

JEFF LANDRY  
GOVERNOR



DUSTIN H. DAVIDSON  
SECRETARY

## DEPARTMENT OF CONSERVATION AND ENERGY

**TO:** STATE MINERAL AND ENERGY BOARD MEMBERS

**FROM:** GREG ROBERTS  
PETROLEUM LANDS DIRECTOR  
OFFICE OF STATE RESOURCES

**DATE:** MARCH 11, 2026

### LEGAL & TITLE CONTROVERSY REPORT

1. A request by the Office of State Resources (Staff) to approve the proposed State Lease Royalty Reduction Program in accordance with Executive Order JML 25-72.

JEFF LANDRY  
GOVERNOR



DUSTIN H. DAVIDSON  
SECRETARY

**DEPARTMENT OF CONSERVATION AND ENERGY**

**2026 STATE LEASE INVESTMENT PROGRAM  
PURSUANT TO EXECUTIVE ORDER JML 25-72**



**LOUISIANA STATE MINERAL AND ENERGY BOARD  
AND  
OFFICE OF STATE RESOURCES,  
LOUISIANA DEPARTMENT OF CONSERVATION AND ENERGY**

Presented to State Mineral and Energy Board  
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## Introduction

In consideration of Executive Order JML 25-72, the Louisiana State Mineral and Energy Board (“Board”), in collaboration with the Department of Conservation and Energy (“C&E”) and its Office of State Resources, has developed a program offering targeted state-lease royalty reductions to stimulate development of valuable but marginalized public oil and gas reserves.<sup>1</sup> This 2026 State Lease Investment Program (“Program”) is part of a broader effort by Louisiana government to emphasize mineral production as a foundation of our state’s economic strength and maximize the value of our natural resources for the benefit of taxpayers, industry, and its workforce. The Louisiana Legislature enacted foundational policy reforms during the 2025 Regular Session—including passage of mineral severance tax adjustments (Act 295, 2025 R.S.), Act 312 legacy lawsuit reform (Act 458, 2025 R.S.), and policy emphasizing the importance of locally sourced energy as a necessary tool for economic growth and security (Act 462, 2025 R.S.). This Program is intended to complement pre-existing policy, creating a collective impact that will unlock Louisiana’s energy potential by minimizing various barriers to investment.

## Applicability

The Board is statutorily vested with exclusive authority to lease any lands belonging to the state, or the title to which is in the public, for the development and production of oil, gas, and other minerals; and it may determine appropriate lease terms in accordance with law and the best interests of the state. La. R.S. § 30:121–124. It likewise maintains full supervision of all state mineral leases and broad authority to take actions necessary to protect the State’s interests, including modification of lease terms when advantageous. La. R.S. § 30:127, 129.

This Program applies only to mineral leases within the Board’s jurisdiction and authority—meaning those that authorize the exploration, development, or production of minerals on lands belonging to the state, or title to which is in the public, including road beds, water bottoms, vacant state lands, and lands adjudicated to the state at tax sale. La. R.S. § 30:124. The Program is designed to incentivize new investment, restoring the productive value of oil and gas fields in Louisiana’s Coastal Zone and other areas suffering from declining or prolonged inactivity. As such, the geographic scope of the Program encompasses the full extent of state-owned property, with the exception of leases authorizing the exploration, development, or production of minerals from state-owned portions of the Haynesville Shale Formation, as defined herein, which is excluded from the Program due to its sustained development activity.

The Program is intended to comply with all Applicable Law(s) and Applicable Procedure(s)—including the statutory minimum one-eighth (12.5%) state lease royalty set forth in La. R.S. § 30:127. It is not to be applied, nor should the guidelines herein be interpreted, in a manner that is inconsistent with governing law.

## Public Records

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<sup>1</sup> Exhibit “A” – Executive Order JML 25-72.

