

TRACT 42777 - Jefferson Parish, Louisiana

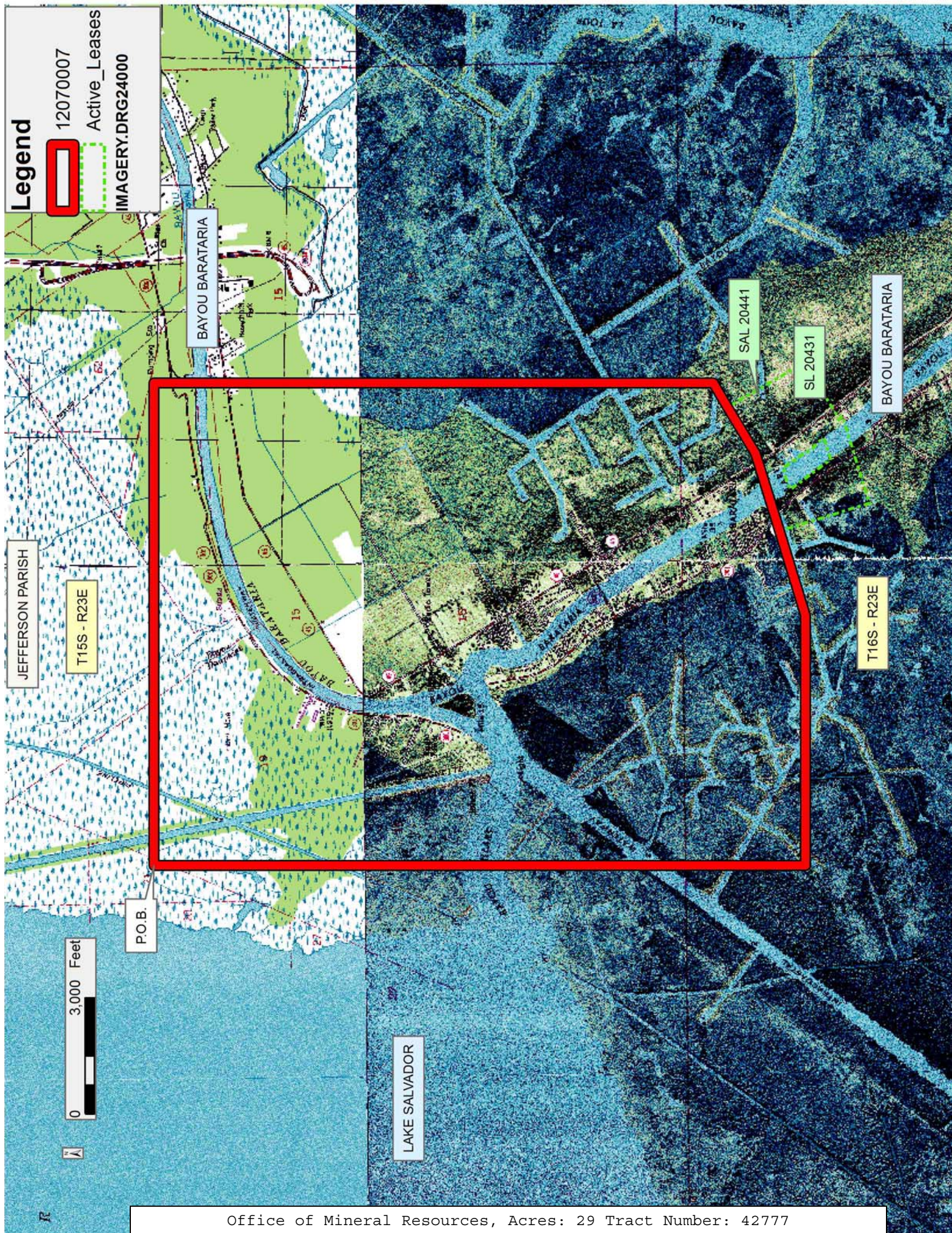
A certain Tract of land, excluding the beds and bottoms of all navigable waters, belonging to and not presently under mineral lease from Louisiana Department Of Transportation And Development on July 11, 2012, being more fully described as follows: All of the mineral rights, title and interest in any lands, highways, right of ways and roads located within the following Geological Area: Beginning at a point having Coordinates of X = 2,375,672.00 and Y = 401,324.00; thence East 12,445.00 feet to a point having Coordinates of X = 2,388,117.00 and Y = 401,324.00; thence South 14,419.00 feet to a point having Coordinates of X = 2,388,117.00 and Y = 386,905.00; thence South 59 degrees 01 minutes 57 seconds West 728.98 feet to the Northeast corner of State Agency Lease No. 20441 having Coordinates of X = 2,387,491.93 and Y = 386,529.90; thence along the boundary of said State Agency Lease No. 20441 the following courses: South 59 degrees 01 minutes 51 seconds West 1,395.82 feet and South 72 degrees 49 minutes 36 seconds West 2,091.95 feet to its Northwest corner having Coordinates of X = 2,384,296.42 and Y = 385,193.97; thence South 72 degrees 49 minutes 26 seconds West 2,295.80 feet to a point having Coordinates of X = 2,382,103.00 and Y = 384,516.00; thence West 6,431.00 feet to a point having Coordinates of X = 2,375,672.00 and Y = 384,516.00; thence North 16,808.00 feet to the point of beginning, and more particularly described as follows: All of Louisiana Highway No. 45 within the above described tract boundary, containing approximately **29 acres**, all as more particularly outlined on a plat on file in the Office of Mineral Resources, Department of Natural Resources. The description is based on information provided by the State Agency regarding location and ownership of surface and mineral rights. All bearings, distances and coordinates, if applicable, are based on Louisiana Coordinate System of 1927, (North or 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: No surface operations will be performed on the property.

