

EXCLUSIVE GEOPHYSICAL AGREEMENT TRACT 37188 - Iberville and Ascension Parishes, Louisiana

The Exclusive Geophysical Agreement is a **Type #3**, and carries a maximum **Initial Term of eighteen (18) months**, with an **Option Term, if exercised by additional payment as specified in the agreement, of six (6) months**. The Exclusive Geophysical Agreement #3, shall be effective from **February 9, 2005** for a period terminating **August 9, 2006** unless the option period is activated by payment of the option payment amount set forth in the agreement, in which case the termination date shall be February 9, 2007, and which agreement authorizes the successful bidder to conduct at least 3-D geophysical operations on all state-owned water bottoms situated in **Iberville and Ascension Parishes**, which area is identified for convenience as **Tract No. 37188** and is more particularly described hereinafter, as follows: Beginning at a point having Coordinates of X = 2,044,804.04 and Y = 556,781.71, thence North 78 degrees 09 minutes 51 seconds East 13,144.36 feet to a point having Coordinates of X = 2,057,668.94 and Y = 559,477.73; thence South 73 degrees 53 minutes 15 seconds East 4,769.14 feet to a point having Coordinates of X = 2,062,250.74 and Y = 558,154.19; thence South 38 degrees 49 minutes 38 seconds East 3,715.07 feet to a point having Coordinates of X = 2,064,580.00 and Y = 555,260.00; thence South 5,240.00 feet to a point having Coordinates of X = 2,064,580.00 and Y = 550,020.00; thence South 50 degrees 40 minutes 26 seconds East 12,049.95 feet to a point having Coordinates of X = 2,073,901.24 and Y = 542,383.52; thence North 46 degrees 47 minutes 39 seconds East 5,312.30 feet to a point having Coordinates of X = 2,077,773.38 and Y = 546,020.43; thence South 85 degrees 25 minutes 08 seconds East 7,283.00 feet to a point having Coordinates of X = 2,085,033.11 and Y = 545,438.74; thence South 63 degrees 08 minutes 00 seconds East 7,699.82 feet to a point having Coordinates of X = 2,091,901.81 and Y = 541,959.07; thence South 34 degrees 21 minutes 20 seconds West 6,218.35 feet to a point having Coordinates of X = 2,088,392.63 and Y = 536,825.51; thence South 25 degrees 12 minutes 04 seconds West 1,369.86 feet to a point having Coordinates of X = 2,087,809.34 and Y = 535,586.03; thence South 16 degrees 41 minutes 07 seconds West 2,193.95 feet to a point having Coordinates of X = 2,087,179.43 and Y = 533,484.46; thence South 09 degrees 16 minutes 21 seconds West 2,714.94 feet to a point having Coordinates of X = 2,086,741.97 and Y = 530,804.99; thence South 00 degrees 33 minutes 42 seconds East 3,718.61 feet to a point having Coordinates of X = 2,086,778.43 and Y = 527,086.56; thence South 75 degrees 07 minutes 09 seconds West 7,686.60 feet to a point having Coordinates of X = 2,079,349.61 and Y = 525,112.58; thence South 89 degrees 00 minutes 42 seconds West 18,276.97 feet to a point having Coordinates of X = 2,061,075.36 and Y = 524,797.31; thence North 84 degrees 20 minutes 23 seconds West 10,876.21 feet to a point having Coordinates of X = 2,050,252.18 and Y = 525,870.05; thence North 00 degrees 26 minutes 29 seconds East 17,601.47 feet to a point having Coordinates of X = 2,050,387.78 and Y = 543,470.99; thence North 88 degrees 43 minutes 50 seconds West 5,585.11 feet to a point having Coordinates of X = 2,044,804.04 and Y = 543,594.74; thence North 13,186.97

feet to the point of beginning, **LESS AND EXCEPT** State Lease Nos. 14371 and 14721, State Agency Lease No.14720, and any other active State Leases or Operating Agreements within the nomination area, which nominated area included as State owned acreage those portions described hereinafter as Area 1 and Area 2, containing approximately **1334.28 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). The minimum bids which will be considered by the Mineral Board for the seismic survey portion of the agreement shall be **\$30.00 per acre** while the minimum bids considered by the Mineral Board for leases selected under the agreement shall be **\$250.00 per acre** bonus/rental and **25% royalty**. Successful bidder hereunder may select for lease up to the entire amount of presently unleased state-owned lands and water bottoms within the Tract for a primary term of **three (3) years** at the bid bonus/rental and royalty. All operations conducted under the agreement by the successful bidder, including leasing operations for leases selected thereunder, shall be conducted in accordance with policy of the State Mineral Board as enunciated in the agreement and which is on file in the Office of Mineral Resources. Copies of same may be obtained upon request.

Area 1: A portion of that certain 2000 acre tract of land (being an undivided 50% interest) in and to the land owned by and not under mineral lease from the State of Louisiana, situated in Sections 48, 51, 52, 53, 54, 55, 56, 82, Township 9 South, Range 1 East, S.E.D. of Louisiana, East of the Mississippi River, Iberville Parish, Louisiana, containing 1093 gross acres and 546.50 net acres, more or less.

Area 2: That portion of the Mississippi River that lies within the aforementioned outline, containing 787.78 acres, more or less.

A cashier's check, certified check or bank money order, payable to the **OFFICE OF MINERAL RESOURCES** for the full amount of cash consideration (but not less than **\$30.00 per acre**) offered for the Exclusive Geophysical Agreement #3 on said Tract shall accompany and be deposited with the bid. The State Mineral Board reserves the right to reject any and all bids.

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 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 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 Board, nor shall

the Louisiana State Mineral 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.

