

April 27, 2011

For Informational Purposes

**Memorandum to State Lease Operators**  
**Force Majeure**

The Hurricane season will be beginning June 1, 2011 and the Office of Mineral Resources would like to remind our lessees to be sure to review the State Mineral and Energy Board policy on force majeure. If there is a need to report a force majeure condition affecting your state lease, you will be prepared to move through the process quickly.

There is a "How-To" guide for reporting force majeure events on the Office of Mineral Resources' portion of the Department of Natural Resources website ([www.dnr.la.gov](http://www.dnr.la.gov)). The guide will instruct you what to submit and provides copies of the force majeure policy, the sample lease amendment, and spreadsheet to assist with reporting.

The short version goes like this:

1. Report all state leases that are shut-in as a result of the storms or for other circumstances described in your lease within 90 days of the event.
2. All leases that do not include the force majeure language need to be amended to include the current language. Copies of a sample lease amendment are on the website.
3. State leases containing force majeure language, but the cause of the damage, delay, or cessation of operations or production are not covered under the language in the lease, should be treated as if there is no force majeure language in the lease and the lessees/operator should begin the process of amending the lease to include the new force majeure clause.
4. Lessees/operators of leases with provisions to make shut-in and in-lieu royalty payments and a gas well(s) on or affecting the lease are required to make shut-in payments in a timely manner. However, the well must be qualified by the OMR staff prior to the beginning first payment period normally this is 90 days after the well is shut-in.
5. On the 1st of each calendar month please submit a monthly status report of all leases shut-in as a result of the force majeure conditions. These reports can be made by email to [Charles.Bradbury@la.gov](mailto:Charles.Bradbury@la.gov). As wells come back on production, you can submit the spreadsheet updated for the date production is restored.

Please contact me if you have any further questions.

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