Applicant: IHDW ENERGY COMPANY to Agency and by Resolution from the Louisiana Department Of Transportation And Development authorizing the Mineral Board to act in its behalf

Bidder	Cash Payment	Price/ Acre	Rental	Oil	Gas	Other



TRACT 42778 - Lafourche and Terrebonne Parishes, Louisiana

A certain Tract of land, excluding the beds and bottoms of all navigable waters, belonging to and not presently under mineral lease from LSU Board Of Supervisors on July 11, 2012, being more fully described as follows: A certain tract of land located in Sections 2, 3, 4, 5, 6, and 69, Township 16 South, Range 15 East, Terrebonne Parish, Louisiana being more particularly described as follows: Parcel 1: An undivided 3.5415% interest in all that portion of Section 69 lying West of State Agency Lease No. 20810 containing approximately 170.59 gross acres or 6.04 net acres, more or less Parcel 2: An undivided 1.0000% interest in the Rear Half of the West Half of Section 2 containing approximately 40.00 gross acres or 0.40 net acres, more or less Parcel 3: An undivided 1.0000% interest in all that portion of Section 3 lying North of a line drawn at a right angle to the East boundary thereof at a point 15 arpents from Bayou Chacahoula, less the East arpent, containing approximately 112.22 gross acres or 1.1222 net acres, more or less Parcel 4: An undivided 1.0000% interest in the Rear Half of Section 4, containing approximately 81.44 gross acres or 0.8144 net acres, more or less Parcel 5: An undivided 1.0000% interest in the Rear Half of Section 5, containing approximately 100.22 gross acres or 1.0022 net acres, more or less Parcel 6: An undivided 1.0000% interest in a certain tract of land measuring Two and a quarter arpents wide by a depth of 15 arpents more or less to the back lines of Sections 5 and 6, containing approximately 20.00 gross acres or 0.20 net acres, more or less All of the above described parcels contain in the aggregate 524.47 gross acres and approximately **9.5788 net acres**, all as more particularly outlined on a plat on file in the Office of Mineral Resources, Department of Natural Resources. The description is based on information provided by the State Agency regarding location and ownership of surface and mineral rights. All bearings, distances and coordinates, if applicable, are based on Louisiana Coordinate System of 1927, (North or 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 lease shall be subject to the following terms and conditions:

In the event of conflict between the terms of the lease or the rider attached to such lease, said following provisions shall control over any of the printed provisions appearing in said lease or said rider.

(1) It is distinctly understood and agreed that the lands comprising the leased premises are being used and have been used for many years as an agricultural research station and/or for purposes of an educational institution and that in the drilling of wells and the production thereof and conducting operations hereunder, LESSEE shall not affect the use of said lands for such purposes. LESSEE shall comply with the following:

- (a) Notwithstanding any other provisions hereof, the LESSOR's approval, in writing and recorded in the records of the clerk of court for the parish in which the leased premise is located, is required as to the time, place and type of operations, if any, to be allowed on the surface of the leased premises, or within 4000 feet below the surface, and such decision by the LESSOR shall be final and conclusive.
- (b) LESSEE shall conduct all operations on the property to occupy as little surface area as is reasonably necessary and to cause the least damage, interference or inconvenience to LESSOR and LESSOR's present and future tenants.
- (c) Not more than one battery of tanks shall be placed on the leased premises.
- (d) No building or structures shall be placed on said leased premises except such as are absolutely necessary for the production of the named minerals, and LESSEE must obtain LESSOR's written consent prior to construction of permanent buildings or structures.
- (e) No well shall be drilled within two hundred feet (200') of any residence, water well, barn or other building on said land without LESSOR's written consent.
- (f) LESSEE shall have no right to construct pipelines or use roads across the leased premises unless the leased premises participates in the production carried through such pipelines or participates in production from each well serviced by such roads.
- (g) Prior to building any roads on the leased premises, LESSEE shall give LESSOR thirty (30) days written notice. Said notice, shall be accompanied by a plat showing the proposed location. Any existing all weather road (shell, limestone or gravel) on the premises used in exploration, shall be shelled with one inch (1") of clam shell or crushed rock, two inches (2") of reef shell, or a comparable amount of limestone, prior to the

