IX. New Business

There was no new business brought before the Board.

X. Announcements

a. Mr. Young stated that the total cash payments received for the February 11, 2026 Lease Sale totaled $287,589.75, bringing the fiscal year-to-date total to $2,250,406.97.

b. Pat Theophilus, President of Theophilus Oil, Gas & Land Services, LLC, approached the Board regarding recent updates made to the SONRIS system used by the Department of Conservation and Energy and industry. Mr. Theophilus raised concern about the ease of use of the updates and inquired as to the possibility of training to assist industry to navigate said changes.

XI. Adjournment

The Vice-Chairman then stated that there being no further business to come before the Board, upon motion of Mr. Shepherd, seconded by Mr. Delahoussaye, the meeting was adjourned at 12:35 p.m.

Respectfully Submitted,

ANDREW YOUNG, SECRETARY
STATE MINERAL AND ENERGY BOARD