

TRACT 38022 - 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 December 14, 2005, the area being set forth as follows: Beginning at the Northeast corner of State Lease No. 18175 and a point on the South line of State Lease No. 17772 having Coordinates of X = 2,574,399.38 and Y = 464,180.30; thence South 89 degrees 53 minutes 48 seconds East 4,190.90 feet along the South line of said State Lease No. 17772 to its Southeast corner, also being a point on the boundaries of the Biloxi Wildlife Management Area and State Lease No. 17955 having Coordinates of X = 2,578,590.28 and Y = 464,172.74; thence along the boundaries of said Biloxi Wildlife Management Area and said State Lease No. 17955 the following courses: South 01 degrees 08 minutes 45 seconds East 4,661.88 feet and South 89 degrees 23 minutes 58 seconds East 5,216.56 feet to a Southeast corner of said Biloxi Wildlife Management Area and said State Lease No. 17955, also being a point on the West line of State Lease No. 17980 having Coordinates of X = 2,583,899.77 and Y = 459,457.10; thence South 14,379.78 feet along the West line of said State Lease No. 17980 to its Northernmost Southwest corner and a point on the boundary of said Biloxi Wildlife Management Area having Coordinates of X = 2,583,899.77 and Y = 445,077.32; thence Northwesterly along the boundary of said Biloxi Wildlife Management Area to the Southeast corner of State Lease No. 17979, as amended, having Coordinates of X = 2,577,611.00 and Y = 448,389.64; thence along the boundary of said State Lease No. 17979 the following courses: North 1,918.36 feet, West 4,000.00 feet, and South 1,996.17 feet to its Southwest corner and a point on said Biloxi Wildlife Management Area having Coordinates of X = 2,573,611.00 and Y = 448,311.83; thence 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: North 01 degrees 05 minutes 49 seconds East 835.95 feet and South 89 degrees 44 minutes 22 seconds West 507.16 feet to the Southeast corner of said State Lease No. 18175 having Coordinates of X = 2,572,877.62 and Y = 448,925.88; thence along the boundary of said State Lease No. 18175 the following courses: North 00 degrees 54 minutes 07 seconds West 5,049.52 feet, North 88 degrees 58 minutes 18 seconds East 1,601.50 feet, and North 10,176.77 feet to the point of beginning, **LESS AND EXCEPT** any portion of the above described tract that may lie outside of the Biloxi Wildlife Management Area, containing approximately **891 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: The Office of Mineral Resources will require a minimum bonus of \$230 per acre and a minimum royalty of 23%.