commencement of operations so as to maintain the integrity of the roadbed with the use of heavy oil field equipment. Roads must be maintained to this standard as needed. Any dirt road following field boundaries or other permanent field dirt roads must be used rather than constructing new roads. Dirt roads used must be shelled with three inches (3") of reef shell or three inches (3") of clam shell or crushed rock, or a comparable amount of limestone, so as to make them all weather and permanent. Upon LESSOR's demand, LESSEE shall build, at its sole expense, permanent roads to each producing location on the property. Such roads shall be properly ditched, and bridged for drainage, follow existing roads to the extent possible, and trace section and field boundaries where possible. Should such roads cross fence lines, LESSEE shall build permanent cattle guards and install corner posts and swinging gates. LESSEE shall maintain complete enclosure at all times where fences exist, especially to maintain security of LESSOR's forests, cattle and crops. LESSEE shall immediately restore all fences cut or altered by reason of its operations. All fences repaired shall be maintained at existing tension or stronger. All wood posts installed by LESSEE shall be Evr-wood or equal, not less than six inches in diameter and eight feet in length. All wood fence braces placed by LESSEE shall consist of at least two pieces of two by six inch Evr-wood or equal lumber. Vehicular equipment utilized by LESSEE shall not traverse the property during wet conditions except over all weather roads.

- (h) LESSEE shall at its sole expense construct permanent fencing to enclose pumping units, reserve pits, tank batteries and machinery.
- (i) LESSEE shall give thirty (30) days notice prior to conducting any operations, including, but not limited to, the building of roads, pits and drill sites on the property which will necessitate the cutting of timber or the disturbing of crops, livestock or other experiments, educational activities, or research. The notice will be in writing and will be accompanied by a plat or map, showing the proposed location of such operations.
- (j) LESSEE shall not, without the express written approval of LESSOR, use, employ or construct earthen pits as part of its operations on the lands held hereunder.
- (k) All pits and other excavations, including canals and ditches, if allowed on the premises, when no longer required, shall be emptied of sludge and other contents, which shall be disposed of off of the leased premises, and shall be filled, tamped and leveled as required by LESSOR.
- (l) LESSEE, shall bury and maintain all pipe installed on the property to a depth of at least forty-eight inches (48")

measured from the land's normal existing surface to the top of the pipe, it being contemplated that this depth will permit safe movement of heavy equipment and plowing and leveling operations over the pipe. All topsoil must be placed on top of the clay when backfilling ditches so as to keep the integrity of the surface the same as before ditching. Should soil consistency or ground conditions indicate a deeper installation depth for safe movement of equipment and plowing, then LESSEE shall install and maintain the pipe at a greater depth so the pipe and equipment are protected. Should the pipe traverse drainage canals, drainage ditches, irrigation canals or bayous, LESSEE shall bury and maintain the pipe at these locations so that the top of the pipe shall be not less than sixty inches (60") below the bottom of the canals, ditches or bayous. Under no circumstances will LESSEE impede drainage or irrigation of the property. LESSEE shall not construct canals or ditches without LESSOR's prior written approval. LESSOR shall have the right to compel LESSEE to construct bulkheads, plugs, dams and other structures required to regulate effectively the flow of water in each ditch, canal confluence and intersection constructed by LESSEE. All these structures shall be installed and maintained by LESSEE at its expense.

- (m) The ground around the wells and all installations shall be kept free of trash and debris and kept in as good condition as the surrounding terrain.
- (n) In all disputes involving discharge of oil, saltwater or other noxious substances on the property, LESSEE shall bear the burden of proving these substances did not originate from its operations and that the presence of such substances did not damage the leased premises or LESSOR's other property. LESSEE shall not store saltwater on the surface except in fiberglass or steel tankage on a temporary basis. Injection below all fresh water sands or disposing of saltwater off of the leased premises shall be the sole permissible method of saltwater disposal. Only saltwater from the leased premises may be injected in injection wells on the leased premises. LESSEE shall not discharge other noxious substances onto or under the property.
- (o) Within ninety (90) days after the completion or abandonment of each well, the land surrounding that well (the surface of which may have been disturbed by the operations hereunder) shall be restored by LESSEE to as close as reasonably possible its condition prior to being so disturbed without regard to wear and tear or custom in the industry. Any equipment, machinery, buildings, fences, or other items placed on the property by LESSEE shall be removed if so required by LESSOR within the time period allotted herein. If LESSEE fails to fulfill these obligations after demand has been made to do so, LESSOR may have

the necessary work done to accomplish this at LESSEE's expense, even if this lease has otherwise terminated. Should LESSOR be required to legally enforce its rights under this paragraph and, as a result, LESSEE be held responsible for restoration costs, LESSOR shall be entitled to recover its costs and expenses of such enforcement and reasonable attorney's fees from LESSEE.