As public bodies, the Board and Office of State Resources are subject to the provisions of Louisiana Public Records Law, La. R.S. § 44:1, *et seq.* Accordingly, records, documents, and other information submitted to the Office of State Resources or the Board in connection with the procurement process, including but not limited to proposals, applications, reports, and all related supporting documentation, are subject to disclosure unless exempted by applicable law. Each individual or entity who submits information pursuant to this Program acknowledges that Office of State Resources and the Board will comply with the Louisiana Public Records Law and may be required to disclose information designated as confidential if required by law or ordered by a court of competent jurisdiction.

It is the responsibility of each party who participates in the Program to comply with Louisiana Public Records Law in seeking exemption of any portion of its submission. Participants are strongly encouraged to review all relevant provisions of the Louisiana Public Records Law and consult with legal counsel as necessary to understand their obligations and the potential for disclosure of records submitted in connection with these procurement guidelines. Neither the Office of State Resources nor the Board shall be liable to a participant for the disclosure of any public record, including records deemed confidential by the respondent, if required by applicable law or judicial order.

### **Program Term and Effectiveness**

The Program shall take effect on the date of formal approval by the Board and shall remain in effect for a period of two years from such date. The Board may, by resolution adopted at a public meeting, extend the effectiveness of the Program for one or more additional periods, each not to exceed two years in duration. Expiration of the Program shall not impair, diminish, or otherwise unduly prejudice any application submitted while the Program was in effect or any rights, approvals, or benefits arising from a lease, amendment, or other action authorized under the Program during its effective period. Each such application, approval, and benefit shall remain valid and enforceable according to its terms notwithstanding the expiration of the Program.

The Board may alter or amend the provisions of the Program by resolution adopted at a public meeting. Before voting on or adopting any alteration or amendment, the Board shall issue written public notice of the proposed change and shall provide a reasonable opportunity for public comment. No alteration or amendment shall be applied in a manner that causes undue prejudice to any applicant who has submitted a request under the Program or to any person who has received a lease amendment or other benefit pursuant to the Program.

## Definitions

**Applicable Law(s).** Any applicable, valid, final, and non-appealable federal or state statute, law, rule, or order, or any judicial decision, as may now be in effect or which may be enacted, adopted, or made effective at a future date.

**Applicable Procedure(s).** Any valid, final, and non-appealable standard, procedural rule, regulation, permit, or order, as may now be in effect or which may be enacted, adopted, or made effective at a future date.

**Application Packet.** The complete set of forms, exhibits, maps, and supporting materials submitted to the Office of State Resources in support of a request for royalty reduction under this Program, including, at a minimum, the Applicant Information Report, Development Plan, Royalty Reduction Request, and all other documentation required under these Guidelines or requested by the Office of State Resources.

**Amendment Effective Date.** The date on a State Lease Amendment Form authorized pursuant to the Program has been executed by or on behalf of both the subject lessee and the Executive Director of the Office of State Resources or another individual authorized to execute on behalf of the Board and the State of Louisiana.

**Eligible Orphaned Well.** An Eligible Well that:

- (a) was formally classified as an orphaned well by C&E and remained in orphan status on a continuous and uninterrupted basis from the date of its most recent orphan classification until the date it was removed from orphan status by C&E; and
- (b) was removed from orphan status by the C&E and transferred to the applicant or an entity authorized to operate the well on the applicant's behalf pursuant to Applicable Law(s) and Applicable Procedure(s) within the 24-month period immediately preceding the application date.<sup>2</sup>

**Eligible Well.** A well on land or water bottoms subject to or pooled with an active state mineral lease that authorizes the exploration, development, or production of minerals on state-owned property, with the express exclusion of wells producing minerals from the Haynesville Shale Formation.

**Haynesville Shale Formation.** The Haynesville Shale is herein defined as the Upper Jurassic-aged siliceous mudstone interval, typically encountered at depths of 10,500 to 13,500 feet below surface, extending across northwestern Louisiana. It is stratigraphically bounded above by the Bossier Shale and below by the Smackover Formation. State tracts determined by the Office of State Resources to be wholly or partially within this geologic interval are excluded from all Program incentives.

