

SPECIAL NOTICE

NOTICE OF CORRECTION

On Wednesday, September 17, 2003 the Office of Mineral Resources on behalf of the State Mineral Board advertised in "The Advocate" the official journal for the State of Louisiana and the official parish journal(s) for receipt of sealed bids on or before **9:00 am Wednesday, November 12, 2003**, for State Leases to be awarded upon **Tract Nos. 35754 through 35861**, inclusive at its **November 12, 2003** Lease Sale. Within said advertisement were incorrect descriptions for **Tract Nos. 35845, 35846, 35847, 35848, 35849, 35850 and 35851** St. Bernard Parish, Louisiana. By virtue of this public notice, said descriptions for said **Tract Nos. 35845, 35846, 35847, 35848, 35849, 35850 and 35851** St. Bernard Parish, Louisiana are hereby corrected as follow:

TRACT 35845 - St. Bernard Parish, Louisiana

All lands now or formerly constituting the beds and bottoms of water bodies of whatever description and nature owned by the State of Louisiana and located within the geographical boundaries of the Biloxi Wildlife Management Area, and not presently under mineral lease by the State of Louisiana as of November 12, 2003, the area being set forth as follows: Beginning at a point on the Biloxi Wildlife Management Area having Coordinates of X = 2,582,809.34 and Y = 496,186.54; thence along the boundary of said Biloxi Wildlife Management Area the following courses and distances: South 87 degrees 07 minutes 21 seconds West 2,340.25 feet, South 87 degrees 02 minutes 54 seconds West 307.19 feet, South 87 degrees 33 minutes 11 seconds West 816.84 feet, South 87 degrees 25 minutes 44 seconds West 503.43 feet, South 87 degrees 27 minutes 15 seconds West 1,149.34 feet and South 86 degrees 30 minutes 25 seconds West 161.58 feet to a point on the boundary of said Biloxi Wildlife Management Area, also being the Northeast corner of State Lease No. 17769 having Coordinates of X = 2,577,536.76 and Y = 495,934.88; thence West approximately 5586 feet along the North line of said State Lease No. 17769 to its Northeast corner, also being a point on the Eastern shoreline of Lake Borgne and a point on the boundary of said Biloxi Wildlife Management Area having a Coordinate of Y = 495,934.88; thence Northeasterly along the Eastern shoreline of Lake Borgne, being the boundary of the said Biloxi Wildlife Management Area to a point having a Coordinate of Y = 502,225.00; thence along the boundary of said Biloxi Wildlife Management Area the following courses and distances: East 777.46 feet, South 01 degrees 14 minutes 31 seconds East 576.06 feet, South 14 degrees 09 minutes 15 seconds East

276.44 feet, South 13 degrees 56 minutes 47 seconds East 883.52 feet and South 14 degrees 01 minutes 03 seconds East 4,470.12 feet to the point of beginning, **LESS AND EXCEPT** any portion of the above described tract that may lie outside the boundaries of the Biloxi Wildlife Management Area, containing approximately **57 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 Office of Mineral Resources will require a minimum bonus of \$230 per acre and a minimum royalty of 23%.

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: This tract is located within the boundaries of a wildlife management area or refuge and any operations conducted thereon in conjunction with this mineral lease may be subject to rules and regulations promulgated by the Department of Wildlife and Fisheries for the protection of fish, birds and other wildlife including, but not necessarily limited to, the following:

1. No activities will be allowed without written authorization from the Louisiana Department of Wildlife and Fisheries. All projects will be coordinated and approved by the appropriate WMA Supervisor prior to any activities on the wildlife management area.
2. Proposed projects will be evaluated on a case by case basis. Modifications to proposed projects may be required including, but not limited to, access routes, spoil placement, well sites, flow lines and other appurtenant structures required by the Louisiana Department of Wildlife and Fisheries.
3. Compensatory mitigation will be required to offset unavoidable wetland impacts.
4. Removal of all structures, facilities, and equipment will be required within 120 days of abandonment unless otherwise agreed to by the Department of Wildlife and Fisheries.
5. Prior to submitting applications for wetland permits to Federal and State permitting agencies the lease holder shall coordinate project

details with the Louisiana Department of Wildlife and Fisheries, Fur and Refuge Division. Contact person for the Department will be Mike Windham at (504) 568-5886

6. No activities will be allowed during the hunting season unless approved by the department.
7. Compliance with the said WMA regulations will be required unless otherwise specified by the Department.