- (P) (1) Following abandonment of exploration or drilling operations, or termination of production or plugging and remediation activities, LESSEE shall notify LESSOR in writing of the existence of any roads on the leased premises which are no longer required for its operations, and LESSEE shall remove all roads it may have constructed incident to the operations on the leased premises which have been terminated, unless LESSOR gives LESSEE written notice to leave the roads in good condition and intact. In the event of removal in accordance with the preceding sentence, LESSEE shall restore the areas underlying the roads as close as reasonably possible to their original condition, without regard to wear and tear or the custom in the industry, and shall apply sufficient fertilizer, soil dressing and seed to restore vegetation, and provide adequate drainage.
- (2) Upon termination of this lease, or portion thereof upon which pipelines are located, LESSEE shall notify LESSOR in writing that pipelines exist on the leased premises and request authority to remove them, which is required if LESSOR so requires. LESSEE shall not have the right to remove the pipelines if LESSOR requests that they stay.
- (3) If LESSOR determines that the pipelines are not to be removed, LESSOR shall notify LESSEE in writing, and LESSEE shall flush all pipelines, fill them with water and cap the ends to a permanent seal.
- (4) LESSOR shall have the right to retain all of the fresh water wells drilled by LESSEE on the property and the related pumps, upon paying the salvage value of the equipment in and on the well, less the cost of salvage.
- (5) LESSEE, at its cost, shall remove all mud and chemicals from the premises upon cessation of drilling operations, backfill all pits and ditches, as previously provided, fertilize and otherwise restore the soils fertility level in the area upon which it conducted operations, and fully restore the property to as close as reasonably possible its condition prior to LESSEE's operations, without regard to wear and tear or the custom in the industry.
- (q) LESSEE shall furnish bond as may be required at any time or times by LESSOR, or such other security in lieu thereof as may be acceptable to LESSOR, conditioned upon faithful performance of the obligations set forth in this lease.

(2) On behalf of itself, its agents, employees, successors, sub lessees, transferees and assigns, LESSEE shall defend, indemnify, and hold harmless LESSOR from: (1) any and all liabilities (including strict liability), actions, suits, demands, penalties, or losses (including, without limitation, claims for property damages, property value diminution, personal injuries, remedial costs, natural resource damages, restoration costs, and non-compliance penalties); (2) costs or expenses (including without limitation, court costs, administrative appeal costs, and attorneys' fees); (3) costs of any settlement or judgment regarding any of the foregoing; and, (4) any other claims of any and every kind whatsoever; each of the above obligations being in force and effect regardless of how the liability is caused or occurs, including liability resulting from the sole or concurrent negligence of LESSOR, LESSEE or other parties and including liability arising under theories other than negligence; said liabilities including without limitation liability for injuries or death to persons or damage to property, either belonging to LESSOR or to others, which may now or in the future (whether during or after the term of this Lease) be paid, incurred, suffered by, or asserted against LESSOR by any person or entity or governmental agency for, with respect to, or as a direct or indirect result of this Lease or any obligation, operation, activity, action or inaction of LESSEE hereunder, including without limitation any of such arising or in connection with any exploration, drilling, equipping, completing, testing, producing, transporting, plugging, or abandoning of any well or wells on the leased premises or on acreage pooled or unitized therewith or arising out of or in connection with: (1) the presence on or under the leased premises; or (2) the escape, seepage, leakage, spillage, emission, or discharge, onto or off the leased premises; or (3) the exposure of any person; of or to, any substance, waste, or material defined in or regulated by any environmental law, rule or regulation, or any condition of the leased premises which would concern the applicability of any environmental law, rule or regulation. The indemnity provided in this paragraph shall inure, by stipulation pour autrui, to the benefit of agents, employees, and servants of LESSOR, and anyone of them may exercise this right of indemnity against LESSEE independently or LESSOR or of others.

(3) Notwithstanding any other provisions contained herein, after the expiration of the primary term, production on the leased premises, or lands pooled with any portion thereof, shall maintain this lease in force only as to a depth of 100' feet below the deepest formation tested by a well on the leased premises or on a unit including a portion of the leased premises. At the expiration of the primary term, this lease shall then terminate as to all depths below said depth; but as to the leased premises above said depth the lease shall be maintained in accordance with the other provisions hereof.

(4) Competent engineering and scientific evidence shall be admissible and sufficient in any proceeding to establish the extent of LESSOR's injury and the measure of the award for damages arising from a breach of

this lease.

(5) LESSOR or LESSOR's representative, at their respective risk, shall be entitled at all reasonable times, to inspect meters, or run its own independent tests to monitor or to determine production, or witness these operations conducted by LESSEE.

(6) After production of oil or gas is secured from the leased premises, or lands unitized therewith, LESSEE shall, on LESSOR's written request, furnish or cause to be furnished on a monthly basis to LESSOR, flow charts and a copy of the Office of Conservation OGP Reports, R-5-D, DM-IR and DT-I reports or successor reports showing production from any well from which LESSOR receives royalties under the terms of this lease.

(7) If, in the event of production, a division order is circulated by LESSEE or by a purchaser of production, such division order will be a simple statement of interest containing no warranty or indemnity clauses and containing no clauses modifying in any way the terms of this lease. The insertion of any such clause will be of no force and effect.

(8) It is agreed and understood that LESSEE shall not assign this lease or execute a sublease without the written consent of LESSOR, and said consent shall only be valid upon approval of the assignment or sublease by resolution of the Louisiana State University Board of Supervisors. Further, such assignment, sublease or transfer shall not relieve the assignor, sublessor or transferor of obligations or liabilities under this lease, past, present or future, unless the LESSOR has discharged him expressly and in writing.