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<sup>2</sup> A well removed from orphan status more than 24 months prior to the application date shall not qualify as an Eligible Orphaned Well but could qualify under a different Program Incentive.

**Qualified Workover Operation.** An operation which alters the producing interval, wellbore configuration, or mechanical integrity of an Eligible Well as authorized by a valid Work Permit ([Form DM-4R](#)) issued by C&E prior to commencement of such operation.

## Program Incentives

The Program offers the following royalty reduction incentives for active and new state mineral leases to be administered by the State Mineral and Energy Board, upon recommendation of the Office of State Resources. Compliance procedures, eligibility criteria, and additional terms and conditions for each incentive are set forth in further detail in the sections that follow.

All applications pursuant to this Program are subject to La. R.S. § 30:127, which mandates a statutory minimum one-eighth royalty (12.5%) for mineral leases issued by the Board on behalf of the State of Louisiana. The Board and Office of State Resources may not authorize royalty terms contrary to La. R.S. § 30:127 or any other Applicable Law(s) or Applicable Procedure(s). The incentives below shall not be applied in a manner that would result in a royalty below the statutory minimum.

### 1. New Drill Incentive

Offers a state lease amendment authorizing a royalty reduction of up to eight percentage points on sales of production from Eligible Well(s) that are completed after the date on which the applicant submits its application. The amended royalty shall in no case be less than the statutory minimum of twelve and one-half percent (12.5%).

Royalty reduction pursuant to the New Drill Incentive shall apply to all sales of production from an approved well beginning on the Amendment Effective Date for a continuous term not to exceed **84 months** thereafter. Eligibility is contingent on compliance with criteria and conditions set forth herein.

### 2. Inactive Well Incentive

Offers a state lease amendment authorizing royalty reduction of up to eight percentage points (not below 12.5%) on sales of production from Eligible Well(s) that were inactive for six or more months immediately prior to the date on which the applicant submits its application, or that had 30 days or less of production during the six months immediately preceding the application date. The amended royalty shall in no case be less than the statutory minimum of twelve and one-half percent (12.5%). The Inactive Well Incentive shall apply only to Eligible Well(s) restored to active status after the application date.

Royalty reduction pursuant to the Inactive Well Incentive shall apply to all sales of production from an approved well beginning on the Amendment Effective Date for a continuous term not to exceed **72 months** thereafter.

Eligibility is contingent on compliance with criteria and conditions set forth herein, including submission of documentary evidence of certification by C&E that each subject well has been inactive for six or more months prior to the application date or has had 30 days or less of production during the six months prior to the application date.

### 3. Qualified Workover Incentive

Offers a state lease amendment authorizing royalty reduction of up to eight percentage points (not below 12.5%) on sales of production from Eligible Well(s) on which a Qualified Workover Operation is completed after the application date. The amended royalty shall in no case be less than the statutory minimum of twelve and one-half percent (12.5%).

Royalty reduction pursuant to the Qualified Workover Incentive shall apply to all sales of production from an approved well beginning on the Amendment Effective Date for a continuous term not to exceed **72 months** thereafter.

Eligibility is contingent on compliance with criteria and conditions set forth herein, including submission of a valid Work Permit (Form DM4R) issued by the C&E authorizing the Qualified Workover Operation and a clear showing by the lessee that the Qualified Workover Operation was performed and completed as permitted.

#### **4. Orphan Well Incentive**

Offers a state lease amendment authorizing royalty reduction of up to eight percentage points (not below 12.5%) on sales of production from Eligible Orphaned Well(s) that are removed from orphan status by the lessee or an operator authorized by the lessee after the date on which the applicant submits its application. The amended royalty shall in no case be less than the statutory minimum of twelve and one-half percent (12.5%).