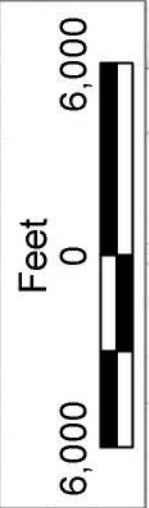
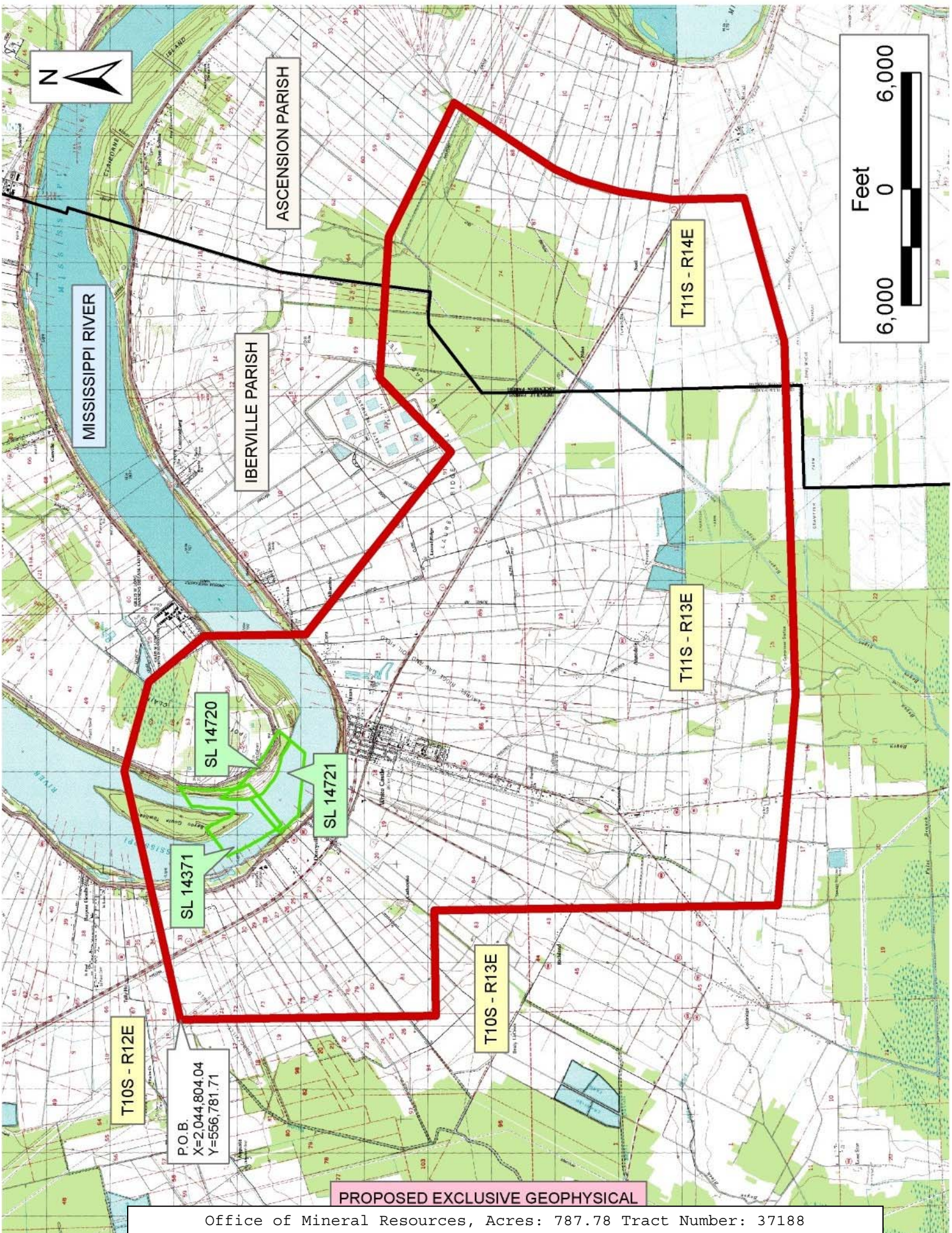
NOTE: The Department of Wildlife and Fisheries has designated certain areas in the coastal waters of the State of Louisiana as Oyster Seed Bed Areas. The exact location of those Seed Bed Areas must be obtained from the Department of Wildlife and Fisheries and any work done under a mineral lease from the State of Louisiana may necessarily be conducted in conformity with the rules and regulations promulgated by the said Department of Wildlife and Fisheries for Oyster Seed Bed Areas.

Note: Special rules governing access to institutional grounds covered by tract 1 has been promulgated by the Department of Corrections. Any lease awarded by the Board on said tract shall be subject to these rules, a copy of which shall be attached and made a part of any lease awarded by the Mineral Board. Copies of said rules may be obtained from the Office of Mineral Resources upon request.

Furthermore, it is additionally provided that notwithstanding anything contained in the lease form to the contrary, Lessee agrees that the erection or construction of any derrick, tank, warehouse or other surface equipment, structure or facility shall not unnecessarily interfere with the primary purpose for which Lessor is currently using the leased premises, and to that end Lessee agrees that all such structures or facilities shall be located and maintained only after prior approval by the Secretary of the Department of Corrections for the State of Louisiana as also required in the rules and regulations mentioned above.

Applicant: Apple Energy Corps

Bidder	Cash Payment	Price/Acre	Rental	Oil	Gas	Other



MISSISSIPPI RIVER

ASCENSION PARISH

IBERVILLE PARISH

T11S - R14E

T11S - R13E

SL 14720

SL 14721

SL 14371

T10S - R12E

T10S - R13E

POB
X=2,044,804.04
Y=556,781.71

PROPOSED EXCLUSIVE GEOPHYSICAL