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.

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.

Applicant: Kare-Sue Energy, Inc.

TRACT 35846 - St. Bernard Parish, Louisiana

All lands now or formerly constituting the beds and bottoms of water bodies of whatever description and nature owned by the State of Louisiana and located within the geographical boundaries of the Biloxi Wildlife Management Area, and not presently under mineral lease by the State of Louisiana as of November 12, 2003, the area being set forth as follows: Beginning at a point on the boundary of the Biloxi Wildlife Management Area having Coordinates of X = 2,593,675.85 and Y = 491,169.27; thence along the boundary of said Biloxi Wildlife Management Area the following courses and distances: North 87 degrees 44 minutes 54 seconds East 5,407.86 feet, South 02 degrees 47 minutes 00 seconds East 3,554.61 feet, South 02 degrees 58 minutes 50 seconds East 356.59 feet, South 02 degrees 49 minutes 18 seconds East 1,837.38 feet, South 88 degrees 51 minutes 44 seconds West 1,082.73 feet, South 88 degrees 52 minutes 34 seconds West 4,555.71 feet, North 00 degrees 24 minutes 22 seconds West 341.84 feet, North 00 degrees 20 minutes 22 seconds West 1,821.95 feet, North 00 degrees 20 minutes 35 seconds West 1,832.86 feet and North 00 degrees 49 minutes 40 seconds West 1,643.66 feet to the point of beginning, **LESS AND EXCEPT** any portion of the above described tract that may lie outside the boundaries of the Biloxi Wildlife Management Area, containing approximately **541 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 Office of Mineral Resources will require a minimum bonus of \$230 per acre and a minimum royalty of 23%.

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: This tract is located within the boundaries of a wildlife management area or refuge and any operations conducted thereon in conjunction with this mineral lease may be subject to rules and regulations promulgated by the Department of Wildlife and Fisheries for the protection of fish, birds and other wildlife including, but not necessarily limited to, the following:

1. No activities will be allowed without written authorization from the Louisiana Department of Wildlife and Fisheries. All projects will be coordinated and approved by the appropriate WMA Supervisor prior to any activities on the wildlife management area.
2. Proposed projects will be evaluated on a case by case basis. Modifications to proposed projects may be required including, but not limited to, access routes, spoil placement, well sites, flow lines and other appurtenant structures required by the Louisiana Department of Wildlife and Fisheries.
3. Compensatory mitigation will be required to offset unavoidable wetland impacts.
4. Removal of all structures, facilities, and equipment will be required within 120 days of abandonment unless otherwise agreed to by the Department of Wildlife and Fisheries.
5. Prior to submitting applications for wetland permits to Federal and State permitting agencies the lease holder shall coordinate project details with the Louisiana Department of Wildlife and Fisheries, Fur and Refuge Division. Contact person for the Department will be Mike Windham at (504) 568-5886
6. No activities will be allowed during the hunting season unless approved by the department.
7. Compliance with the said WMA regulations will be required unless otherwise specified by the Department.

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.

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.

Applicant: Kare-Sue Energy, Inc.