Royalty reduction pursuant to the Orphan Well Incentive shall apply to all sales of production from a qualifying well beginning on the Amendment Effective Date for a continuous term not to exceed **84 months** thereafter.

Eligibility is contingent on compliance with criteria and conditions set forth herein.

#### **5. General Mineral Leasing Policy**

Once the Program is implemented, the Board will give substantial consideration to the ideals of Executive Order JML 25-72 when evaluating bonus, rental, and royalty bids for tracts nominated at its monthly mineral lease sales—including consideration of bids below traditional rates—subject to the statutory parameters set forth in La. R.S. § 30:127 and all other Applicable Law(s) and Applicable Procedure(s). The Board reserves the right to accept or reject any bid pursuant to its statutory authority and the best interests of the State of Louisiana.

## Application Guidelines

1. **Eligibility.** The New Drill Incentive, Inactive Well Incentive, Qualified Workover Incentive, and Orphan Well Incentive are available only to individuals or entities holding valid record ownership of a state mineral lease issued by the Board. Applicants must be registered and in good standing with the Office of State Resources.
2. **Application Packet.** An owner of an active state mineral lease seeking eligibility for the New Drill Incentive, Inactive Well Incentive, Qualified Workover Incentive, or Orphan Well Incentive, or any combination thereof, shall submit an administratively complete Application Packet to the Office of State Resources. A single application may encompass an individual well or groups of wells, but one application may not encompass more than one lease. The Application Packet shall contain, at minimum, an Applicant Information Report, a State Lease Amendment Request, a Development Plan, a Certification Affidavit, and an Application Fee—with information as to each subject well separately itemized as required below.
  - a. **Applicant Information Report.** The applicant shall submit an Applicant Information Report containing, at minimum, the following information:
    - i. The name of the applicant entity;
    - ii. The name, position title, address, e-mail address, and telephone number of the applicant or a representative authorized to act on the applicant's behalf; and
    - iii. A written certification, signed by the applicant or an individual or entity authorized to sign on the applicant's behalf, that the applicant has no outstanding financial obligations arising from any mineral lease(s) issued by the State of Louisiana.
  - b. **State Lease Amendment Form.** The applicant shall execute a State Lease Amendment Request on the form provided by the Office of State Resources. The State Lease Amendment Form shall clearly detail the applicability, scope, and duration of the requested royalty reduction proposal and evidence the applicant's intent to amend the terms of the subject lease accordingly—such that Board approval and execution of the State Lease Amendment Form will constitute a written amendment to the subject lease. The State Lease Amendment Form shall include the following information, at minimum:
    - i. The full legal name of the lessee(s);
    - ii. The number of the subject state lease;
    - iii. The royalty rate of the subject state lease at the time of the application (pre-reduction);

- iv. The name, serial number, API number, LUW code(s) of each well subject of the proposal;
  - v. The name of the royalty reduction incentive sought for each well subject of the proposal (*i.e.*, New Drill Incentive, Inactive Well Incentive, Qualified Workover Incentive, Orphan Well Incentive);
  - vi. The reduced royalty rate proposed to apply to each well subject of the proposal;
  - vii. The duration of the reduced royalty rate to apply to each well subject of the proposal;
  - viii. A lessee acknowledgment section, executed in writing by the applicant or an individual authorized to sign on the applicant's behalf, verifying the applicant's consent to the proposed terms and intent to be bound thereby upon approval by the Board;
  - ix. A provision stating that royalty reduction pursuant to Qualified Workover Incentive shall not commence absent a clear showing by the lessee that the Qualified Workover Operation was performed and completed as permitted; and
  - x. A provision stating that royalty reduction authorized by the State Lease Amendment Form is at all times subject to the lessee's compliance with the reporting requirements and other compliance criteria set forth herein.
- c. **Development Plan.** The applicant shall submit a detailed plan for development of each planned or existing well subject of the royalty reduction request in its State Lease Amendment Form. Submission requirements for the New Drill Incentive, Inactive Well Incentive, Qualified Workover Incentive, and Orphan Well Incentive are set forth in further detail below.
- i. **New Drill Incentive:** For each well subject of an application for the New Drill Incentive, the applicant shall submit the following information, at minimum:
    - A. Name, serial number, API number, LUW code(s), field name;
    - B. Each state lease reasonably anticipated to participate in production from the well;
    - C. Proposed well name, location, and planned total depth;
    - D. The name and address of entity to operate the prospective well;
    - E. Estimated spud date, drilling timeline, and date of first production;