(9) LESSEE, on request, shall furnish LESSOR with a copy of the abstract of title, survey, title opinion and map showing pipelines in regard to the leased premises.

(10) In paragraph 6(a) of the printed State Agency Lease herein, wherever the word "average" appears, the word "highest" shall be substituted.

(11) In paragraph 6(b) of the printed State Agency Lease herein, wherever the word "average" appears, the word "highest" shall be substituted.

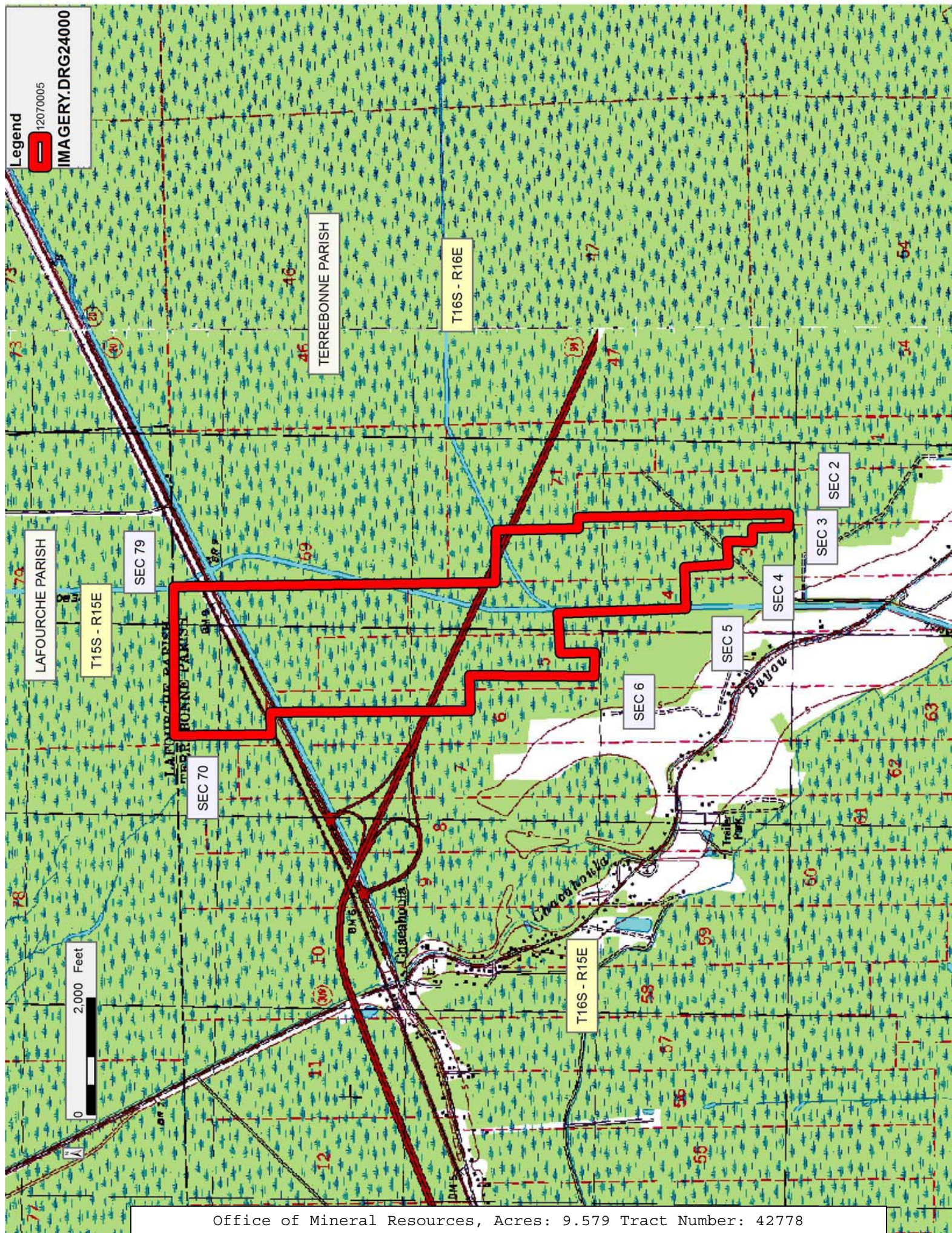
(12) Paragraph 13 of the printed form of the lease is omitted.

(13) In order for this lease to be valid, LESSEE shall be registered with the Office of Mineral Resources, State of Louisiana and if LESSEE is an entity which can register with the Secretary of State, State of Louisiana, LESSEE shall provide to LESSOR a certificate of good standing from the Secretary of State, State of Louisiana, within sixty (60) days after the execution of this lease. Approval of assignments shall be contingent upon the providing of such certificates for each assignee.

(14) Notwithstanding anything to the contrary contained herein, this lease shall not grant LESSEE the right to explore for, drill for, or produce geothermal resources as defined by La. R.S. 30:801.

