

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

RESOLUTION # 20-04-002

On motion of Mr. Arnold, seconded by Ms. Michaud-Dugas, the following resolution was offered and adopted:

WHEREAS, the novel Coronavirus Disease 2019 (COVID-19) is a serious respiratory illness that can be spread among humans through respiratory transmission and is an immediate danger to public health, safety, and welfare of the citizens of the State of Louisiana;

WHEREAS, Governor Edwards proclaimed a Public Health Emergency on March 11, 2020 (25 JBE 2020) for the state of Louisiana as a result of the outbreak of COVID-19 and such proclamation has been supplemented on March 13, 2020 (27 JBE 2020), March 14, 2020 (29 JBE 2020), March 16, 2020 (30 JBE 2020), March 19, 2020 (32 JBE 2020), March 22, 2020 (33 JBE 2020 and 34 JBE 2020), March 26, 2020 (37 JBE 2020), March 31, 2020 (38 JBE 2020), April 2, 2020 (41 JBE 2020), and April 7, 2020 (43 JBE 2020);

WHEREAS, Governor Edwards issued a “stay-at-home” order (33 JBE 2020) closing all state office buildings to the public, requiring the cancellation of all meetings of 10 people or more, and directing all members of the public to remain home unless performing an essential activity; and as of April 7, 2020, forty-two (42) other state governors have issued similar orders with an additional three (3) governors issuing “partial lock-down” orders;

WHEREAS, a significant outbreak of COVID-19 has been detected across the entire United States and its territories;

WHEREAS, State Lessees and the many and various Petroleum Industry service companies necessary to support continued and safe operations, in all probability, reside in states affected by COVID-19, are under “stay-at-home” orders, and are confronting staffing issues due to social distancing;

WHEREAS, although oil field and refinery workers are classified as essential to maintain the energy infrastructure, they are not immune to the disease or the potential to contract COVID-19;

WHEREAS, COVID-19 may cause disruption in the supply chains and the labor force, thereby impacting the ability of many of the State Lessees to make lease hold payments, to conduct lease maintenance operations, to comply with their obligation to reasonably develop the entire lease premise for minerals and/or to respond to demands made by Board to timely develop and maintain their State Leases;

WHEREAS, for the same reasons stated herein, State Lessees may have difficulties in resolving disputes over underpayments of royalties or requesting waivers of penalties for such underpayments or other alleged violations of lease and statutory obligations;

WHEREAS, certain penalties are to be assessed against State Lessees for lease and statutory obligations, in accordance with the following non-exclusive list of statutory provisions: La. R.S. 30:123.1(C), 128(B), 136(A)(1)(b), 136(B)(1)-(3), 144(A)(8), 213(B), and 217(B)(5);

WHEREAS, the State Mineral & Energy Board (“Board”) is authorized to waive such penalties; and

WHEREAS, the Board finds that in-person public meetings and hearings pose a potential risk to the public and in order to comply with the “stay-at-home” orders and limitations placed on large gatherings for the prevention and/or reduction of the spread of COVID-19, an obstacle to the Board’s regular scheduled monthly meetings may arise which will prevent, hinder, or delay necessary Board consideration and action regarding requests associated with penalty waivers, the settlements of royalty payments, and other lease or statutory obligation disputes.

NOW, THEREFORE, BE IT RESOLVED that the Louisiana State Mineral and Energy Board, based on the findings stated above, finds it appropriate and does hereby postpone, delay, suspend and waive the penalties mentioned above and accruing from March 11, 2020, through August 12, 2020 (unless extended by Board resolution), for alleged breaches of lease or statutory obligations that occurred prior to March 11, 2020, and for those alleged breaches that occur after March 11, 2020, and appear to be caused by either: 1) a good-faith error or disagreement over lease obligations; or, 2) are directly caused by the COVID-19 pandemic, are hereby postponed, delayed, suspended and waived in full.

CERTIFICATE

I hereby certify that the above is true and correct copy of a Resolution adopted at a meeting of the State Mineral and Energy Board in the City of Baton Rouge, Louisiana, on April 29, 2020, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.


JAMIE S. MANUEL, SECRETARY
State Mineral and Energy Board

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