- F. Detailed information as to any planned or active unit governing production from the prospective well, to the best of the applicant's information and belief. For active units, the applicant shall include documentation evidencing unit approval and the final unit survey plat; and
  - G. Plat map(s) illustrating the location of the proposed well, the boundaries of the subject lease(s) on which it is located, and the boundaries of any planned or active production unit to govern production from the proposed well.
- ii. **Inactive Well Incentive:** For each well subject of an application for the Inactive Well Incentive, the applicant shall submit the following information, at minimum:
- A. Name, serial number, API number, LUW code(s), field name;
  - B. Each active state lease granting the applicant the rights to access and produce the well;
  - C. Documentary evidence of certification by C&E that the well has been inactive for six or more months prior to the application date or has had 30 days or less of production during the six months prior to the application date;
  - D. A summary of cause(s) for inactivity;
  - E. Proof of active financial security for plugging and abandonment of the subject well in compliance with all financial security requirements imposed by Applicable Law(s) and Applicable Procedure(s); and
  - F. Plat map(s) illustrating the location of the well, the boundaries of the subject lease(s) on which it is located, and the boundaries of any planned or active production unit to govern production from the well.
- iii. **Qualified Workover Incentive:** For each well subject of an application for the Qualified Workover Incentive, the applicant shall submit the following information, at minimum:
- A. Name, serial number, API number, LUW code(s), field name;
  - B. Each active state lease granting the applicant the rights to access and produce the well;

- C. A copy of the valid Work Permit ([Form DM4R](#)) issued by C&E authorizing the Qualified Workover Operation;
  - D. A description of the Qualified Workover Operation, including the anticipated operational timeline; and
  - E. Plat map(s) illustrating the location of the well, the boundaries of the subject lease(s) on which it is located, and the boundaries of any planned or active production unit to govern production from the well.
- iv. **Orphan Well Incentive:** For each well subject of an application for the Orphan Well Incentive, the applicant shall submit the following information, at minimum:
- A. Name, serial number, API number, LUW code(s), field name;
  - B. Each active state lease granting the applicant the rights to access and produce the well;
  - C. Documentary evidence of certification by C&E that the well was formally classified as an orphaned well by C&E pursuant to Applicable Law(s) and Applicable Procedure(s), remained in orphan status on a continuous and uninterrupted basis from the date of its most recent orphan classification until the date it was removed from orphan status by C&E, was removed from orphan status by C&E within the 24 months immediately preceding the application date, and was transferred to the applicant or an operator or a contract operator of the applicant directly from C&E's orphan well program pursuant to Applicable Law(s) and Applicable Procedure(s);
  - D. Plat map(s) illustrating the location of the well, the boundaries of the subject lease(s) on which it is located, and the boundaries of any planned or active production unit to govern production from the well;
  - E. A copy of approved rework plan under the Orphan Well Rework Program, if applicable; and
  - F. Certification of approved site-specific trust account under La. R.S. § 30:88.1 or bond instrument, if required by Applicable Law(s) or Applicable Regulations(s).
- d. **Affidavit.** All Application Packet materials shall be accompanied by a written certification executed by the applicant, or an individual or entity authorized to execute

on the applicant's behalf, that all reported information is true, correct, and current upon the applicant's best information and belief.

