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GOVERNOR



SCOTT A. ANGELLE
SECRETARY

State of Louisiana
DEPARTMENT OF NATURAL RESOURCES
OFFICE OF MINERAL RESOURCES
STATE MINERAL BOARD

TO: STATE MINERAL AND ENERGY BOARD MEMBERS

FROM: FREDERICK D. HECK
PETROLEUM LANDS DIRECTOR
OFFICE OF MINERAL RESOURCES

DATE: FEBRUARY 10, 2010

LEGAL AND TITLE CONTROVERSY COMMITTEE AGENDA

The regular meeting of the Legal and Title Controversy Committee of the State Mineral and Energy Board will be held on February 10, 2010, following the Audit Committee Meeting, in the LaBelle Room, First Floor, LaSalle Building located at 617 North Third Street, Baton Rouge, Louisiana.

Items on the Agenda are as follows:

1. A request by Midstates Petroleum Company LLC and Square Mile Energy, L.L.C. for the waiver of all or a portion of the liquidated damage assessment levied on the late release of State Lease No. 16289 in the amount of \$31,000.00, Acadia Parish, Louisiana.
2. A request for final approval of an Operating Agreement presented by Forest Oil Corporation, to create an operating tract for the exploration and development of oil, gas and/or condensate and other liquid hydrocarbons, which proposal allocates to the State a State Production Interest equal to 23% before payout, increasing to 25% after payout in and to the Operating Tract, whereas operator desires and intends to re-establish production from the DB-2A/2B RA SUA, the D3 RA SUA, the D8 RA SUA, and the D3 RB SUA, Iberia Parish, Louisiana, containing 11.97 acres, more or less, covering a portion of former State Lease No. 2258, Iberia Parish, Louisiana, with further particulars being stipulated in the instrument, on the docket as Item No. 10-05.

3. A request for final approval of a Lease Amendment presented by Sweet Bay Exploration, whereas said party is hereby granted the two (2) six month extension options whereby the Lessee may maintain the Subject Lease by timely making the payments set forth in said instrument and in conjunction with the lease extension options, Lessor and Lessee have agreed to amend the subject lease to increase the applicable royalties to 22% should Lessee exercise either or both extension options, affecting State Lease No. 18501, St. Mary Parish, Louisiana, with further particulars being stipulated in the instrument, on the docket as Item No. 10-6.
4. A request by Staff to negotiate an Operating Agreement with Stone Energy, L.L.C. affecting former State Lease No. 10830, Ship Shoal Block 66, Terrebonne Parish, and that the acreage in question be deemed unavailable for leasing while negotiations are ongoing for a period not to exceed the date of the third Mineral and Energy Board Meeting after the Board has authorized negotiations. In addition, Staff requests that Victor M. Vaughn be given authority to sign an Idemnity Agreement from Stone Energy, L.L.C. to allow production from the well prior to the Operating Agreement being in place.
5. A request by Staff to negotiate an Operating Agreement with Pedernales Production, LP affecting former State Lease No. 374, St. Gabriel Field, Pontchatrain No. 1 Well, Serial No. 40642 and that the acreage in question be deemed unavailable for leasing while negotiations are ongoing for a period not to exceed the date of the third Mineral and Energy Board Meeting after the Board has authorized negotiations.
6. A request by Staff for adoption of a policy that any request for an extension of the primary term of a lease be made no earlier than ninety (90) days from the date of the State Mineral and Energy Board meeting on which such request will be acted on, it being within the State Mineral and Energy Board's discretion to act on requests outside of the policy on a case by case basis.
7. A request by Staff to correct/amend a Resolution adopted by the State Mineral and Energy Board on November 14, 2007 to correctly state that the Board grant approval, in principal, a compromise with Exxon Mobil on production in Little White Lake whereby the State is allocated 65% of production and ExxonMobil 35% of production from leases and areas in Little White Lake subject to drafting of acceptable language, proper advertisement, and final approval of an acceptable compromise document by the State Mineral Board. The original Resolution inadvertently stated that the Board grant approval "unprincipal".

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8. A request by JGC Energy Development (USA) Inc. for consideration of a waiver of payment of minimum royalties and allow escrow of funds attributable to acreage in title controversy for a period of ninety (90) days pending a compromise or the filing of a concursus proceeding as it is attributable to Unit Tracts 1, 2, 3, 11 and 12 and royalty provisions of State Lease Nos. 18010, 18897 and 19864.
9. A request by McMoRan Oil & Gas LLC for an additional ninety (90) day extension, to escrow, with interest, production attributable to a portion of State Lease No. 18614 waterbottoms in Section 20, Township 15 South, Range 9 East within the MA-7RD SUA, St. Mary Parish. McMoRan Oil & Gas LLC was granted a ninety (90) day extension commencing with October 1, 2009 at the October 14, 2009 Mineral and Energy Board Meeting, and this request is for an additional ninety (90) days to accomplish same.

The Committee may discuss other matters as it desires pursuant to La. R.S. 42:7(A)(1)(b)(ii), including matters which may validly be held in executive session pursuant to La. R. S. 42:6, especially 42:6(1)(A)(2)&(6).