

**TRACT 37162 - 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 February 9, 2005, the area being set forth as follows: Beginning at the Southeast corner of State Lease No. 17976 and a point on the boundary of the Biloxi Wildlife Management Area having Coordinates of X = 2,593,755.79 and Y = 484,529.78; thence along the boundary of said Biloxi Wildlife Management Area the following courses and distances: South 01 degrees 50 minutes 05 seconds East 1,625.86 feet and South 01 degrees 50 minutes 38 seconds East 2,600.36 feet to the Northeast corner of State Lease No. 17953, also being a point on the boundary of the Biloxi Wildlife Management Area having Coordinates of X = 2,593,891.51 and Y = 480,305.73; thence along the boundary of said State Lease No. 17953 and the Biloxi Wildlife Management Area the following courses and distances: 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 the Northwest corner of said State Lease No. 17953, also being the Northeast corner of State Lease No. 17978 and a point on the boundary of the 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 along the North line of said State Lease No. 17978 to its Northwest corner, also being the Southeast corner of State Lease No. 17771, a point on the East line of State Lease No. 17769 and a point on the boundary of the said Biloxi Wildlife Management Area 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 boundary of said Biloxi Wildlife Management Area and a point on the East boundary 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 and a point on the boundary of said Biloxi Wildlife Management Area having Coordinates of X = 2,578,179.62 and Y = 485,190.91; thence North 03 degrees 57 minutes 16 seconds West 1,351.31 feet along the East line of said State Lease No. 17770 to a point, also being the Southwest corner of State Lease No. 17975 and a point on the boundary of said Biloxi Wildlife Management Area having Coordinates of X = 2,578,086.43 and Y = 486,539.00; thence along the boundary of said State Lease No. 17975 the following courses and distances: East 2,295.07 feet and North 4,077.74 feet to the Northeast corner of said State Lease No. 17975, also being a point on the boundary of said Biloxi Wildlife Management Area having Coordinates of X = 2,580,381.50 and Y = 490,616.74; thence along the boundary of said Biloxi

Wildlife Management Area the following courses and distances: North 88 degrees 14 minutes 02 seconds East 2,650.32 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 2,616.94 feet, and North 88 degrees 25 minutes 43 seconds East 1,307.65 feet to the Southwest corner of State Lease No. 18273 having Coordinates of X = 2,588,532.82 and Y = 482,831.54; thence along the boundary of said State Lease No. 18273 the following courses: East 2,769.14 feet and North 1,668.61 feet to its Northeast corner and a point on the South line of said State Lease No. 17976 having Coordinates of X = 2,591,301.96 and Y = 484,500.15; thence North 89 degrees 18 minutes 30 seconds East 2,454.01 feet along the South line of said State Lease No. 17976 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, containing approximately **576 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 Pass-A-Loutre 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 project features including, but not limited to, access routes, well sites, spoil placement, flow lines and other appurtenant structures may be required by the Department.
3. Compliance with the said WMA regulations will be required unless otherwise specified by the Department.
4. Compensatory mitigation will be required to offset avoidable wetland impacts.
5. Removal of all structures, facilities and equipment will be required within 120 days of abandonment unless otherwise agreed to the Department.
6. No activities will be allowed during the hunting season unless specified by the Department.
7. Prior to submitting applications for wetland permits to Federal and State permitting agencies, the leaseholder shall coordinate project details with the Department. Contact person for the Department will be Mike Windham at (504) 568-5886.