Applicant: THEOPHILUS OIL, GAS & LAND SERVICES, LLC to Agency and by Resolution from the Lsu Board Of Supervisors authorizing the Mineral Board to act in its behalf

Bidder	Cash Payment	Price/ Acre	Rental	Oil	Gas	Other



TRACT 42779 - Terrebonne Parish, Louisiana

A certain Tract of land, excluding the beds and bottoms of all navigable waters, belonging to and not presently under mineral lease from LSU Board Of Supervisors on July 11, 2012, being more fully described as follows: A certain tract of land located in Sections 60, 61, and 62, Township 16 South, Range 15 East, Terrebonne Parish, Louisiana being more particularly described as follows: Parcel 1: An undivided 1.0000% interest in the fractional part of the Rear portion of Section 60, containing approximately 84.60 gross acres or 0.8460 net acres, more or less Parcel 2: An undivided 1.0000% interest in the fractional part of the Rear portion of Section 61, containing approximately 106.55 gross acres or 1.0655 net acres, more or less Parcel 3: An undivided 1.0000% interest in the fractional part of the Rear portion of Section 62, containing approximately 41.64 gross acres or 0.4164 net acres, more or less All of the above described parcels contain in the aggregate 232.79 gross acres and approximately **2.3279 net acres**, all as more particularly outlined on a plat on file in the Office of Mineral Resources, Department of Natural Resources. The description is based on information provided by the State Agency regarding location and ownership of surface and mineral rights. All bearings, distances and coordinates, if applicable, are based on Louisiana Coordinate System of 1927, (North or 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 lease shall be subject to the following terms and conditions:

In the event of conflict between the terms of the lease or the rider attached to such lease, said following provisions shall control over any of the printed provisions appearing in said lease or said rider.

(1) It is distinctly understood and agreed that the lands comprising the leased premises are being used and have been used for many years as an agricultural research station and/or for purposes of an educational institution and that in the drilling of wells and the

production thereof and conducting operations hereunder, LESSEE shall not affect the use of said lands for such purposes. LESSEE shall comply with the following:

- (a) Notwithstanding any other provisions hereof, the LESSOR's approval, in writing and recorded in the records of the clerk of court for the parish in which the leased premise is located, is required as to the time, place and type of operations, if any, to be allowed on the surface of the leased premises, or within 4000 feet below the surface, and such decision by the LESSOR shall be final and conclusive.
- (b) LESSEE shall conduct all operations on the property to occupy as little surface area as is reasonably necessary and to cause the least damage, interference or inconvenience to LESSOR and LESSOR's present and future tenants.
- (c) Not more than one battery of tanks shall be placed on the leased premises.
- (d) No building or structures shall be placed on said leased premises except such as are absolutely necessary for the production of the named minerals, and LESSEE must obtain LESSOR's written consent prior to construction of permanent buildings or structures.
- (e) No well shall be drilled within two hundred feet (200') of any residence, water well, barn or other building on said land without LESSOR's written consent.
- (f) LESSEE shall have no right to construct pipelines or use roads across the leased premises unless the leased premises participates in the production carried through such pipelines or participates in production from each well serviced by such roads.
- (g) Prior to building any roads on the leased premises, LESSEE shall give LESSOR thirty (30) days written notice. Said notice, shall be accompanied by a plat showing the proposed location. Any existing all weather road (shell, limestone or gravel) on the premises used in exploration, shall be shelled with one inch (1") of clam shell or crushed rock, two inches (2") of reef shell, or a comparable amount of limestone, prior to the commencement of operations so as to maintain the integrity of the roadbed with the use of heavy oil field equipment. Roads must be maintained to this standard as needed. Any dirt road following field boundaries or other permanent field dirt roads must be used rather than constructing new roads. Dirt roads used must be shelled with three inches (3") of reef shell or three inches (3") of clam shell or crushed rock, or a comparable amount of limestone, so as to make them all weather and permanent. Upon LESSOR's demand, LESSEE shall build, at its sole expense, permanent roads to each producing location on the

property. Such roads shall be properly ditched, and bridged for drainage, follow existing roads to the extent possible, and trace section and field boundaries where possible. Should such roads cross fence lines, LESSEE shall build permanent cattle guards and install corner posts and swinging gates. LESSEE shall maintain complete enclosure at all times where fences exist, especially to maintain security of LESSOR's forests, cattle and crops. LESSEE shall immediately restore all fences cut or altered by reason of its operations. All fences repaired shall be maintained at existing tension or stronger. All wood posts installed by LESSEE shall be Evr-wood or equal, not less than six inches in diameter and eight feet in length. All wood fence braces placed by LESSEE shall consist of at least two pieces of two by six inch Evr-wood or equal lumber. Vehicular equipment utilized by LESSEE shall not traverse the property during wet conditions except over all weather roads.