TRACT 35847 - St. Bernard Parish, Louisiana

All lands now or formerly constituting the beds and bottoms of water bodies of whatever description and nature owned by the State of Louisiana and located within the geographical boundaries of the Biloxi Wildlife Management Area, and not presently under mineral lease by the State of Louisiana as of November 12, 2003, the area being set forth as follows: Beginning at a point on the boundary of the Biloxi Wildlife Management Area having Coordinates of X = 2,593,723.77 and Y = 485,529.22; thence along the boundary of said Biloxi Wildlife Management Area the following courses: South 01 degrees 50 minutes 05 seconds East 2,625.82 feet, South 01 degrees 50 minutes 37 seconds East 2,600.36 feet, South 88 degrees 51 minutes 50 seconds West 5,138.98 feet, South 87 degrees 30 minutes 16 seconds West 133.04 feet, South 88 degrees 52 minutes 39 seconds West 1,317.98 feet, South 88 degrees 52 minutes 39 seconds West 1,317.99 feet, South 88 degrees 52 minutes 39 seconds West 1,317.99 feet, South 88 degrees 52 minutes 39 seconds West 1,318.00 feet and South 87 degrees 35 minutes 56 seconds West 2,527.57 feet to a point on the boundary of said Biloxi Wildlife Management Area having Coordinates of X = 2,580,824.33 and Y = 479,988.86; thence South 87 degrees 35 minutes 56 seconds West 2,527.59 feet to the Southeast corner of State Lease No. 17771 having Coordinates of X = 2,578,298.96 and Y = 479,882.97; thence North 01 degrees 17 minutes 17 seconds West 2,654.64 feet along the East line of said State Lease No. 17771 to its Northeast corner, also being a point on the East line of State Lease No. 17769 having Coordinates of X = 2,578,239.28 and Y = 482,536.94; thence North 01 degrees 17 minutes 16 seconds West 2,654.64 feet along the East line of said State Lease No. 17769 to a point, also being the Southeast corner of State Lease No. 17770 having Coordinates of X = 2,578,179.62 and Y = 485,190.91; thence along the boundary of said State Lease No. 17770 the following courses and distances: North 03 degrees 57 minutes 16 seconds West 2,649.07 feet and North 03 degrees 57 minutes 58 seconds West 2,649.40 feet to the Northeast corner of said State Lease No. 17770, also being a point on the boundary of said Biloxi Wildlife Management Area having Coordinates of X = 2,577,813.68 and Y = 490,476.73; thence along the boundary of said Biloxi Wildlife Management Area the following courses and distances: North 86 degrees 30 minutes 57 seconds East 2,027.90 feet, North 88 degrees 14 minutes 02 seconds East 3,194.24 feet, South 03 degrees 02 minutes 11 seconds East 600.41 feet, South 02 degrees 30 minutes 16 seconds East 229.18 feet, South 02 degrees 58 minutes 47 seconds East 2,114.13 feet, South 01 degrees 26 minutes 03 seconds East 352.75 feet, South 01 degrees 34 minutes 45 seconds East 825.52 feet, South 02 degrees 10 minutes 58 seconds East 287.35 feet, South 01 degrees 38 minutes 25 seconds East 1,007.37 feet, South 01 degrees 00 minutes 18 seconds East 2,134.58 feet, South 01 degrees 05 minutes 52 seconds East 461.83 feet, North 88 degrees 28 minutes 06 seconds East 1,310.20 feet, North 88 degrees 28 minutes 04 seconds East 1,308.47 feet, North 88 degrees 28 minutes 04 seconds East 1,308.47 feet, North 88 degrees 25 minutes 43 seconds East 1,307.65 feet, North 01 degrees 55 minutes 23 seconds West 318.24 feet, North 01 degrees 53 minutes 34 seconds West 1,316.57 feet, North 01 degrees 43 minutes 35 seconds West 909.19 feet, North 90.89 feet, North 89 degrees 30 minutes 44 seconds East 467.09 feet, North 89 degrees 18 minutes 29 seconds East

1,741.24 feet and North 89 degrees 16 minutes 09 seconds East 3,064.58 feet to the point of beginning, **LESS AND EXCEPT** any portion that may lie outside the boundaries of the Biloxi Wildlife Management Area, containing approximately **796 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 Office of Mineral Resources will require a minimum bonus of \$230 per acre and a minimum royalty of 23%.

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: This tract is located within the boundaries of a wildlife management area or refuge and any operations conducted thereon in conjunction with this mineral lease may be subject to rules and regulations promulgated by the Department of Wildlife and Fisheries for the protection of fish, birds and other wildlife including, but not necessarily limited to, the following:

1. No activities will be allowed without written authorization from the Louisiana Department of Wildlife and Fisheries. All projects will be coordinated and approved by the appropriate WMA Supervisor prior to any activities on the wildlife management area.
2. Proposed projects will be evaluated on a case by case basis. Modifications to proposed projects may be required including, but not limited to, access routes, spoil placement, well sites, flow lines and other appurtenant structures required by the Louisiana Department of Wildlife and Fisheries.
3. Compensatory mitigation will be required to offset unavoidable wetland impacts.
4. Removal of all structures, facilities, and equipment will be required within 120 days of abandonment unless otherwise agreed to by the Department of Wildlife and Fisheries.
5. Prior to submitting applications for wetland permits to Federal and State permitting agencies the lease holder shall coordinate project details with the Louisiana Department of Wildlife and Fisheries,

Fur and Refuge Division. Contact person for the Department will be Mike Windham at (504) 568-5886

6. No activities will be allowed during the hunting season unless approved by the department.
7. Compliance with the said WMA regulations will be required unless otherwise specified by the Department.