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

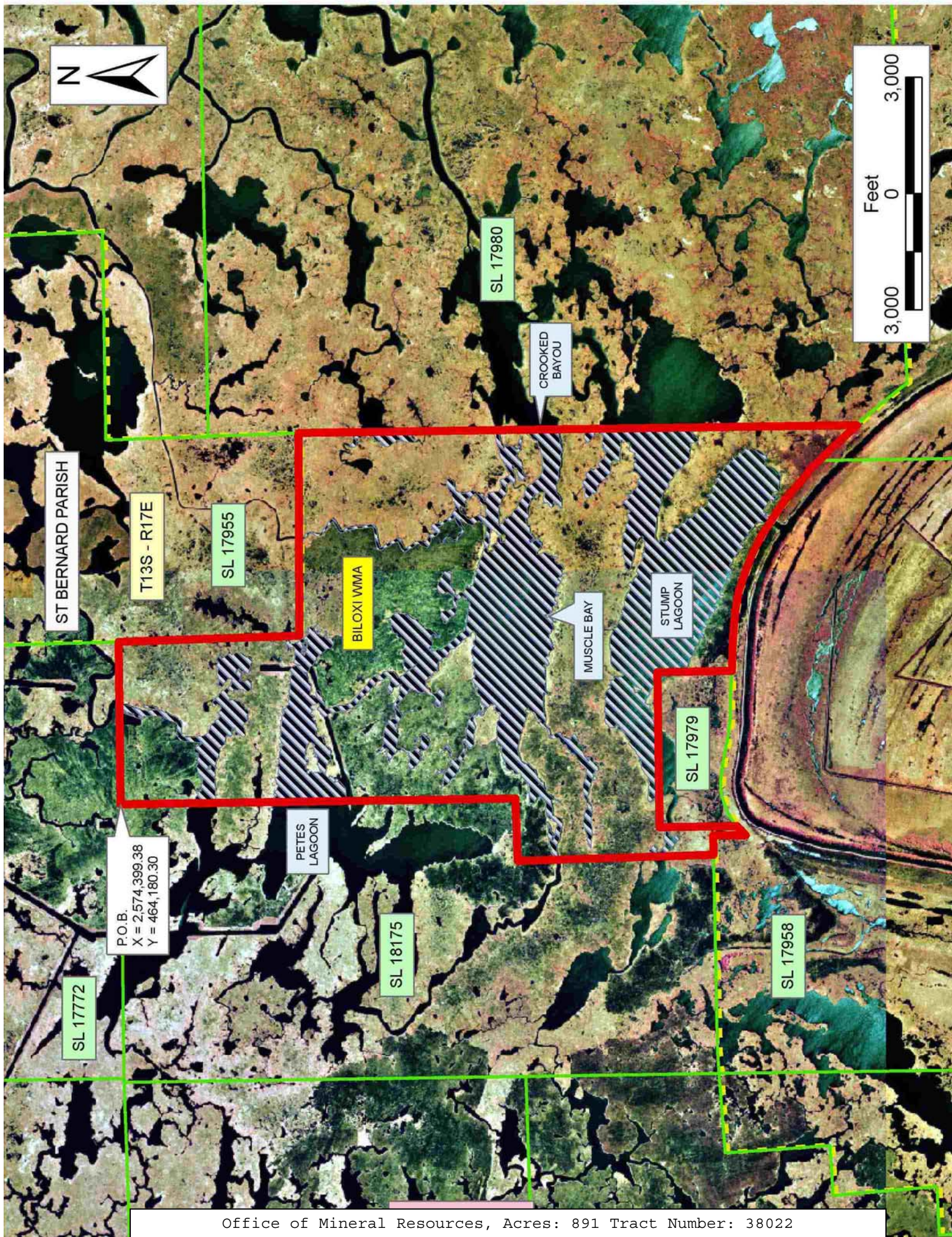
NOTE: The State of Louisiana does hereby reserve, and this lease shall be subject to, the imprescriptible right of surface use in the nature of a servitude in favor of the Department of Natural Resources, including its

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.

Bidder	Cash Payment	Price/ Acre	Rental	Oil	Gas	Other



TRACT 38023 - 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 December 14, 2005, the area being set forth as follows: Beginning at the Southeast corner of State Lease No. 18444 and a point on the boundary of the Biloxi Wildlife Management Area having Coordinates of X = 2,563,085.42 and Y = 440,900.00; thence along the boundary of the Biloxi Wildlife Management Area the following courses and distances: South 02 degrees 12 minutes 43 seconds East 3,043.75, South 87 degrees 56 minutes 26 seconds West 6,236.83 feet, Northeasterly, Northwesterly, Southwesterly, Northerly and Westerly to a point on the boundary of the Biloxi Wildlife Management Area and the Southwest corner of said State Lease No. 18444 having Coordinates of X = 2,553,171.20 and Y = 440,900.00; thence East 9,914.22 feet on the South line of said State Lease No. 18444 to the point of beginning, **LESS AND EXCEPT** any portion that may lie outside the boundaries of the Biloxi Wildlife Management Area, containing approximately **76 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: The Office of Mineral Resources will require a minimum bonus of \$230 per acre and a minimum royalty of 23%.

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.
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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.

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