- (h) LESSEE shall at its sole expense construct permanent fencing to enclose pumping units, reserve pits, tank batteries and machinery.
- (i) LESSEE shall give thirty (30) days notice prior to conducting any operations, including, but not limited to, the building of roads, pits and drill sites on the property which will necessitate the cutting of timber or the disturbing of crops, livestock or other experiments, educational activities, or research. The notice will be in writing and will be accompanied by a plat or map, showing the proposed location of such operations.
- (j) LESSEE shall not, without the express written approval of LESSOR, use, employ or construct earthen pits as part of its operations on the lands held hereunder.
- (k) All pits and other excavations, including canals and ditches, if allowed on the premises, when no longer required, shall be emptied of sludge and other contents, which shall be disposed of off of the leased premises, and shall be filled, tamped and leveled as required by LESSOR.
- (l) LESSEE, shall bury and maintain all pipe installed on the property to a depth of at least forty-eight inches (48") measured from the land's normal existing surface to the top of the pipe, it being contemplated that this depth will permit safe movement of heavy equipment and plowing and leveling operations over the pipe. All topsoil must be placed on top of the clay when backfilling ditches so as to keep the integrity of the surface the same as before ditching. Should soil consistency or ground conditions indicate a deeper installation depth for safe movement of equipment and plowing, then LESSEE shall install and maintain the pipe at a greater depth so the pipe and equipment are protected. Should the pipe traverse drainage canals,

drainage ditches, irrigation canals or bayous, LESSEE shall bury and maintain the pipe at these locations so that the top of the pipe shall be not less than sixty inches (60") below the bottom of the canals, ditches or bayous. Under no circumstances will LESSEE impede drainage or irrigation of the property. LESSEE shall not construct canals or ditches without LESSOR's prior written approval. LESSOR shall have the right to compel LESSEE to construct bulkheads, plugs, dams and other structures required to regulate effectively the flow of water in each ditch, canal confluence and intersection constructed by LESSEE. All these structures shall be installed and maintained by LESSEE at its expense.

- (m) The ground around the wells and all installations shall be kept free of trash and debris and kept in as good condition as the surrounding terrain.
- (n) In all disputes involving discharge of oil, saltwater or other noxious substances on the property, LESSEE shall bear the burden of proving these substances did not originate from its operations and that the presence of such substances did not damage the leased premises or LESSOR's other property. LESSEE shall not store saltwater on the surface except in fiberglass or steel tankage on a temporary basis. Injection below all fresh water sands or disposing of saltwater off of the leased premises shall be the sole permissible method of saltwater disposal. Only saltwater from the leased premises may be injected in injection wells on the leased premises. LESSEE shall not discharge other noxious substances onto or under the property.
- (o) Within ninety (90) days after the completion or abandonment of each well, the land surrounding that well (the surface of which may have been disturbed by the operations hereunder) shall be restored by LESSEE to as close as reasonably possible its condition prior to being so disturbed without regard to wear and tear or custom in the industry. Any equipment, machinery, buildings, fences, or other items placed on the property by LESSEE shall be removed if so required by LESSOR within the time period allotted herein. If LESSEE fails to fulfill these obligations after demand has been made to do so, LESSOR may have the necessary work done to accomplish this at LESSEE's expense, even if this lease has otherwise terminated. Should LESSOR be required to legally enforce its rights under this paragraph and, as a result, LESSEE be held responsible for restoration costs, LESSOR shall be entitled to recover its costs and expenses of such enforcement and reasonable attorney's fees from LESSEE.
- (P) (1) Following abandonment of exploration or drilling operations, or termination of production or plugging and remediation activities, LESSEE shall notify LESSOR in writing of the existence of any roads on the leased premises which are no

longer required for its operations, and LESSEE shall remove all roads it may have constructed incident to the operations on the leased premises which have been terminated, unless LESSOR gives LESSEE written notice to leave the roads in good condition and intact. In the event of removal in accordance with the preceding sentence, LESSEE shall restore the areas underlying the roads as close as reasonably possible to their original condition, without regard to wear and tear or the custom in the industry, and shall apply sufficient fertilizer, soil dressing and seed to restore vegetation, and provide adequate drainage.

- (2) Upon termination of this lease, or portion thereof upon which pipelines are located, LESSEE shall notify LESSOR in writing that pipelines exist on the leased premises and request authority to remove them, which is required if LESSOR so requires. LESSEE shall not have the right to remove the pipelines if LESSOR requests that they stay.
- (3) If LESSOR determines that the pipelines are not to be removed, LESSOR shall notify LESSEE in writing, and LESSEE shall flush all pipelines, fill them with water and cap the ends to a permanent seal.
- (4) LESSOR shall have the right to retain all of the fresh water wells drilled by LESSEE on the property and the related pumps, upon paying the salvage value of the equipment in and on the well, less the cost of salvage.
- (5) LESSEE, at its cost, shall remove all mud and chemicals from the premises upon cessation of drilling operations, backfill all pits and ditches, as previously provided, fertilize and otherwise restore the soils fertility level in the area upon which it conducted operations, and fully restore the property to as close as reasonably possible its condition prior to LESSEE's operations, without regard to wear and tear or the custom in the industry.
- (q) LESSEE shall furnish bond as may be required at any time or times by LESSOR, or such other security in lieu thereof as may be acceptable to LESSOR, conditioned upon faithful performance of the obligations set forth in this lease.