- e. **Advertisement Fee.** An Application Packet shall be accompanied by a check made payable to the Office of State Resources or the State Mineral and Energy Board in the full amount of Five Hundred Dollars (\$500.00), to cover administration costs and advertisement of the State Lease Amendment proposal pursuant to La. R.S. § 30:129(A), 129.1.
- 3. Multiple Lessees.** Where a state mineral lease is owned by multiple parties, the Program incentives shall extend only to those lessees who participate in the application process in accordance with the Program guidelines herein. A lessee who does not apply for the Program shall not receive the benefit of any royalty reduction approved for another lessee.
- a. **Application Format.** Co-lessees may pursue individual applications, submitted separately by each lessee; or a joint application, submitted collectively on behalf of multiple co-lessees.
  - b. **Joint Application.** A joint application may be submitted on behalf of multiple co-lessees to avoid duplicative Application Packets. Any joint application shall clearly indicate that it is being submitted on behalf of multiple co-lessees and shall expressly identify each participating lessee by name. The Joint Application may contain one uniform Development Plan and State Lease Amendment Form to the extent that the information in such submittals is shared by each participating co-lessee. However, the joint Application Packet shall include an Applicant Information Report, Certification, and Advertisement Fee from each participating co-lessee. The Office of State Resources may request supplemental or individualized materials as necessary for administrative completeness.
- 4. Form.** The applicant(s) shall submit one electronic copy and one paper copy of the Application Packet to the Office of State Resources. The electronic copy shall be submitted via electronic mail to [OMR@la.gov](mailto:OMR@la.gov) or in another form acceptable to the Office of State Resources. The paper copy shall be delivered by hand or via certified mail or commercial courier to one of the following addresses.

**Mailing Address**

Office of State Resources,  
Land Administration Division,  
Department of Conservation and Energy

617 North Third Street  
8th Floor, Office No. 837  
Baton Rouge, Louisiana 70802

**P.O. Box Address**

Office of State Resources,  
Land Administration Division,  
Department of Conservation and Energy

Post Office Box 2827  
Baton Rouge, Louisiana 70821-2827

## Application Review

1. **Internal Review.** The Office of State Resources shall review each Application Packet and issue a finding to the applicant in accordance with the guidelines below.
  - a. **Request for Additional Information.** The Office of State Resources may request clarification or additional documents or information from the applicant(s) to clarify or complete any application.
  - b. **Deficiencies.** If the Office of State Resources identifies any deficiencies in the application, it shall issue written notice to the interested party itemizing and, if applicable, providing instructions to remedy each deficiency.
  - c. **Standing.** The Office of State Resources shall at all times maintain discretion to defer or deny an application upon a finding that an applicant is out of compliance with any active state lease, any permit issued by C&E or another government entity, or any Applicable Law(s) or Applicable Procedure(s).
  - d. **Approval.** If the Office of State Resources determines that the application is administratively complete, that no compliance issues preclude eligibility, and that the application is otherwise ripe for Board consideration, the Office of State Resources shall advertise the State Lease Amendment Form in accordance with La. R.S. § 30:129.1 and place notice of the application on the agenda for the next regular meeting of the Board. The notice of application shall include, at minimum, the following information.
    - i. The full legal name of the applicant(s);
    - ii. The state lease subject of the application;
    - iii. A copy of the State Lease Amendment Form submitted in the Application Packet;
    - iv. Any other term(s) or condition(s) requested by the applicant or recommended by the Office of State Resources; and
    - v. If applicable, an accompanying recommendation from Office of State Resources staff.
2. **Board Review and Determination.** After review of the Application Packet and any recommendation or analysis provided by the Office of State Resources, the Board shall act on the application by resolution. The Board may approve, approve with conditions or modifications, defer, or deny the application in whole or in part, or take any other action that the Board in its discretion deems appropriate.