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.

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.

Applicant: Kare-Sue Energy, Inc.

TRACT 35848 - St. Bernard Parish, Louisiana

All lands now or formerly constituting the beds and bottoms of water bodies of whatever description and nature owned by the State of Louisiana and located within the geographical boundaries of the Biloxi Wildlife Management Area, and not presently under mineral lease by the State of Louisiana as of November 12, 2003, the area being set forth as follows: Beginning at a point on the boundary of the Biloxi Wildlife Management Area having Coordinates of X = 2,599,998.89 and Y = 461,857.44; thence South 89 degrees 43 minutes 31 seconds West 16,149.75 feet to a point on the boundary of said Biloxi Wildlife Management Area having Coordinates of X = 2,583,849.33 and Y = 461,780.02; thence along the boundary of said Biloxi Wildlife Management Area the following courses and distances: North 01 degrees 14 minutes 39 seconds West 2,163.90 feet, North 01 degrees 17 minutes 45 seconds West 483.65 feet, North 89 degrees 58 minutes 45 seconds East 3,231.45 feet, North 89 degrees 57 minutes 01 seconds East 2,135.28 feet, North 01 degrees 25 minutes 54 seconds West 3,971.09 feet, North 02 degrees 18 minutes 54 seconds West 130.95 feet, North 01 degrees 27 minutes 49 seconds West 1,018.24 feet, North 01 degrees 56 minutes 27 seconds West 3,586.05 feet, North 01 degrees 49 minutes 50 seconds West 1,207.44 feet, North 01 degrees 48 minutes 42 seconds West 410.96 feet, North 88 degrees 40 minutes 03 seconds East 1,035.57 feet, North 88 degrees 40 minutes 46 seconds East 2,688.68 feet, North 88 degrees 28 minutes 18 seconds East 351.53 feet, North 88 degrees 38 minutes 15 seconds East 978.57 feet, North 89 degrees 03 minutes 45 seconds East 221.68 feet, North 02 degrees 30 minutes 44 seconds West 1,036.77 feet, North 02 degrees 31 minutes 00 seconds West 2,182.67 feet, North 02 degrees 27 minutes 15 seconds West 956.71 feet, North 02 degrees 31 minutes 05 seconds West 1,262.32 feet, North 89 degrees 43 minutes 31 seconds East 5,620.61 feet, South 01 degrees 45 minutes 04 seconds East 4,505.96 feet, South 01 degrees 49 minutes 58 seconds East 818.29 feet, South 03 degrees 29 minutes 43 seconds East 5,197.92 feet, South 01 degrees 25 minutes 01 seconds West 3,533.95 feet, South 01 degrees 33 minutes 49 seconds West 578.74 feet, South 01 degrees 11 minutes 32 seconds West 254.72 feet, South 01 degrees 32 minutes 12 seconds West 804.40 feet and South 02 degrees 47 minutes 17 seconds East 2,798.40 feet to the point of beginning, **LESS AND EXCEPT** any portion that may lie outside the boundaries of the Biloxi Wildlife Management Area, containing approximately **1,563 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 Office of Mineral Resources will require a minimum bonus of \$230 per acre and a minimum royalty of 23%.

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: This tract is located within the boundaries of a wildlife management area or refuge and any operations conducted thereon in conjunction with this mineral lease may be subject to rules and regulations promulgated by the Department of Wildlife and Fisheries for the protection of fish, birds and other wildlife including, but not necessarily limited to, the following:

