

SPECIAL NOTICE - SPECIAL NOTICE

**NOTICE OF PUBLICATION
OFFICE OF MINERAL RESOURCES
ON BEHALF OF THE STATE MINERAL BOARD
FOR THE STATE OF LOUISIANA
BATON ROUGE, LOUISIANA 70821**

By virtue of and in conformity with the provisions of Sub-part A of Chapter 2, Title 30 of the Louisiana Revised Statutes of 1950, as amended, and other applicable statutory provisions, sealed bids will be received in the Office of Mineral Resources, (State Mineral Board), LaSalle Office Building, Baton Rouge, Louisiana, (P.O. Box 2827, Baton Rouge, Louisiana 70821), **on or before 12:00 noon on Tuesday, October 7, 2003**, to be opened publicly **Wednesday, October 8, 2003** in the LaSalle Office Building, Baton Rouge, Louisiana, for a Marsh Island Exclusive Geophysical Agreement.

MARSH ISLAND EXCLUSIVE GEOPHYSICAL AGREEMENT (Tract No. 35753)

The Marsh Island Exclusive Geophysical Agreement is in two parts with each part having different terms, conditions and minimum acceptable payments. [A special bid form for this exclusive geophysical agreement is on file at the Office of Mineral Resources and any bid must be submitted on that special form. No portion bids will be considered; any bid must include bids on both portions. A non-acceptance by the Mineral Board or the Russell Sage Foundation of any part of a bid shall constitute a non-acceptance of the entirety of the bid.]

No person or entity shall be allowed to bid on this Marsh Island Exclusive Geophysical Agreement and no bid will be accepted from any bidder unless that person or entity desiring to bid first contact: Mr. Christopher Brogna, Chief Financial Officer, The Russell Sage Foundation, 112 East 64th Street, New York, NY 10021 to set up and conduct a meeting with the Board of The Russell Sage Foundation in New York to disclose, first, the identity of each and every person, corporation, or other business entity of any kind or type whatsoever participating in or to be associated with the conduct of this project and certify that no state official has any interest in the exclusive agreement, or services performed pursuant to the exclusive agreement, or in the lease option provided in the exclusive agreement, or has received any form of remuneration in connection therewith, and, second, a detailed plan of acquisition of seismic data over Marsh Island- including, but not limited to, type of shot, geophone layout, type of transportation and cleanup and mitigation plans with a burden on the proposed bidder to

establish to the satisfaction of the Foundation that the proposed permit and all operations and options thereunder will insure that Marsh Island remains and is restored to such conditions as shall preserve it as a Wildlife Refuge in accordance with the Deed of Donation from the Russell Sage Foundation to the State of Louisiana and under such conditions as will insure to the satisfaction of the Foundation minimum disturbance to the island and adequate present and future protection for Marsh Island for the purposes for which it was donated to the state. The names and plans will be kept confidential by The Russell Sage Foundation which may release only the information to Office of Mineral Resources on request.

The first part of this exclusive geophysical agreement pertains only to Marsh Island, situated in the Parish of Iberia, containing the Marsh Island Wildlife Refuge and carries an initial term of **Thirty (30) months (from October 13, 2003 to April 12, 2006)** with a minimum price per acre for the seismic fee of **Thirty-five and no/100 (\$35.00)** multiplied by the total number of unleased acres on Marsh Island of **Sixty-five Thousand Five Hundred Sixty-two (65,562) Acres**, no portion bids accepted, with the successful bidder having the option, **subject to the approval rights of the Russell Sage Foundation under La. R.S. 56:798 at the time the option is exercised**, to select no more than **six (6)** leases containing no more than **Two Thousand Five Hundred (2,500) acres each** at a royalty of not less than **Twenty-five Percent (25%)** and a bonus of not less than **One Thousand and no/100 (\$1,000.00) Dollars per acre**. Additionally, all conduct on the Marsh Island Wildlife Refuge shall be carried out in compliance with the following as promulgated by the Department of Wildlife and Fisheries, to-wit:

**A. PROVISIONS AND CONDITIONS GOVERNING GEOPHYSICAL
OPERATIONS ON MARSH ISLAND**

1. These provisions are in addition to the standard seismic regulations administered by the Louisiana Department of Wildlife & Fisheries (hereinafter "W&F") and shall be applicable to the entirety of Marsh Island. The Grantee/Lessee under the exclusive geophysical agreement shall conduct all operations under both the exclusive geophysical agreement and any leases selected thereunder within ½ mile of Marsh Island so as to create minimal adverse impact on said Marsh Island and to work closely with W&F in conducting those operations with the purpose of minimizing any adverse effects and protecting and preserving the fish, birds, animals and other wildlife, including reefs and oyster beds, in the area.
2. A compliance inspector, with proper qualifications

acceptable to W&F and the Russell Sage Foundation (hereinafter the "Foundation") will be funded by Grantee/Lessee to ensure that the geophysical provisions of Marsh Island are met and to provide a weekly e-mail status report to W&F and a final report of project activities.