- a. **Board Discretion.** The Board maintains complete discretion in its determination. In acting on an application, the Board may alter or amend the scope or duration of royalty reduction or impose any term, condition, contingency, or qualification as it deems appropriate—including a condition that the state lease amendment is wholly or partially contingent on commencement of production by a specified date. Nothing herein shall be construed to limit the Board’s authority under La. R.S. § 30:121–136 or to create any entitlement to approval.
  - b. **Approval.** Unconditional approval of an application shall constitute formal approval of the terms set forth in the State Lease Amendment Form and authorize execution of the State Lease Amendment Form by the Executive Director of the Office of State Resources or any other individual authorized to act on behalf of the Board. Upon execution, the State Lease Amendment Form shall be deemed adopted by the State and shall constitute a valid, effective, and binding amendment to the underlying state mineral lease, enforceable in accordance with its terms and the applicable provisions of law.
  - c. **Conditional Approval.** If the Board conditions approval on any alteration, amendment, term, condition, contingency, or qualification regarding the State Lease Amendment Form, the Office of State Resources may require the applicant to incorporate such provisions and re-submit its State Lease Amendment Form as a prerequisite for approval.
  - d. **Resolution.** A Board resolution memorializing approval shall specify the name of the applicant(s), each well deemed eligible for royalty reduction, and for each well—the state lease(s) granting the applicant the rights to access, drill, and/or produce the well; the royalty reduction incentive(s) awarded by the Board; the initial and reduced royalty rate; any other term(s) or condition(s) subject of the Board’s approval; and a determination that execution of the approved State Lease Amendment Form constitutes an amendment to the subject state mineral lease. The resolution shall further direct the applicant to record the finalized State Lease Amendment Form in the conveyance records of the parish in which the lease is located.
3. **State Lease Amendment Form.** Once executed by or on behalf of the Board, the State Lease Amendment Form shall constitute an official act of the Board under the authority of La. R.S. § 30:127–136 and the Board’s State Lease Investment Program. Its terms and conditions shall alter and amend the provisions of the subject state mineral lease to the extent provided therein.
  4. **Execution and Recordation.** The State Lease Amendment Form shall be executed in duplicate originals, one retained by the Office of State Resources and one delivered to each approved lessee. Each approved lessee shall be responsible for recording the State Lease Amendment Form, and any subsequent modification or alteration thereof, in the conveyance records of each parish in which the subject lease is located within 30 days of execution and providing written notice of recordation to the Office of State Resources within 15 days of each recordation. The

Board shall at all times maintain the right to suspend or terminate any state lease amendment not recorded in accordance with these rules.

- 5. Amendment Effective Date.** A State Lease Amendment Form and all terms and conditions therein shall become effective on the Amendment Effective Date. The Amendment Effective Date shall constitute the date on which the State Lease Amendment becomes legally binding and enforceable, and from which all compliance, reporting, administrative, and recordation obligations under this Program shall commence.
- 6. Terms of Royalty Reduction.** A State Lease Amendment Form shall set forth the scope and duration of royalty reduction authorized for each subject well. Royalty reduction pursuant to the Inactive Well Incentive and Qualified Workover Incentive shall apply to all sales of production from an approved well beginning on the Amendment Effective Date for a continuous term not to exceed 72 months thereafter, and royalty reduction pursuant to the New Drill Incentive and Orphan Well Incentive shall apply to all sales of production from an approved well beginning on the Amendment Effective Date for a continuous term not to exceed 84 months thereafter.