1. No activities will be allowed without written authorization from the Louisiana Department of Wildlife and Fisheries. All projects will be coordinated and approved by the appropriate WMA Supervisor prior to any activities on the wildlife management area.
2. Proposed projects will be evaluated on a case by case basis. Modifications to proposed projects may be required including, but not limited to, access routes, spoil placement, well sites, flow lines and other appurtenant structures required by the Louisiana Department of Wildlife and Fisheries.
3. Compensatory mitigation will be required to offset unavoidable wetland impacts.
4. Removal of all structures, facilities, and equipment will be required within 120 days of abandonment unless otherwise agreed to by the Department of Wildlife and Fisheries.
5. Prior to submitting applications for wetland permits to Federal and State permitting agencies the lease holder shall coordinate project details with the Louisiana Department of Wildlife and Fisheries, Fur and Refuge Division. Contact person for the Department will be Mike Windham at (504) 568-5886
6. No activities will be allowed during the hunting season unless approved by the department.
7. Compliance with the said WMA regulations will be required unless otherwise specified by the Department.

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.

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.

Applicant: Kare-Sue Energy, Inc.

TRACT 35849 - St. Bernard Parish, Louisiana

All lands now or formerly constituting the beds and bottoms of water bodies of whatever description and nature owned by the State of Louisiana and located within the geographical boundaries of the Biloxi Wildlife Management Area, and not presently under mineral lease by the State of Louisiana as of November 12, 2003, the area being set forth as follows: Beginning at a point on the boundary of the Biloxi Wildlife Management Area having Coordinates of X = 2,583,678.60 and Y = 469,476.73; thence South 88 degrees 14 minutes 09 seconds West 5,166.36 feet along the boundary of said Biloxi Wildlife Management Area to a point on the East line of State Lease No. 17772 having Coordinates of X = 2,578,514.69 and Y = 469,317.68; thence North 01 degrees 07 minutes 54 seconds West 7,983.87 feet along the East line of said State Lease No. 17772 to its Northeast corner, also being the Southeast corner of State Lease No. 17769 having Coordinates of X = 2,578,357.02 and Y = 477,300.00; thence North 01 degrees 17 minutes 16 seconds West 2,583.62 feet along the East line of said State Lease No. 17769 to a point, also being the Southeast corner of State Lease No. 17771 having Coordinates of X = 2,578,298.96 and Y = 479,882.97; thence North 87 degrees 35 minutes 56 seconds East 2,527.59 feet to a point on the boundary of said Biloxi Wildlife Management Area having Coordinates of X = 2,580,824.33 and Y = 479,988.86; thence along the boundary of said Biloxi Wildlife Management Area the following courses and distances: South 01 degrees 45 minutes 59 seconds East 1,333.49 feet, South 01 degrees 46 minutes 00 seconds East 1,333.49 feet, North 88 degrees 10 minutes 18 seconds East 1,264.41 feet, North 88 degrees 12 minutes 33 seconds East 1,263.95 feet, South 01 degrees 47 minutes 12 seconds East 1,346.54 feet, South 01 degrees 49 minutes 30 seconds East 1,346.53 feet, South 01 degrees 42 minutes 48 seconds East 2,974.86 feet, South 02 degrees 18 minutes 22 seconds East 130.95 feet, South 01 degrees 46 minutes 24 seconds East 1,276.52 feet, South 00 degrees 55 minutes 13 seconds East 127.27 feet and South 01 degrees 55 minutes 06 seconds East 727.39 feet to the point of beginning, **LESS AND EXCEPT** any portion that may lie outside the boundaries of the Biloxi Wildlife Management Area, containing approximately **51 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 Office of Mineral Resources will require a minimum bonus of \$230 per acre and a minimum royalty of 23%.

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: This tract is located within the boundaries of a wildlife management area or refuge and any operations conducted thereon in conjunction with this mineral lease may be subject to rules and regulations promulgated by the Department of Wildlife and Fisheries for the protection of fish, birds and other wildlife including, but not necessarily limited to, the following:

1. No activities will be allowed without written authorization from the Louisiana Department of Wildlife and Fisheries. All projects will be coordinated and approved by the appropriate WMA Supervisor prior to any activities on the wildlife management area.
2. Proposed projects will be evaluated on a case by case basis. Modifications to proposed projects may be required including, but not limited to, access routes, spoil placement, well sites, flow lines and other appurtenant structures required by the Louisiana Department of Wildlife and Fisheries.
3. Compensatory mitigation will be required to offset unavoidable wetland impacts.
4. Removal of all structures, facilities, and equipment will be required within 120 days of abandonment unless otherwise agreed to by the Department of Wildlife and Fisheries.
5. Prior to submitting applications for wetland permits to Federal and State permitting agencies the lease holder shall coordinate project details with the Louisiana Department of Wildlife and Fisheries, Fur and Refuge Division. Contact person for the Department will be Mike Windham at (504) 568-5886
6. No activities will be allowed during the hunting season unless approved by the department.
7. Compliance with the said WMA regulations will be required unless otherwise specified by the Department.