3. All transportation equipment will require approval of W&F prior to use on Marsh Island. The use of helicopters to reduce marsh buggy and airboat activity is encouraged and is preferred. Flight routes and altitudes will require prior coordination with W&F. In the event marsh buggies and airboats are utilized, a maximum of one marsh buggy drill pass will be allowed on source lines, and when appropriate airboat drills will be utilized. A maximum of ten (10) airboat passes will be allowed on each receiver line and five (5) airboat passes on source lines. Grantee/Lessee will record the number of marsh buggy and airboat passes on all source and receiver lines.
4. W&F will be supplied current (October-November 2003) infrared aerial photography rectified at a scale of 1:12,000 of Marsh Island overlaid with source and receiver lines. A hard copy and a digital file will be supplied to W&F 15 days prior to initiation of the project for planning purposes. Projection information will be UTM ZONE 15 NAD 83 units in meters, and the digital format will be Mr. SID or JPEG. To monitor the seismic project's effects on Marsh Island, the above photography with the same specifications will be supplied annually for three years after completion of the project. Photography will be coordinated with W&F prior to each year's flight which will occur during the time period of October-November.
5. No operations on the island will be allowed within 1,500 feet of active bird rookeries on Marsh Island and, if offshore of the island, any operations within 1,500 feet of an active bird rookery shall be conducted in close cooperation with W&F so as not to disturb or otherwise impair the ongoing activity of said bird rookery.
6. The project on Marsh Island will be conducted between February 15 and October 31 unless expressly delineated exceptions are granted from W&F.
7. W&F shall have discretion to coordinate specific levee and natural ridge crossings to minimize disturbances to existing habitat. W&F may require specific materials to be placed on levee crossings, or at the interface of marsh and open water areas to reduce impacts. Shoreline crossings between Marsh Island and the adjacent Bay or Gulf are to be avoided, existing waterways will be used when practical.
8. The seismic project shall be supervised by a seismic agent

or other W&F representative. Prior to any activities on Marsh Island a pre-survey meeting will be conducted comprised of the area supervisor, the seismic agent, the compliance inspector, and the party manager. Grantee/Lessee and the compliance inspector shall meet with W&F's field representative a minimum of once per week to update and coordinate seismic activities. The meeting shall be conducted at W&F's Headquarters facility or other suitable location agreed to by W&F, and at a designated date and time determined by W&F. Grantee/Lessee shall supply W&F, for project monitoring purposes, three quadrangle base maps for the project site. The base maps will be updated by Grantee/Lessee weekly according to the progression of the survey, lay out, and shooting activities. Upon completion of the seismic survey a post-project meeting will be conducted comprised of the above representatives to ensure that all stipulations have been complied with.

9. Grantee/Lessee shall supply W&F with transportation, including aerial inspections, to any project site for monitoring purposes if requested by W&F personnel.
10. No activities, using marsh buggies will be conducted in the vicinity of water control structures.
11. W&F shall have discretion to require Grantee/Lessee to repair any damages associated with the project including levees, water control structures, equipment ruts and the cleaning of ditches.
12. No activities will be allowed within the headquarters area, and other developed properties on Marsh Island as determined by W&F.
13. All debris, litter, poles, cap wire and flagging shall be removed from the area upon completion of the survey or at intervals designated by W&F.
14. Violation of any of the aforesaid provisions shall constitute cause for revocation of this agreement or any leases selected thereunder.
15. Grantor/Lessor shall be entitled to injunctive relief against the Grantee/Lessee for violation of any of its obligations hereunder in the conduct of operations, without showing irreparable harm or the absence of other legal remedies, and without the necessity or requirement of posting any bond or security therefor. If Grantee/Lessee be adjudicated to have breached any obligations assumed herein or if injunctive relief be granted against Grantee/Lessee, Grantor/Lessor shall be entitled to full reimbursement of its court costs, reasonable attorneys fees, and fees of expert witnesses incident to such legal proceedings. For the purposes of this Section, Grantor/Lessor shall be

deemed to be W&F and the Foundation for activities on Marsh Island and the State Mineral Board (Office of Mineral Resources) for activities on water bottoms outside of Marsh Island, any of whom shall have the right to seek injunctive relief.

