



account with State, which shall be credited with that portion of the gas produced and sold equal to State's royalty interest, the production of which is being deferred. Lessee will furnish State with a monthly statement of said account showing the total volume of all gas produced and sold, the price received therefor, the volume of deferred gas production credited to the account of State's royalty interest, and such additional pertinent information as required in the special SR-6 form attached as Exhibit B. No liquid hydrocarbon production shall be deferred and, therefore, all such production attributable to the State Lease shall be allocated, reported and paid for as provided in the State Lease and the customary SR form.

3. If and when an intrastate purchaser is found for the gas attributable to State's royalty interest, and such purchaser commences taking such production, State shall be entitled to receive for delivery to such purchaser a volume of gas equal to one hundred fifty percent (150%) of the gas from the reservoir in which the aforesaid well is presently completed attributable to State's royalty interest under the State Lease, until such time as State has received the total volume of previously deferred royalty gas. At that time the interstate purchaser shall take Lessee's working interest gas and the intrastate purchaser shall take State's royalty gas in the aforesaid proportions fixed by the State Lease.

4. If gas production from the State Lease permanently ceases before State's royalty and Lessee's working interest accounts under the State Lease are in balance as aforesaid, Lessee shall promptly determine and notify State of the volume of State's deferred royalty gas production that was in fact taken and sold by Lessee to Lessee's interstate purchaser, such gas being the last volumes produced from or attributable to the State Lease. Within sixty (60) days, Lessee shall pay State a sum of money equal to the value of State's royalty interest in any remaining volume of deferred gas, not theretofore delivered to the State or previously paid for, less all severance taxes paid by Lessee that are attributable to State's royalty gas. "Value", as used herein, shall be that amount as determined in accordance with Paragraph 6 (b) of the State Lease (Louisiana State Lease Form Revised 1966, 1975 or 1981), but in no event less than the amount paid therefor by Lessee's interstate purchaser.

5. Nothing in this agreement shall ever be construed as a waiver by State of State's right to take in kind the royalty share of gas production as provided in the State Lease, which right is hereby expressly reserved.

6. Lessee will keep State advised of Lessee's progress in finding an intrastate purchaser for the gas production attributable to the State Lease royalty by submitting a written report to State not less than once every three (3) months.

7. This Agreement shall automatically terminate at such time as State's royalty and Lessee's working interest accounts under the State Lease are in balance or, if this does not occur, when production from the State Lease permanently ceases and the aforementioned cash settlement to State has been made.

8. The State Lease shall otherwise remain unchanged and as originally written.

IN FAITH WHEREOF, this Agreement shall become effective in accordance with its

terms and shall inure to the benefit of and be binding on the parties hereto, their successors legal representatives and assigns.

Witnesses:

_____	STATE MINERAL BOARD acting for and on behalf of the STATE OF LOUISIANA
_____	By: _____
_____	Its: _____
_____	"State"
_____	_____
_____	_____
_____	_____
_____	"Lessee"

(Appropriate Acknowledgments to be Attached and Executed)

STATE OF LOUISIANA

PARISH OF EAST BATON ROUGE

BEFORE ME, the undersigned authority, personally came and appeared \_\_\_\_\_, who by me being first duly sworn, deposed and said: That \_\_\_he is one of the witnesses to the execution of the foregoing instrument and that \_\_\_he saw \_\_\_\_\_ sign said instrument as \_\_\_\_\_ of the STATE MINERAL BOARD for and on behalf of the State of Louisiana in the presence of appearer and \_\_\_\_\_ the other subscribing witness.

Sworn to and subscribed before me  
this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
Notary Public

STATE OF LOUISIANA

PARISH OF EAST BATON ROUGE

BEFORE ME, the undersigned authority, personally came and appeared \_\_\_\_\_, who by me being first duly sworn, deposed and said: That \_\_\_he is one of the witnesses to the execution of the foregoing instrument and that \_\_\_he saw \_\_\_\_\_ sign said instrument as \_\_\_\_\_ of the STATE MINERAL BOARD for and on behalf of the State of Louisiana in the presence of appearer and \_\_\_\_\_ the other subscribing witness.

Sworn to and subscribed before me  
this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
Notary Public

EXHIBIT "A" TO THAT CERTAIN DEFERRED GAS PRODUCTION AGREEMENT  
BETWEEN THE STATE MINERAL BOARD FOR THE STATE OF LOUISIANA AND

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SECTION 1  
LEASE(S)

1. Oil and Gas Lease dated \_\_\_\_\_ by and between the State Mineral Board of the State of Louisiana, as Lessor, and \_\_\_\_\_ as Lessee, recorded in Conveyance Book No. \_\_\_\_\_, Folio \_\_\_\_\_ Entry No. \_\_\_\_\_, \_\_\_\_\_ Parish, Louisiana.

2. Oil and Gas Lease dated \_\_\_\_\_ by and between \_\_\_\_\_ as Lessor, and \_\_\_\_\_ as Lessee, recorded in Conveyance Book No. \_\_\_\_\_, Folio \_\_\_\_\_, \_\_\_\_\_ Parish, Louisiana.

SECTION 2  
UNITIZATION  
(if applicable)

1. Identification of the unit.
2. Commissioner of Conservation Order No. \_\_\_\_\_ effective \_\_\_\_\_
3. Participation in unit:

SECTION 3  
GAS CONTRACT SUMMARY

Purchaser:

Date of Contract:

Term of Contract:

Contract price:

Base:

Tax reimbursement:

Btu adjustment:

Escalation:

Point of delivery:

Contract quantities:

take-or-pay?

Area rate clause:

FERC clause:

Price redetermination:

Right to process liquids:

Excess Royalty clause:

SECTION 4  
RESERVOIR and ECONOMIC ANALYSIS

1. Reservoir map and/or unit plat.
2. Reservoir temperature and pressure, porosity, water saturation, gas and condensate gravity, liquid/gas ratio, Z factor.
3. Calculation of initial gas and condensate in place, per acre-foot.
4. Type drive and assumed recovery efficiency.
5. Recoverable gas and condensate, per acre-foot.
6. Total recoverable gas and condensate.
7. Anticipated recovery, by years.
8. Volume and value of State's share, by years.