

**TRACT 42519 - St. Mary Parish, Louisiana**

A portion of all lands located above the mean high water mark, together with lands now or formerly constituting the beds and bottoms of any water body of whatever description or nature belonging to the State of Louisiana which is now located within the boundaries of the Atchafalaya Delta Wildlife Management Area and not presently under mineral lease by the State of Louisiana on February 8, 2012, and more particularly located as follows: Beginning at a point having Coordinates of X = 1,942,860.00 and Y = 281,563.02; thence East 3,902.00 feet to the Northwest corner of State Lease No. 20525 having Coordinates of X = 1,946,762.00 and Y = 281,563.02; thence along the boundary of said State Lease No. 20525 the following courses: South 4,905.21 feet and East 5,316.80 feet to its Southeast corner having Coordinates of X = 1,952,078.80 and Y = 276,657.81; thence South 1,241.18 feet to a point on the boundary of State Lease No. 20367 having Coordinates of X = 1,952,078.80 and Y = 275,416.63; thence South 59 degrees 51 minutes 40 seconds West 1,825.60 feet along the boundary of said State Lease No. 20367 to its Westernmost corner, also being the Northeast corner of State Lease No. 20368 having Coordinates of X = 1,950,500.00 and Y = 274,500.00; thence South 59 degrees 51 minutes 40 seconds West 666.51 feet along the boundary of said State Lease No. 20368 to the Northernmost Northeast corner of State Lease No. 20529 having Coordinates of X = 1,949,923.60 and Y = 274,165.35; thence along the boundary of said State Lease No. 20529 the following courses: North 74 degrees 30 minutes 55 seconds West 1,337.34 feet; South 75 degrees 05 minutes 25 seconds West 890.66 feet and South 34 degrees 38 minutes 15 seconds West 1,780.71 feet to its Westernmost Northwest corner, also being the Northernmost corner of State Lease No. 20530 having Coordinates of X = 1,946,762.00 and Y = 272,828.12; thence along the boundary of said State Lease No. 20530 the following courses: South 34 degrees 38 minutes 15 seconds West 2,584.02 feet and South 17 degrees 23 minutes 50 seconds West 3,656.87 feet to its Southwest corner, also being the Northwest corner of State Lease No. 20531 having Coordinates of X = 1,944,199.91 and Y = 267,212.50; thence along the boundary of said State Lease No. 20531 the following courses: South 52 degrees 28 minutes 36 seconds West 1,872.89 feet and South 63 degrees 55 minutes 11 seconds West 1,343.22 feet to its Southwest corner, also being the Northernmost Northwest corner of State Lease No. 20534 having Coordinates of X = 1,941,508.06 and Y = 265,481.23; thence along the boundary of said State Lease No. 20534 the following courses: South 71 degrees 08 minutes 36 seconds West 1,112.28 feet and South 01 degrees 18 minutes 11 seconds West 1,574.63 feet to the Northeast corner of State Lease No. 20533 having Coordinates of X = 1,940,419.67 and Y = 263,547.52; thence along the boundary of said State Lease No. 20533 the following courses: North 57 degrees 44 minutes 07 seconds West 3,691.41 feet and North 89 degrees 59 minutes 59 seconds West 51.22 feet to its Northwest corner, also being a point on the East boundary of State Lease No. 340, as amended, having Coordinates of X = 1,937,247.04 and Y = 265,518.11; thence North 00 degrees 08 minutes 00 seconds East 6,361.90 feet along the boundary of said State Lease No. 340 to a point having Coordinates of X = 1,937,261.85 and Y = 271,880.00; thence East 3,368.15

feet to a point having Coordinates of X = 1,940,630.00 and Y = 271,880.00; thence North 4,320.00 feet to a point having Coordinates of X = 1,940,630.00 and Y = 276,200.00; thence East 2,230.00 feet to a point having Coordinates of X = 1,942,860.00 and Y = 276,200.00; thence North 5,363.02 feet to the point of beginning, containing approximately **2,488.72 acres**, all as more particularly outlined on a plat on file in the Office of Mineral Resources, Department of Natural Resources. All bearings, distances and coordinates are based on Louisiana Coordinate System of 1927, (South Zone).