B. PROVISIONS AND CONDITIONS GOVERNING DRILLING AND PRODUCTION OPERATIONS ON MARSH ISLAND

1. There shall be no discharges, including oil fluids, drilling muds, oilfield brine or other pollutants, except into injection wells approved by the Department of Natural Resources (Nat. Res.) and W&F. A containerized closed loop system will be required and the construction of pits will not be allowed.
2. All tank batteries shall conform to all rules and regulations of Nat. Res. and W&F, particularly with reference to construction and maintenance of levee fire walls; Inspection reports on the condition of pipes and pipeline carriers shall be prepared and submitted to W&F and Nat. Res. twice annually. All pipelines must be buried at least 3 feet deep in push ditches that must be back-filled upon installation. Plugs will be required at all waterway crossings and all shoreline crossings will be directionally drilled. Construction of any tank batteries or pipelines must be approved in a manner set forth in these provisions and conditions prior to commencement of construction operations.
3. All State and Federal laws and all governmental regulations must be strictly complied with, including, but not limited to regulations of Nat. Res. and W&F.
4. No flares may be burned and no volatile substances may be released into the atmosphere except as permitted by W&F and Nat. Res., and under the supervision of both departments. All permitted flares shall be burned into a containerized site during daylight hours only, unless nighttime burning is specifically permitted by W&F. No other fires may be burned in the refuge area except as permitted by W&F.
5. All damages caused by the mineral operations or explorations of Grantee/Lessee or his assigns or permittees to levees, water control structures, bulkheads, or any other facilities owned or operated by W&F shall be restored, as near as practicable, to original condition by Grantee/Lessee.
6. Access to proposed well locations shall be through existing waterways. No canal construction will be allowed in emergent vegetated wetlands except for navigation safety

purposes which the proposed well location may be relocated a maximum of a key way distance (350 ft.) outside the existing waterway. In the event a waterway has to be deepened, W&F shall have discretion over spoil placement and hydraulic dredging may be required. In general, no spoil will be allowed to be placed on emergent vegetated wetlands. Spoil materials will be placed in open water at an elevation conducive to vegetated wetlands development. In the event sufficient spoil is not available for marsh creation, spoil will be spread on water bottoms at an elevation not to exceed .5 ft. above the water bottom. Spoil materials generated from management unit canals may be utilized to repair or refurbish existing levees as determined by W&F on a case by case basis.

7. Board road access will be allowed across emergent vegetated wetlands dependent upon the specific site, however, W&F shall have discretion to require fill materials to be transported from off-site rather than constructing borrow canals.
8. In the event W&F determines that hauled in fill is not practicable for a specific site, road beds will be constructed from staggered borrow pits. These shall be evenly alternated on each side of the road bed and each individual pit shall not exceed 300 feet in length and 40 ft. in width. A minimum of 15 ft. of berm shall be maintained between the road bed and the edge of the borrow pit. Drainage and water control will be provided for by means of culverts with drop gates under all road beds unless otherwise directed by W&F and Nat. Res.. In the event of a dry hole or upon abandonment of the well, the road bed and drill site shall be returned to pre-project conditions as determined by W&F.
9. No telephone, telegraph or power lines shall be constructed above marsh level without specific prior approval of W&F and Nat. Res.
10. No tank batteries, rigging, or other permanent structures shall be installed within 2,000 ft. of the main headquarters or within a distance that may prove damaging to any of the wood, concrete, steel or other water control structures on the area, without prior specific approval of W&F.
11. In order to prevent excessive construction of access facilities within the refuge, Grantee/Lessee agrees that W&F and Nat. Res. shall have authority to permit or require use of existing access facilities by any party otherwise entitled to travel in the refuge. If appropriate, W&F and Nat. Res. may order the joint use of said access facilities

