

Louisiana Seismic Permit Digital Database
SEISMIC AGREEMENTS AVAILABLE ON STATE ACREAGE

There are currently four (4) types of seismic agreements available for use on State acreage: 1) **Seismic Permit**, 2) **Exclusive Geophysical Agreement I**, 3) **Exclusive Geophysical II**, and 4) **Exclusive Geophysical Agreement III**. Listed below is a summary of the particulars related to each type of agreement preceded by some general and procedural information related to all agreements:

GENERAL AND PROCEDURAL INFORMATION
FOR APPLYING FOR A SEISMIC PERMIT

A party desiring a **Seismic Permit** must submit a properly completed application including a check for the correct amount, as determined below, for the permit fee. The completed application is to be mailed to Mr. Gus Rodemacher, Deputy Assistant Secretary, Office of Mineral Resources, Department of Natural Resources, P .O. Box 2827, Baton Rouge, Louisiana 70821-2827. Any questions pertaining to this matter should be addressed to Mr. Frank J. Husband, geophysicist, Office of Mineral Resources, at (504) 342-5285.

1. The **Seismic Permit** is issued on the following basis:

a. The **Seismic Permit** is a non-exclusive permit issued by the Office of Mineral Resources. Seismic permits may be issued to other parties within the same survey area during the same twelve (12) month period.

b. The permit authorizes the permittee to conduct geophysical operations, for a period of twelve (12) months, on state lands and waterbottoms which is controlled by the State Mineral Board. No extension of time to the twelve (12) month period will be granted.

c. Permits to shoot over state acreage will be issued to the applicant upon receipt of a properly completed application with an acceptable map of the survey area and a certified or company check for the proper amount (\$11,000.00 or multiple thereof) of the permit fee.

d. If the area to be surveyed is for **3-D** coverage, then the amount of the permit fee is determined by calculating the acreage of state-owned lands and/or waterbottoms that are within the survey area. One (1) permit fee of \$11,000.00 is required for every nine (9) square miles of state-owned acreage within the survey area. Multiple fees may be required to cover the intended survey area.

e. If the area to be surveyed is for **2-D** coverage, then the amount of the permit fee is determined by the number of line miles within the survey area. One (1) permit fee of \$11,000.00 is required for every thirty- two (32) line miles of coverage to be acquired within the survey area. Multiple fees may be required to cover the intended survey area.

f. The State may also lease acreage within the seismic permitted area during the twelve (12) month term of the seismic permit; however, the State Lessee must deal w

area for one of the Exclusive Geophysical Agreements will be met with and heard by the staff. However, neither party will be apprised of the other's interest in the same area. The Mineral Board will choose which application will be accepted for advertisement for bid. Because the EGA is a contract for work to be done, this agreement is not assignable.

When and if the applicant accepts the terms determined by the OMR staff, that party may then apply to the OMR to nominate the acreage to be optioned. This is done by a nomination letter with submission of plat and legal description of the area, as required, including an application fee of \$200. The proposal will then be submitted to the Board, and when approved by the Board, the agreement will be advertised as prescribed by State law. Generally, the process is similar to leasing, and the complete process will take about two to three months to accomplish. The schedule of dates used for lease sales, advertising and receipt of applications will generally be followed.

Currently, approval of any area, as well as the size of the area to be nominated in an Exclusive Geophysical Agreement is generally determined by, but not limited to, considerations of the leasing, drilling and exploration activities in the area as well as the overall benefits to the State that may be derived as a result of the area being nominated.

Parties desiring to enter into one of the EGA's are strongly advised not to come to the aforementioned meeting with a prepared proposed bid, as the staff will not negotiate or entertain proposed bid figures. Depending upon the area to be nominated and other factors, the staff will determine the minimum seismic fee, bonus price per acre and royalty for nominated or selected acreage and will recommend the same to the Board for their approval. Under certain conditions, the staff may consider an applicant's request to commit to select a minimum amount of acreage during the Initial Term or the Option Period, if activated. This commitment, if accepted, could reduce the per acre seismic fee by an amount, in aggregate, approximating the total bonus to be received from the guaranteed selected acreage.

