

SPECIAL NOTICE

NOTICE OF CORRECTION

On Wednesday, July 21, 2004, the Office of Mineral Resources on behalf of the State Mineral Board advertised in the Notice of Publication for receipt of sealed bids on or before **12:00 o'clock noon on Tuesday, September 7, 2004**, for State Leases to be awarded upon **Tract No. 36570 through 36718**, inclusive at its **September 8, 2004** Lease Sale. Within said advertisement there was an incorrect description for **Tract No. 36707** Terrebonne Parish, Louisiana. By virtue of this public notice, said description for **Tract No. 36707** Terrebonne Parish, Louisiana is hereby corrected as follows:

TRACT 36707 - Terrebonne Parish School Board - Terrebonne Parish, Louisiana

The State Mineral Board acting on behalf of the Terrebonne Parish School Board, pursuant to Resolution(s) adopted by that (those) body(ies) and in accordance with Louisiana Revised Statutes 30:121-136 and 151-156, as amended, and Article XIV, Section 16(A)(9) and (B) of the Louisiana Constitution of 1974, as same may be continued and promulgated in proper statutory form and, further, amended from time to time, advertises the lands not under mineral lease on September 8, 2004, excluding the beds and bottoms of all navigable water bodies located within the following: All of Section 16 of Township 18 South, Range 13 East in Terrebonne Parish, Louisiana, containing approximately **640.92 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, (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 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: 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 Terrebonne 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), in 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: Paragraph 8 of the State Lease form used by the Terrebonne Parish School Board, to lease oil, gas and other mineral rights be amended to include the following provisions: "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 herein above reserved.

Applicant: SunCoast Land Services, Inc. to Agency and by Resolution from the Terrebonne Parish School Board authorizing the Mineral Board to act in its behalf

Bidder	Cash Payment	Price/ Acre	Rental	Oil	Gas	Other