- upon payment of a fair and proportionate share of the cost and maintenance of said facility.
12. All development and work sites shall be kept clean and free of debris and litter, to the maximum extent practicable, as may be required by W&F. All abandoned development or work sites shall be restored as near as practicable to original condition, as may be required by W&F.
 13. All drilling and production operations under the leases shall be conducted under the strict supervision of W&F and Nat. Res., and W&F shall have the right to have a representative present at all drilling and production operations. All salaries and expenses of such representative shall be borne by Grantee/Lessee.
 14. Grantee/Lessee and its assigns shall be responsible for and shall repair, to the maximum extent practicable as determined by W&F and Nat. Res., all damages caused by its operations or the operations of its assigns.
 15. The rights granted herein are personal to the Grantee/Lessee, its agents, employees, and subcontractors. Grantee/Lessee may not grant to other parties the right to use road beds, waterways, or other portions of the refuge without the written consent of W&F, and under no circumstances shall there be any such except for the purposes of the lease.
 16. There shall be no development or use of the refuge not specified above.
 17. The willful and repeated violation of any of these provisions and conditions shall constitute cause for revocation of the Grantee/Lessee's lease(s).
 18. Compensatory mitigation will be required for unavoidable wetland losses.
 19. Seasonal restrictions may be imposed dependent upon the level of disturbance associated with the activity and the wildlife population levels present.
 20. In the event of a non-producing well or upon abandonment of a producing well all structures, facilities, flowlines and appurtenances shall be removed within 120 days and the site shall be returned to pre-project conditions as determined by W&F.
 21. Prior to submitting applications for wetlands permits to federal and state permitting agencies, the Grantee/Lessee shall coordinate and obtain approval from W&F. Final approval of W&F will be contingent upon Grantee/Lessee obtaining all necessary regulatory permits.
 22. Grantor/Lessor shall be entitled to injunctive relief against the Grantee/Lessee for violation of any of its

obligations hereunder, without showing irreparable harm or the absence of other legal remedies, and without the necessity or requirement of posting any bond or security therefor. If the Grantee/Lessee be adjudicated to have breached any obligation assumed herein or if injunctive relief be granted against Grantee/Lessee, Grantor/Lessor shall be entitled to full reimbursement of its court costs, reasonable attorneys fees and reasonable fees of expert witnesses incident to such legal proceedings. For purposes of this Section, Grantor/Lessor shall be deemed to be W&F or the Russell Sage Foundation for Marsh Island, and Nat. Res. for all water bottoms around, but not including, Marsh Island, any of whom shall have the right to seek injunctive relief.

**C. GENERAL PROVISIONS GOVERNING BOTH GEOPHYSICAL EXPLORATION
& DRILLING & PRODUCTION OPERATIONS ON MARSH ISLAND**

1. Individual application must be submitted to W&F for approval for the Grantee/Lessee to conduct any type of surface construction or surface development on Marsh Island. Any mineral activity conducted within 1,000 ft. of the South or Gulf side of Marsh Island shall be conducted in close cooperation with W&F and shall be conducted so as not to damage or destroy any existing reefs, oyster beds or other sensitive underwater habitat and to preserve fish, birds and other wildlife. A minimum of 15 days must be allowed for W&F to consider the applications and reply, where applicable.
2. Bringing firearms, bows and arrows, liquor and controlled dangerous substances (drugs) onto the refuge is prohibited. All boats and vehicles are subject to search by all authorized employees of W&F.
3. Hunting, pursuing, killing, molesting or intentionally disturbing any type of wildlife is prohibited.
4. Trapping is permitted only by designated individuals assigned by W&F.
5. Use of boats, marsh buggies, and airboats, except as for the sole purposes specified in conditions pertaining to geophysical operations or drilling and production operations is prohibited.
6. Employees or representatives of the Grantee/Lessee must have proper identification in their possession while working on the refuge and be prepared to display same if requested to do so by a representative of W&F.
7. All operations shall be conducted to avoid pollution.
8. The burning of marsh is prohibited. Water control structures shall not be tampered with or altered by anyone

- other than an employee of W&F.
9. No littering is allowed.
 10. Grantee/Lessee shall comply with all current rules and regulations of W&F for the protection of game and wildlife, and particularly, no hunting, fishing or other activities harmful or destructive to game or wildlife shall be permitted on the leased premises or area covered by agreement or on any other part of said refuge.
 11. All requirements and conditions contained in the deed of donation from the Foundation and by which refuge was donated to the State of Louisiana relating to mineral exploration of said area, as well as La. R. S. 56:798A shall be controlling on Marsh Island and shall be fully and strictly complied with.