Bids above the aforementioned minimums will be considered, but bids below those minimums will most likely be rejected. Likewise, no portion bids will be accepted on an area nominated for any of the EGA's.

For all EGA's, full-fold 3-D seismic must be acquired to cover the entirety of the nominated state acreage to the fullest extent possible. Severe penalties will be incorporated into each EGA for failure to perform all of the activities agreed upon.

2. **Exclusive Geophysical Agreement I** is let on the following basis:

a. The area to be covered by this agreement will be nominated just as a lease with the description set forth in X/Y Lambert coordinates.

b. The staff will determine the minimum seismic fee, bonus price per acre and royalty to be recommended to the Board for its approval.

c. The nominated acreage will then be advertised on the same delay basis as nominations for leases, which advertisement will state the seismic agreement sought and the minimum acceptable seismic fee, bonus price per acre and royalty in any bids received.

d. The term of the Exclusive Geophysical Agreement I is eighteen (18) months with an option for an additional six (6) months which shall be granted to the bid winner upon its written request before the end of the original eighteen (18) month term and upon payment of a sum equal to one-half (1/2) of the original amount paid for the seismic agreement.

e. The seismic agreement will be subject to any existing seismic permits, leases or other agreements with the State in the nominated area at the time the seismic agreement is granted.

f. The State will not grant any new seismic agreements or permits in the nominated area during the Initial Term of this seismic agreement, or the Option Term, if activated. However, the State will exercise its rights and prerogatives to accept any or all nominations for mineral leases within the seismic agreement area during the Initial Term or the Option Term, if activated. Any new mineral leases granted during the term of the seismic agreement will be subject to the seismic agreement and the seismic agreement grantee will not have to deal with the State lessee in order to conduct seismic operations over the lease acreage.

g. The State will get and/or have access to, at the facilities of the grantee/operator and at the State's option, fully processed and migrated 3-D seismic data including but not limited to amplitude extractions, and time-depth velocity control. The State shall have access to grantee/operator's interpreted seismic data for viewing with the complete interpreted data available no later than one (1) year from the primary term, or the option extension if activated. Unless permission is obtained from the grantee/operator, or unless required to disclose same by law or by court order, all 3-D seismic information acquired by the staff of the Mineral Board will be held confidential in perpetuity.

h. This type of seismic agreement shall be available for the conducting of 3- D seismic operations only.

3. **Exclusive Geophysical Agreement II** is let on the following basis:

a. The area to be covered by this agreement will be nominated just as a lease with the description set forth in X/Y Lambert coordinates.

b. The staff will determine the minimum seismic fee, bonus price per acre and royalty to be recommended to the Board for its approval.

c. The nominated acreage will then be advertised on the same delay basis as nominations for leases, which advertisement will state the seismic agreement sought and the minimum acceptable seismic fee, bonus price per acre and royalty in any bids received.

d. The term of the Exclusive Geophysical Agreement II is eighteen (18) months with an option for an additional six (6) months which shall be granted to the bid winner upon its written request before the end of the original eighteen (18) month term and upon payment of a sum equal to one-half (1/2) of the original amount paid for the seismic agreement.

e. The seismic agreement will be subject to any existing seismic permits, leases or other agreements with the State in the nominated area at the time the seismic agreement is granted.

f. The State will not grant any new seismic permits or agreements on, or lease the nominated acreage, or any part thereof, during the Initial Term of this seismic agreement, or the Option Term , if activated, except that a buffer zone of one-half (1/2) mile around each pre-existing lease or Operating Agreement within the nominated area will be in effect. The buffer zone shall be open for nomination for leasing only during the Initial Term of this seismic agreement, or the Option Term, if activated, and only by the Mineral Lessee or by the Seismic Grantee.