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.

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.

Applicant: Kare-Sue Energy, Inc.

TRACT 35850 - St. Bernard Parish, Louisiana

All lands now or formerly constituting the beds and bottoms of water bodies of whatever description and nature owned by the State of Louisiana and located within the geographical boundaries of the Biloxi Wildlife Management Area, and not presently under mineral lease by the State of Louisiana as of November 12, 2003, the area being set forth as follows: Beginning at a point on the South line of State Lease No. 17088, also being a point on the boundary of the Biloxi Wildlife Management Area having Coordinates of X = 2,567,242.00 and Y = 464,191.01; thence North 88 degrees 44 minutes 45 seconds East 92.20 feet along the South line of said State Lease No. 17088 to its Southeast corner, also being the Southwest corner of State Lease No. 17772 having Coordinates of X = 2,567,334.18 and Y = 464,193.03; thence South 89 degrees 53 minutes 48 seconds East 11,256.11 feet along the South line of said State Lease No. 17772 to its Southeast corner, also being a point on the boundary of said Biloxi Wildlife Management Area having Coordinates of X = 2,578,590.28 and Y = 464,172.74; thence along the boundary of said Biloxi Wildlife Management Area the following courses and distances: South 01 degrees 08 minutes 45 seconds East 4,661.88 feet and South 89 degrees 23 minutes 58 seconds East 5,216.55 feet to an interior corner on the boundary of said Biloxi Wildlife Management Area having Coordinates of X = 2,583,899.77 and Y = 459,457.10; thence South approximately 14,380 feet to a point on the boundary of said Biloxi Wildlife Management Area having a Coordinate of X = 2,583,899.77; thence Northwesterly, Westerly and Southwesterly along the boundary of said Biloxi Wildlife Management Area to a point having Coordinates of X = 2,573,368.78 and Y = 448,092.39; thence along the boundary of said Biloxi Wildlife Management Area the following courses and distances: North 01 degrees 05 minutes 49 seconds East 835.95 feet, South 89 degrees 44 minutes 22 seconds West 5,536.61 feet, South 86 degrees 26 minutes 46 seconds West 607.39 feet and North 15,325.65 feet to the point of beginning, **LESS AND EXCEPT** any portion of the above described tract that may lie outside the boundaries of the Biloxi Wildlife Management Area, containing approximately **1,367 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 Office of Mineral Resources will require a minimum bonus of \$230 per acre and a minimum royalty of 23%.

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: This tract is located within the boundaries of a wildlife management area or refuge and any operations conducted thereon in conjunction with this mineral lease may be subject to rules and regulations promulgated by the Department of Wildlife and Fisheries for the protection of fish, birds and other wildlife including, but not necessarily limited to, the following:

1. No activities will be allowed without written authorization from the Louisiana Department of Wildlife and Fisheries. All projects will be coordinated and approved by the appropriate WMA Supervisor prior to any activities on the wildlife management area.
2. Proposed projects will be evaluated on a case by case basis. Modifications to proposed projects may be required including, but not limited to, access routes, spoil placement, well sites, flow lines and other appurtenant structures required by the Louisiana Department of Wildlife and Fisheries.
3. Compensatory mitigation will be required to offset unavoidable wetland impacts.
4. Removal of all structures, facilities, and equipment will be required within 120 days of abandonment unless otherwise agreed to by the Department of Wildlife and Fisheries.
5. Prior to submitting applications for wetland permits to Federal and State permitting agencies the lease holder shall coordinate project details with the Louisiana Department of Wildlife and Fisheries, Fur and Refuge Division. Contact person for the Department will be Mike Windham at (504) 568-5886
6. No activities will be allowed during the hunting season unless approved by the department.
7. Compliance with the said WMA regulations will be required unless otherwise specified by the Department.

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.

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.

Applicant: Kare-Sue Energy, Inc.