## Compliance Criteria

1. **Reporting Requirements.** Each lessee authorized for royalty reduction pursuant to this Program (“Authorized Lessee”) shall provide periodic reports to the Office of State Resources documenting compliance with the terms and conditions of the Program, its State Lease Amendment Form as authorized by the Board, and other Applicable Law(s) and Applicable Procedure(s) as set forth below.
  - a. **Notices.** Each Authorized Lessee shall provide written notice to the Office of State Resources within 30 days of the occurrence of any of the following events:
    - i. Submission of the application for any drilling, workover, production, or coastal use permit to C&E, including but not limited to a [Form DM-4R](#);
    - ii. Issuance of each such drilling, workover, production, or coastal use permit by C&E;
    - iii. If applicable, commencement of Qualified Workover Operations;
    - iv. First sale of original production or restored production from each subject Eligible Well and Eligible Orphaned Well, submitted in writing within 20 days of such date; and
    - v. A change in operator of any Eligible Well or assignment of any lease containing a State Lease Amendment; and
    - vi. If applicable, authorization and creation of a site-specific trust account pursuant to the Orphan Well Rework Program, La. R.S. § 30:88.2.
  - b. **Status Reports.** Each Authorized Lessee shall submit a progress report to the Office of State Resources every 180 days following the effective date of the State Lease Amendment, unless otherwise directed by the Office of State Resources in writing. Each progress report shall identify all wells entitled to royalty reduction under the subject State Lease Amendment and shall provide the information required below for each well, organized according to the well’s operational status as of the end of the reporting period.
    - i. The report shall label each non-producing or inactive well as such and provide a brief description of the cause for inactivity.
    - ii. The report shall label each active well as such, state the date on which first production from the well took place, and include a report or attachment illustrating the total volume of oil, gas, and condensate produced during the reporting period, itemized by month and by product type.

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- c. **Form and Delivery.** All reports and notices required herein shall be submitted electronically to the Land Administration Division of the Office of State Resources. All reports and notices shall be signed by the Authorized Lessee, or an individual or entity authorized to sign on its behalf, and certified as true and correct to the best of that lessee's knowledge and belief.
- d. **Multiple Lessees.** Where a State Lease Amendment is issued to multiple co-lessees authorized for royalty reduction pursuant to this Program, the reporting obligations set forth in these Guidelines may be satisfied by the submission of a single consolidated report on behalf of more than one approved lessee, provided that the information reported applies uniformly to each participating co-lessee and to all wells subject of the State Lease Amendment. Any consolidated report shall clearly state that it is submitted on behalf of multiple approved lessees and shall expressly identify each such lessee by name. Each approved lessee remains individually responsible for ensuring the accuracy and completeness of all reported information. The Office of State Resources may, at its discretion, request supplemental, individualized, or lessee-specific information where necessary for administrative completeness, compliance verification, or royalty accounting. Failure of one co-lessee to comply with these reporting requirements shall not relieve any other co-lessee of its individual obligations under the State Lease Amendment or these guidelines.

## General Provisions

- 1. Assignment.** Any valid assignment, sublease, or transfer of a state mineral lease to which a State Lease Amendment applies shall automatically include the benefits and obligations of the State Lease Amendment, unless expressly revoked or modified by the Board in writing. The Board reserves the right, in its sole discretion, to suspend, modify, or terminate a State Lease Amendment if an assignee thereof is not in good standing with the State or has outstanding compliance issues; the assignment would result in circumvention of the State Lease Amendment's intent; or the Board determines such action to be in the best interest of the State.
- 2. Modification, Suspension, or Termination.** Once executed by or on behalf of the Board, the terms and conditions of the State Lease Amendment Form become part of the subject lease. The amendments set forth in the State Lease Amendment Form may not be modified, suspended, or terminated absent express written consent of both the lessee and the State. However, notwithstanding the foregoing, the Board shall at all times reserve and maintain the right to modify, suspend, or terminate the subject lease, including any amendments thereto, in accordance with the terms of the subject lease.
- 3. Confidentiality.** As public bodies, the Board and the Office of State Resources are subject to the Louisiana Public Records Law, La. R.S. § 44:1, *et seq.* Accordingly, records, documents, and other information submitted to the Office of State Resources or the Board in connection with this Program—including, without limitation, proposals, applications, reports, and supporting documentation—are subject to disclosure unless exempted by Applicable Law (see “Public Records”). Upon written request by an applicant or qualifying lessee and a showing of good cause, the Office of State Resources may, in its discretion, waive any submission requirement herein on the grounds that the information sought is confidential. Any such waiver may be granted in whole or in part.