

TR 33250
5 +/- ACS.
FEB., 2001

BM 3 RB SU A

T9S-R4E

T10S-R4E

P.O.B.
X=1,771,473.60
Y= 562,106.36

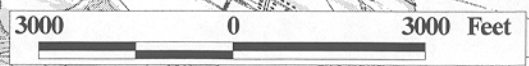
BOL MEX 3 RB SUB

SAL 16553

SAL 16554

SAL 16669

LAFAYETTE PARISH



TRACT 33251 - STATE AGENCY - St. Mary Parish, Louisiana

A certain tract of land belonging to and not under mineral lease from the St. Mary Parish School Board, on February 14, 2001, being more fully described as follows: All of Section 16, Township 17 South, Range 10 East, St. Mary Parish, Louisiana, excluding beds and bottoms of all navigable waters, containing approximately 605 acres, as shown outlined in red on a plat on file in the Office of Mineral Resources, Department of Natural Resources.

NOTE: The boundary description and plat for this tract as shown and as advertised were supplied by the nominating party and have not been checked for accuracy by the staff of the Office of Mineral Resources. Anything which may affect the acreage, the shape or the location of the tract, such as non-closure of or incorrect X, Y coordinates or title disputed acreage, or which may affect the status of the tract for leasing, such as overlap of prior leases or nominated tracts, or which may affect potential operations on leases taken, such as inclusion in areas under the jurisdiction of the Department of Wildlife and Fisheries, will not be specifically determined unless and until a bid on this tract is accepted by the Mineral Board; which bid will be accepted on a per acre basis and which acceptance will be conditional upon such specific determinations being made. Once a bid is conditionally accepted by the Mineral Board, the staff will, within a period following the date of the lease sale, determine the acreage, shape and location of the potential lease area of the tract, the status for leasing of all or any portion thereof, and any conditions which may affect potential operations thereon. These determinations may render all or a portion of the bid area unleaseable or may increase or decrease the State claimed acreage such that the total bonus/rental ultimately required may either exceed the bonus/rental paid at the lease sale, which will require additional payment by the successful bidder, or allow the successful bidder a refund of excessive payment. The successful bidder will be notified of the determinations by the staff and given an opportunity to view the bid area acreage, configuration and location as it has been specifically determined. If all or a portion of the bid area is unleaseable due to overlap of an existing lease, the successful bidder will be given an opportunity to accept or reject a new lease on that portion of the bid area which is not unleaseable. If rejected, the bid and all monies accompanying the bid will be returned to the successful bidder and no lease will be issued. In all other cases a new lease will be issued and any additional per acre bonus/rental, 10% administration fee or \$10 and \$5 per acre fees due as a result of staff determination of more State acreage in the bid area than determined by the successful bidder will be paid prior to the lease being issued. A determination of less State acreage in the bid area will result in a return to the successful bidder of any overpayment.

NOTE: A royalty payment less than twenty-five percent (25%) for an oil, gas and/or other liquid or gaseous hydrocarbon mineral lease for the above mentioned parcel of land will not be acceptable to the St. Mary Parish School Board.

NOTE: The lease shall contain a Favored Nations Clause as follows: It is

understood and agreed that if Lessee(s) or its successor or assigns enters into and consummates an agreement to acquire, and does acquire, the oil and gas rights from owners or holders of a mineral interest in land exceeding ten (10) contiguous acres in area and located within one (1) mile of the external boundaries of this Lease during a period of time commencing 180 days prior to the date of this lease and ending (a) ninety (90) days after the completion of a producing well on the leased premises or within one mile of the external boundary of the leased premises, or (b) the end of the primary term, whichever occurs first (hereinafter "Third Party Lease"), then it is agreed that Lessor(s) herein shall be entitled to the same bonus, and/or rental and/or royalty as is paid to any other mineral owner under a Third Party Lease which is higher than the bonus, and/or rental and/or royalty (each to be compared individually and not collectively) paid or to be paid to the Lessor(s) in accordance with those terms contained in this Lease. It is the intent of this Favored Nations Clause to ensure and require that Lessor(s) receives a bonus and/or rental and/or royalty that is commensurate with the highest of any bonus, rental or royalty which is paid by Lessee or its successors under any Third Party Lease, irrespective of whether some or all of said terms of the Third Party Lease may be less favorable than those provided in the Lease. Rather, Lessor(s) may obtain the benefit of some or all of those terms under the Third Party Lease which Lessor(s), at its sole discretion, deems more favorable.

Within sixty (60) days of acquiring a Third Party Lease, Lessee shall notify Lessor(s) in writing of each such lease and the terms thereof. At the option of Lessor(s), Lessee shall have thirty (30) days after receipt of such notice within which to execute a lease amendment, retroactive to the date of this Lease, in which Lessor(s) and Lessee agree to any higher bonus and/or rental and/or royalty contained in a Third Party Lease. Lessee agrees to pay Lessor(s) any higher bonus and/or rental and/or royalty contained in a Third Party Lease. Lessee agrees to pay Lessor(s) any higher bonus and/or rental and/or royalty, retroactive to the date of this Lease, within thirty (30) days after the execution of the lease amendment, but in no event later than 45 days after Lessor(s) receipt of Lessee's notice of the Third Party Lease.

NOTE: The failure of the Lessee to submit to the Lessor(s), at the office of the Terrebonne Parish School Board, for approval, the document intended to transfer, sublease, or assign any right or obligation of the Lessee under this lease, within sixty (60) days after the effective date of any such transfer, sublease or assignment, shall subject the Lessee to pay to the Lessor(s) any damages the Lessor(s) may suffer, but in no event shall such damages be deemed to be less than \$100.00 per day for each day the Lessee fails to submit any such document to the Lessor(s) for approval.

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 hereinabove reserved.

Applicant: Louisiana Oil and Gas, Inc. to Agency and by Resolution of the St. Mary Parish School Board authorizing the Mineral Board to act in its behalf.

Bidder	Cash Payment	Price / Acre	Rental	Oil	Gas	Other



T17S-R10E

TR 33251
605 +/- ACS.
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ST. MARY PARISH