The second part of the Marsh Island Exclusive Geophysical Agreement pertains to all state owned water bottoms, now or formerly, of every nature and description and all islands and other lands formed by accretion or reliction, except tax adjudicated lands, owned by and not under mineral lease from the State of Louisiana on October 8, 2003, situated in Iberia, Vermilion and St. Mary Parishes located within the boundaries of the area beginning at a point having Coordinates of X=1,773,516.00 and Y=377,225.00; thence Easterly to a point having Coordinates of X=1,873,836.00 and Y=377,225.00; thence Southerly to a point having Coordinates of X=1,873,836.00 and Y=265,465.00; thence Westerly to a point having Coordinates of X=1,773,516.00 and Y=265,465.00; thence Northerly back to point of beginning, **LESS AND EXCEPT: all or a portion of Marsh Island containing the Marsh Island Wildlife Refuge, the Paul J. Rainey Wildlife Refuge, State Lease Nos. 334, 340, 1703, 1706, 1814, 3306, 3498, 16192, 16194, 16412, 16413, 16414, 16415, 17441, 17442, 17443, 17695, 17696, 17697 and 17751** which fall wholly or partially within the above described area and which portion of the exclusive seismic will carry an initial term of **Twenty-four (24) months (from October 13, 2003 to October 12, 2005)** with a minimum seismic fee of not less than **Twenty-five and no/100 (\$25.00) Dollars per acre** multiplied by the total number of unleased acres amounting to **Ninety-four Thousand Nine Hundred Forty-three (94,943) acres**, with an option for an additional **Six (6) months (from October 13, 2005 to April 12, 2006)** added to the term if exercised by paying an additional **Fifteen and no/100 (\$15.00) Dollars per acre** multiplied by the **94,943 acres**, with the successful bidder, prior to the end of the initial term, or the option term if exercised, having the right to select leases of not more than **One Thousand Five Hundred (1,500) acres each** and not more than a total of **Thirty-one Thousand Six Hundred**

Forty-eight (31,648) acres at a royalty of not less than **Twenty-five percent (25%)** and a bonus of not less than **Three Hundred and no/100 (\$300.00) Dollars per acre.**

The successful bidder shall obligate himself to conduct 3-D, or a more advanced seismic activity, with the good faith purpose of obtaining full fold seismic coverage and acquisition of data over the entirety of both of the portions of this exclusive geophysical area prior to the end of the initial terms, or option term if activated, and to furnish the Russell Sage Foundation, on portion one, and the state on both portion one and two, a fully processed copy of all seismic data obtained in this seismic shoot, in the form and under the terms and conditions more fully set forth in the agreement itself, a copy of which is on file at the Office of Mineral Resources, LaSalle Building, 8th Floor, 617 N. 3rd Street, Baton Rouge, LA 70802. **Note, on part two of this exclusive geophysical agreement, leases must be selected prior to the end of the initial term, or option term if activated, but no lease will be issued until the seismic data required is in the hands of the staff of the Office of Mineral Resources. In addition, the amount bid for the exclusive geophysical agreement shall be paid by cashier's check, certified check or bank money order and in the following manner: one check or money order made payable to the order of the Russell Sage Foundation in full the sum equal to one-half (½) of the amount derived by multiplying the per acre price bid for the first part (but not less than \$35.00 per acre) times the acreage of the first part (or 65,562 acres on Marsh Island), and a second check or money order made payable to the order of the Office of Mineral Resources in the full sum equal to one-half (½) of the amount bid for the first part (but not less than \$35.00 per acre) multiplied by the acreage of the first part (or 65,562 acres on Marsh Island) plus the amount derived by multiplying the amount bid for the second part (but not less than \$25.00 per acre) times the acreage of the second part (or 94,943 acres of water bottoms around Marsh Island). The bonus/rental submitted upon and at the time or selection of leases under the exclusive agreement shall be paid by cashier's check, certified check or bank money order and in the following manner: for leases on the first part (Marsh Island) two checks or money orders, one made payable to the order of the Russell Sage Foundation for one-half (1/2) of the bonus/rental, and the other made payable to the order of the Office of Mineral Resources for one-half (1/2) of the bonus/rental, for leases on the second part (water bottoms around Marsh Island) a check or money order made payable to the Office of Mineral Resources in the full amount of the bonus/rental. In addition, Grantee/Lessee shall, by regular check, payable to the order of**

the Office of Mineral Resources, give a check amounting to \$10.00 per acre multiplied by the total number of acres of each selected lease (for Wildlife and Fisheries) plus \$5.00 per acre multiplied by the total number of acres of each selected lease (for Conservation).

OFFICE OF MINERAL RESOURCES ON BEHALF OF THE STATE
MINERAL BOARD FOR THE STATE OF LOUISIANA

Published in Baton Rouge "The Advocate" on September 3, 2003 and the Official Journal of the Parish in which the property is located.