TRACT 35851 - St. Bernard Parish, Louisiana

All lands now or formerly constituting the beds and bottoms of water bodies of whatever description and nature owned by the State of Louisiana and located within the geographical boundaries of the Biloxi Wildlife Management Area, and not presently under mineral lease by the State of Louisiana as of November 12, 2003, the area being set forth as follows: Beginning at a point on the boundary of the Biloxi Wildlife Management Area having Coordinates of X = 2,599,998.89 and Y = 461,857.44; thence along the boundary of said Biloxi Wildlife Management Area the following courses: South 02 degrees 47 minutes 17 seconds East 1,552.28 feet, South 02 degrees 47 minutes 17 seconds East 84.37 feet, South 01 degrees 38 minutes 27 seconds East 1,829.24 feet, South 01 degrees 33 minutes 27 seconds East 1,781.93 feet, South 01 degrees 48 minutes 11 seconds East 847.37 feet, South 01 degrees 37 minutes 40 seconds East 1,065.53 feet, South 01 degrees 12 minutes 38 seconds East 2,777.54 feet, South 01 degrees 12 minutes 37 seconds East 1,346.16 feet, South 01 degrees 11 minutes 32 seconds East 738.19 feet, South 01 degrees 47 minutes 33 seconds East 214.57 feet, South 00 degrees 56 minutes 46 seconds East 254.55 feet, South 01 degrees 43 minutes 35 seconds East 232.75 feet, South 01 degrees 43 minutes 13 seconds East 469.13 feet, South 01 degrees 59 minutes 37 seconds East 520.09 feet, South 01 degrees 52 minutes 09 seconds East 3,935.06 feet, South 88 degrees 01 minutes 42 seconds West 5265.38 feet, South 88 degrees 34 minutes 24 seconds West 5,502.45 feet and South 88 degrees 23 minutes 16 seconds West 4,798.83 feet to a point on the boundary of said Biloxi Wildlife Management Area having Coordinates of X = 2,584,957.22 and Y = 443,763.67; thence Northwesterly along the boundary of said Biloxi Wildlife Management Area to a point of intersection with a North South line having a Coordinate of X = 2,583,899.77; thence North approximately 14,380 feet to an interior corner on the boundary of said Biloxi Wildlife Management Area having Coordinates of X = 2,583,899.77 and Y = 459,457.10; thence North 01 degrees 14 minutes 39 seconds West 2,323.47 feet to a point having Coordinates of X = 2,583,849.33 and Y = 461,780.02; thence North 89 degrees 43 minutes 31 seconds East 16,149.31 feet to the point of beginning, **LESS AND EXCEPT** any portion of the above described tract that may lie outside the boundaries of the Biloxi Wildlife Management Area, containing approximately **1,253 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 Office of Mineral Resources will require a minimum bonus of \$230 per acre and a minimum royalty of 23%.

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: This tract is located within the boundaries of a wildlife management area or refuge and any operations conducted thereon in conjunction with this mineral lease may be subject to rules and regulations promulgated by the Department of Wildlife and Fisheries for the protection of fish, birds and other wildlife including, but not necessarily limited to, the following:

1. No activities will be allowed without written authorization from the Louisiana Department of Wildlife and Fisheries. All projects will be coordinated and approved by the appropriate WMA Supervisor prior to any activities on the wildlife management area.
2. Proposed projects will be evaluated on a case by case basis. Modifications to proposed projects may be required including, but not limited to, access routes, spoil placement, well sites, flow lines and other appurtenant structures required by the Louisiana Department of Wildlife and Fisheries.
3. Compensatory mitigation will be required to offset unavoidable wetland impacts.
4. Removal of all structures, facilities, and equipment will be required within 120 days of abandonment unless otherwise agreed to by the Department of Wildlife and Fisheries.
5. Prior to submitting applications for wetland permits to Federal and State permitting agencies the lease holder shall coordinate project details with the Louisiana Department of Wildlife and Fisheries, Fur and Refuge Division. Contact person for the Department will be Mike Windham at (504) 568-5886
6. No activities will be allowed during the hunting season unless approved by the department.
7. Compliance with the said WMA regulations will be required unless otherwise specified by the Department.

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.

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.

Applicant: Kare-Sue Energy, Inc.