(2) On behalf of itself, its agents, employees, successors, sub lessees, transferees and assigns, LESSEE shall defend, indemnify, and hold harmless LESSOR from: (1) any and all liabilities (including strict liability), actions, suits, demands, penalties, or losses (including, without limitation, claims for property damages, property value diminution, personal injuries, remedial costs, natural resource damages, restoration costs, and non-compliance penalties); (2) costs or expenses (including without limitation, court costs, administrative appeal costs, and attorneys' fees); (3) costs of any settlement or judgment regarding

any of the foregoing; and, (4) any other claims of any and every kind whatsoever; each of the above obligations being in force and effect regardless of how the liability is caused or occurs, including liability resulting from the sole or concurrent negligence of LESSOR, LESSEE or other parties and including liability arising under theories other than negligence; said liabilities including without limitation liability for injuries or death to persons or damage to property, either belonging to LESSOR or to others, which may now or in the future (whether during or after the term of this Lease) be paid, incurred, suffered by, or asserted against LESSOR by any person or entity or governmental agency for, with respect to, or as a direct or indirect result of this Lease or any obligation, operation, activity, action or inaction of LESSEE hereunder, including without limitation any of such arising or in connection with any exploration, drilling, equipping, completing, testing, producing, transporting, plugging, or abandoning of any well or wells on the leased premises or on acreage pooled or unitized therewith or arising out of or in connection with: (1) the presence on or under the leased premises; or (2) the escape, seepage, leakage, spillage, emission, or discharge, onto or off the leased premises; or (3) the exposure of any person; of or to, any substance, waste, or material defined in or regulated by any environmental law, rule or regulation, or any condition of the leased premises which would concern the applicability of any environmental law, rule or regulation. The indemnity provided in this paragraph shall inure, by stipulation pour autrui, to the benefit of agents, employees, and servants of LESSOR, and anyone of them may exercise this right of indemnity against LESSEE independently or LESSOR or of others.

(3) Notwithstanding any other provisions contained herein, after the expiration of the primary term, production on the leased premises, or lands pooled with any portion thereof, shall maintain this lease in force only as to a depth of 100'feet below the deepest formation tested by a well on the leased premises or on a unit including a portion of the leased premises. At the expiration of the primary term, this lease shall then terminate as to all depths below said depth; but as to the leased premises above said depth the lease shall be maintained in accordance with the other provisions hereof.

(4) Competent engineering and scientific evidence shall be admissible and sufficient in any proceeding to establish the extent of LESSOR's injury and the measure of the award for damages arising from a breach of this lease.

(5) LESSOR or LESSOR's representative, at their respective risk, shall be entitled at all reasonable times, to inspect meters, or run its own independent tests to monitor or to determine production, or witness these operations conducted by LESSEE.

(6) After production of oil or gas is secured from the leased premises, or lands unitized therewith, LESSEE shall, on LESSOR's written request, furnish or cause to be furnished on a monthly basis to LESSOR, flow charts and a copy of the Office of Conservation OGP Reports, R-5-D,

DM-IR and DT-I reports or successor reports showing production from any well from which LESSOR receives royalties under the terms of this lease.

(7) If, in the event of production, a division order is circulated by LESSEE or by a purchaser of production, such division order will be a simple statement of interest containing no warranty or indemnity clauses and containing no clauses modifying in any way the terms of this lease. The insertion of any such clause will be of no force and effect.

(8) It is agreed and understood that LESSEE shall not assign this lease or execute a sublease without the written consent of LESSOR, and said consent shall only be valid upon approval of the assignment or sublease by resolution of the Louisiana State University Board of Supervisors. Further, such assignment, sublease or transfer shall not relieve the assignor, sublessor or transferor of obligations or liabilities under this lease, past, present or future, unless the LESSOR has discharged him expressly and in writing.

(9) LESSEE, on request, shall furnish LESSOR with a copy of the abstract of title, survey, title opinion and map showing pipelines in regard to the leased premises.

(10) In paragraph 6(a) of the printed State Agency Lease herein, wherever the word "average" appears, the word "highest" shall be substituted.

(11) In paragraph 6(b) of the printed State Agency Lease herein, wherever the word "average" appears, the word "highest" shall be substituted.

(12) Paragraph 13 of the printed form of the lease is omitted.

(13) In order for this lease to be valid, LESSEE shall be registered with the Office of Mineral Resources, State of Louisiana and if LESSEE is an entity which can register with the Secretary of State, State of Louisiana, LESSEE shall provide to LESSOR a certificate of good standing from the Secretary of State, State of Louisiana, within sixty (60) days after the execution of this lease. Approval of assignments shall be contingent upon the providing of such certificates for each assignee.

(14) Notwithstanding anything to the contrary contained herein, this lease shall not grant LESSEE the right to explore for, drill for, or produce geothermal resources as defined by La. R.S. 30:801.

Applicant: THEOPHILUS OIL, GAS & LAND SERVICES, LLC to Agency and by Resolution from the Lsu Board Of Supervisors authorizing the Mineral Board to act in its behalf

Bidder	Cash Payment	Price/ Acre	Rental	Oil	Gas	Other