NOTE: The above description of the Tract nominated for lease has been provided and corrected, where required, exclusively by the nomination party. Any mineral lease selected from this Tract and awarded by the Louisiana State Mineral and Energy Board shall be without warranty of any kind, either express, implied, or statutory, including, but not limited to, the implied warranties of merchantability and fitness for a particular purpose. Should the mineral lease awarded by the Louisiana State Mineral and Energy Board be subsequently modified, cancelled or abrogated due to the existence of conflicting leases, operating agreements, private claims or other future obligations or conditions which may affect all or any portion of the leased Tract, it shall not relieve the Lessee of the obligation to pay any bonus due thereon to the Louisiana State Mineral and Energy Board, nor shall the Louisiana State Mineral and Energy Board be obligated to refund any consideration paid by the Lessor prior to such modification, cancellation, or abrogation, including, but not limited to, bonuses, rentals and royalties.

NOTE: This tract is located in The Atchafalaya Delta WMA under the jurisdiction of the Louisiana Department of Wildlife and Fisheries which has promulgated rules and regulations for the protection of game and wildlife on the aforesaid Tract and, therefore, shall be subject to said rules and regulations, a copy of which shall be attached to the mineral lease. In addition to the specific rules and regulations applicable, the following shall apply regarding operations under this mineral lease:

1. No activities will be allowed without written authorization of the Louisiana Department of Wildlife and Fisheries.
2. Proposed projects will be evaluated on a case by case basis. Modifications to proposed project features including but not limited to access routes, spoil placement, well sites, flowlines and appurtenant structures may be required by the Department of Wildlife and Fisheries.
3. Compliance with the Atchafalaya Delta WMA regulations will be required unless otherwise specified by the Department of Wildlife and Fisheries.
4. Compensatory mitigation will be required to offset unavoidable wetland impacts.
5. Compensation and/or oyster seed ground surveys may be required by the Department for potential impacts to productive oyster seed grounds located within the management area.

6. Removal of all structures, facilities and equipment will be required within 120 days of abandonment unless otherwise agreed to in writing by the Department of Wildlife and Fisheries.

7. No activities will be allowed during the hunting season unless authorized by the Department.

8. This tract is located within the emerging Atchafalaya Delta. No activities will be allowed on emergent islands, sub aerial mudflats or vegetated wetlands. Drilling will be restricted to passes and open water bays. The Louisiana Department of Wildlife and Fisheries (LDWF) shall have discretion to determine access routes. In the event that LDWF approves of dredging for access LDWF shall have discretion to require hydraulic or spray dredging.

9. Prior to submitting applications for wetland permits to Federal and State permitting agencies the lease holder shall coordinate project details with the Department of Wildlife and Fisheries. Contact person for the Department will be Mike Windham at (504) 284-5268.

Additionally, the Department will require a minimum bonus of \$350.00 per acre and a minimum royalty of 25%.

NOTE: The above described tract may be in the vicinity of existing shell reefs where drilling and dredging operations must be conducted in strict conformity with the regulations adopted by the Louisiana Department of Wildlife and Fisheries and/or the U.S. Corps of Engineers, U.S. Army.

NOTE: The State of Louisiana does hereby reserve, and this lease shall be subject to, the imprescriptible right of surface use in the nature of a servitude in favor of the Department of Natural Resources, including its Offices and Commissions, for the sole purpose of implementing, constructing, servicing and maintaining approved coastal zone management and/or restoration projects. Utilization of any and all rights derived under this lease by the mineral lessee, its agents, successors or assigns, shall not interfere with nor hinder the reasonable surface use by the Department of Natural Resources, its Offices or Commissions, as herein above reserved.

NOTE: This tract is located in an area designated by the Louisiana Legislature or the Wildlife and Fisheries Commission as a Public Oyster Seed Ground, Reservation, or area of Calcasieu or Sabine Lake. Proposed projects occurring in these areas will be evaluated on a case by case basis by Louisiana Department of Wildlife & Fisheries. Modifications to proposed project features including, but not limited to, access routes, well sites, flowlines, and appurtenant structures maybe required by the Louisiana Department of Wildlife and Fisheries. In addition, compensatory mitigation will be required to offset unavoidable habitat impacts.

Applicant: KARE-SUE ENERGY, INC.

Bidder	Cash Payment	Price/Acre	Rental	Oil	Gas	Other