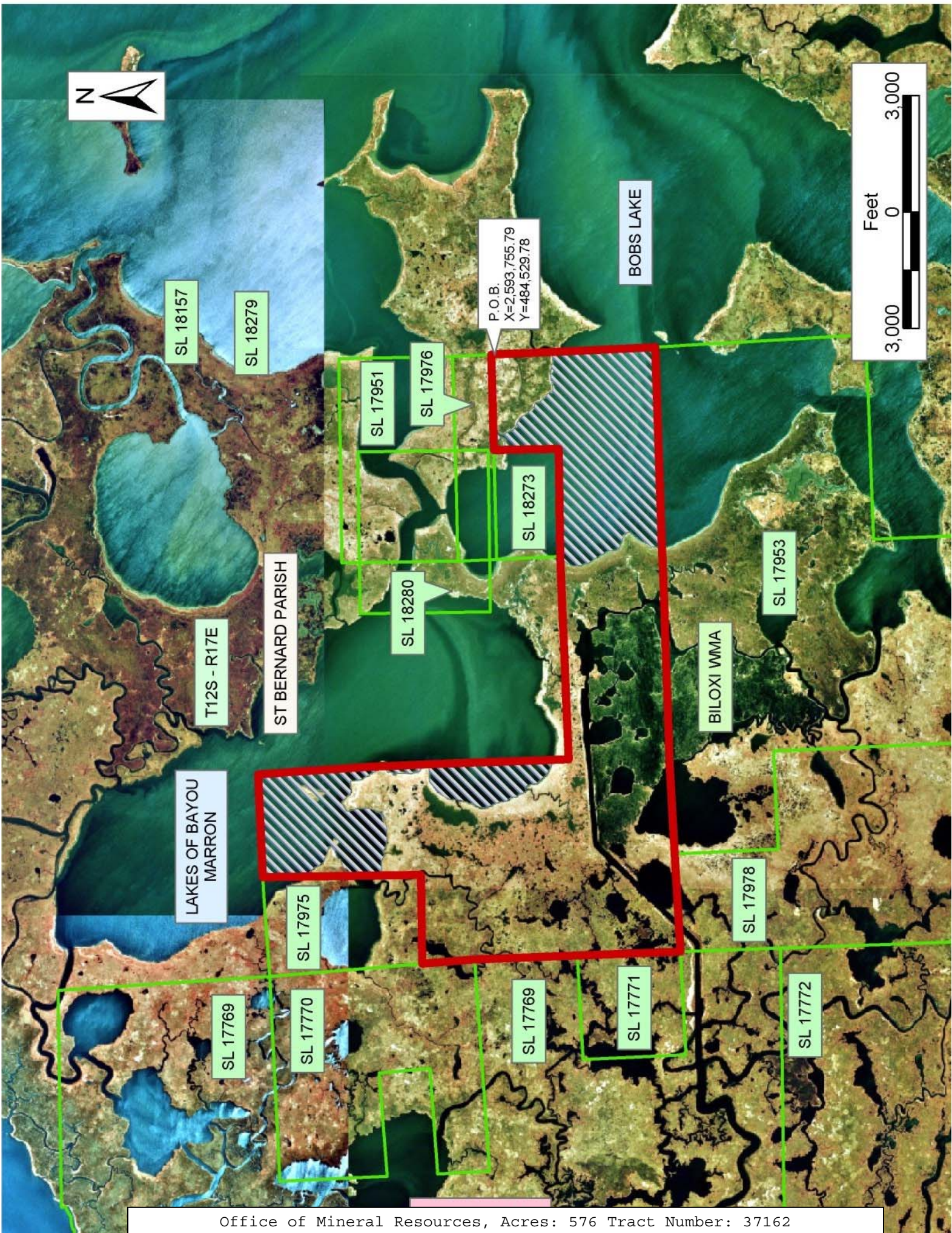
NOTE: The State of Louisiana does hereby reserve, and this lease shall be subject to, the imprescriptible right of surface use in the nature of a servitude in favor of the Department of Natural Resources, including its Offices and Commissions, for the sole purpose of implementing, constructing, servicing 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 37163 - 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 February 9, 2005, the area being set forth as follows: Beginning at the Northeast corner of State Lease No. 17980 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 along the North line of said State Lease No. 17980 to its Northwest corner, also being a point on the East line of State Lease No. 17955 having Coordinates of X = 2,583,849.33 and Y = 461,780.02; thence along the boundary of said State Lease No. 17955 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 and North 89 degrees 57 minutes 01 seconds East 2,135.28 feet to its Northernmost Southeast corner, thence North 01 degrees 27 minutes 38 seconds West 17.54 feet to the Southwest corner of State Lease No. 17977 having Coordinates of X = 2,589,157.70 and Y = 464,447.52; thence along the boundary of said State Lease No. 17977 the following courses and distances: North 89 degrees 57 minutes 48 seconds East 5,351.59 feet and North 02 degrees 05 minutes 19 seconds West 10,428.44 feet to the Northeast corner of said State Lease No. 17977, also being the most Easterly Southeast corner of State Lease No. 17953 having Coordinates of X = 2,594,129.22 and Y = 474,872.46; thence along the boundary of said State Lease No. 17953 the following courses and distances: 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 and North 02 degrees 31 minutes 05 seconds West 1,262.32 feet to the Northeast corner of said State Lease No. 17953, also being a point on the boundary of the Biloxi Wildlife Management Area having Coordinates of X = 2,593,891.51 and Y = 480,305.73; thence along the boundary of said Biloxi Wildlife Management Area the following courses and distances: North 89 degrees 43 minutes 31 seconds East 5,620.61 feet and South 01 degrees 45 minutes 04 seconds East 463.89 feet to a point on the boundary of said Biloxi Wildlife Management Area, also being the Northwest corner of State Lease No. 17954 having Coordinates of X = 2,599,526.23 and Y = 479,869.00; thence along the boundary of said Biloxi Wildlife Management Area and said State Lease No. 17954 the following courses and distances: South 01 degrees 45 minutes 04 seconds East 4,042.06 feet, South 01 degrees 49 minutes 58 seconds East 818.29 feet and South 03 degrees 29 minutes 43 seconds East 2,533.38 feet to a point on the boundary of said Biloxi Wildlife Management Area, also being the Southwest corner of said State Lease No. 17954 having Coordinates of X = 2,599,830.37 and Y = 472,482.28; thence along the boundary of said Biloxi Wildlife Management Area the following courses and distances: South 03 degrees 29 minutes 43 seconds East 2,664.54 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 of the above described tract that may lie outside of the Biloxi Wildlife Management, containing approximately **1,221 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 Pass-A-Loutre 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 project features including, but not limited to, access routes, well sites, spoil placement, flow lines and other appurtenant structures may be required by the Department.
3. Compliance with the said WMA regulations will be required unless otherwise specified by the Department.
4. Compensatory mitigation will be required to offset avoidable wetland impacts.
5. Removal of all structures, facilities and equipment will be required within 120 days of abandonment unless otherwise agreed to the Department.

6. No activities will be allowed during the hunting season unless specified by the Department.

7. Prior to submitting applications for wetland permits to Federal and State permitting agencies, the leaseholder shall coordinate project details with the Department. 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



