

SPECIAL NOTICE

On Wednesday, January 19, 2005 the Office of Mineral Resources on behalf of the State Mineral Board advertised in Notice of Publication for receipt of sealed bids on or before **9:00 o'clock a.m. on Wednesday, February 9, 2005**, for State Leases to be awarded upon **Tract Nos. 37049 through 37188**, inclusive at its **February 9, 2005** Lease Sale. Within said advertisement was an incorrect description for **Tract No. 37069, Orleans and St. Tammany Parishes**. By virtue of this public notice, **Tract No. 37069** in Orleans and St. Tammany Parishes, Louisiana is hereby corrected as follows:

TRACT 37069 - Portion of Blocks 25, 26, 27, 30, 31, and 32, North Lake Borgne Area, Orleans and St. Tammany Parishes, Louisiana

All of the lands now or formerly constituting the beds and bottoms of all water bodies of every nature and description the title of which vests in the State of Louisiana, together with all islands arising therein and other lands formed by accretion or by reliction, where allowed by law, excepting tax adjudicated lands, and not presently under mineral lease on February 9, 2005, situated in Orleans and St. Tammany Parishes, Louisiana, and more particularly described as follows: Beginning at a point within Block 25, North Lake Borgne Area, having Coordinates of X = 2,525,837.32 and Y = 549,841.28; thence South 11,750.00 feet to a point within Block 27 having Coordinates of X = 2,525,837.32 and Y = 538,091.28; thence West 10,732.83 feet to a point within Block 30 having Coordinates of X = 2,515,104.49 and Y = 538,091.28; thence North 11,750.00 feet to a point within Block 32 having Coordinates of X = 2,515,104.49 and Y = 549,841.28; thence East 10,732.83 feet to the point of beginning, **LESS AND EXCEPT** Operating Agreement 269 further described as follows: Beginning at point having Coordinates of X = 2,520,890.00 and Y = 554,238.70; thence South 5,280.00 feet to a point; West 5,280.00 feet to a point; North 5,280.00 feet to a point; East 5,280.00 feet to the point of beginning, containing approximately **474 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), where applicable.

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 \$150 per acre and a minimum royalty of 21%.

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.

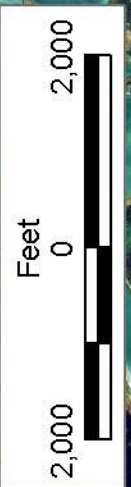
NOTE: The Department of Wildlife and Fisheries has designated certain areas in the coastal waters of the State of Louisiana as Oyster Seed Bed Areas. The exact location of those Seed Bed Areas must be obtained from the Department of Wildlife and Fisheries and any work done under a mineral lease from 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: Cypress Energy Corporation

Bidder	Cash Payment	Price/Acre	Rental	Oil	Gas	Other



P.O.B.
X=2,525,837.32
Y=549,841.28



BLOCK LB0026

T10S - R15E

THE RIGOLETS

NORTH LAKE BORGNE AREA

BLOCK LB0025

T11S - R15E

BLOCK LB0027



AO 0269

BLOCK LB0030

BLOCK LB0032

LAKE ST CATHERINE

ST TAMMANY PARISH

ORLEANS PARISH

BLOCK LB0031