g. The State will get and/or have access to, at the facilities of the grantee/operator and at the State's option, fully processed and migrated 3-D seismic data including but not limited to amplitude extractions, and time-depth velocity control. The State shall have access to grantee/operator's interpreted seismic data for viewing with the complete interpreted data available no later than one (1) year from the primary term, or the option extension if activated. Unless permission is obtained from the grantee/operator, or unless required to disclose same by law or by court order, all 3-D seismic information acquired by the staff of the Mineral Board will be held confidential in perpetuity.

h. This type of seismic agreement shall be available for the conducting of 3- D seismic operations only.

i. The Grantee shall have the right to nominate tracts for leasing which will be limited to 1500 acres each with an aggregate amount not to exceed one- third (1/3) of all state acreage within the Agreement area.

j. The successful bidder for this Type II EGA may exclusively nominate acreage, to the extent of size limitation as set out above, for the normal public bid mineral lease sale within the Initial Term or within the Option Term, if activated, provided however, that the OMR staff will be provided copies of the final processed and migrated seismic data, as provided in Item (g) above, before the end of the Initial Term or before the end of the Option Term, if activated.

4. **Exclusive Geophysical Agreement III** is let on the following basis:

a. The area to be covered by this agreement will be nominated just as a lease with the description set forth in X/Y Lambert coordinates.

b. The staff will determine the minimum seismic fee, bonus price per acre and royalty to be recommended to the Board for its approval.

c. The nominated acreage will then be advertised on the same delay basis as nominations for leases, which advertisement will state the seismic agreement sought and the minimum seismic fee, bonus price per acre and royalty in any bids received.

d. The term of the Exclusive Geophysical Agreement III is eighteen (18) months with an option for an additional six (6) months which shall be granted to the bid winner upon written request before the end of the original eighteen (18) month term and upon payment of a sum equal to one-half (1/2) of the original amount paid for the seismic agreement.

e. The seismic agreement will be subject to any existing seismic permits, leases or other agreements with the State in the nominated area at the time the seismic agreement is granted.

f. The State will not grant any new seismic permits or agreements on, or lease the nominated acreage, or any part thereof, during the Initial Term of this seismic agreement, or the Option Term if activated, except that a buffer zone of one-half (1/2) mile around each pre-existing lease within the nominated area will be in effect. The buffer zone shall be open for Nomination for leasing only during the Initial Term of this seismic agreement, or the Option Term, if activated, and only by the Mineral Lessee or the Seismic Grantee.

g. The State will get and/or have access to, at the facilities of the grantee/operator and at the State's option, fully processed, developed, and migrated 3-D seismic data including but not limited to amplitude extractions, and time-depth velocity control. The State shall have access to grantee/operator's interpreted seismic data for viewing with the complete interpreted data available no later than one (1) year from the primary term, or the option extension if activated. Unless permission is obtained from the grantee/operator, or unless required to disclose same by law or by court order, all 3-D seismic information acquired by the staff of the Mineral Board will be held confidential in perpetuity.

h. This type of seismic agreement shall be available for the conducting of 3- D seismic operations only.

i. The successful bidder shall have the exclusive right, prior to the end of the Initial Term or the Option Term, if activated, to select tracts of not more than 1500 acres each, with the total acreage of all selected tracts not to exceed more than one-third (1/3) of all State acreage within the geographical boundaries of the nominated area and providing, however, that the OMR staff will be provided copies of the final processed and migrated seismic data, as provided in Item (g) above, and before the end of the Initial Term or before the end of the Option Term, if activated.

j. The successful bidder shall have the exclusive right to enter into lease agreements with the State on each tract for the consideration originally bid (which shall not be less than the minimum acceptable per acre bonus and royalty as determined by the Mineral Board staff) and under the terms of the Louisiana State Lease Form, Revised 1981, as amended.

The forms for the agreements set forth above may be modified by the Mineral Board staff at its option, at any time, but such modifications shall not affect existing agreements. Potential nominators should check with the Office of Mineral Resources for any such modifications.