

# RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

## AUDIT COMMITTEE

*ON MOTION* of Mr. Segura, seconded by Mr. Sanders, the following Resolution was offered and adopted:

*WHEREAS*, the Mineral Board has previously adopted resolutions pertaining to the payment of royalties and recoupments or adjustments; and

*WHEREAS*, such resolutions have been amended, cancelled or superseded by new resolutions in order to provide policies to meet changing conditions; and

*WHEREAS*, the Office of Mineral Resources conducts field audits of all major payors of royalty on a periodic basis; and

*WHEREAS*, a field audit includes inspecting third party documents to determine the accuracy of royalty payments; and

*WHEREAS*, audit findings include both royalty underpayments and overpayments; and

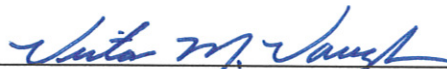
*WHEREAS*, the staff recommends that the Office of Mineral Resources are authorized to reject any and all adjustments based on calculation or related errors, when those adjustments pre-date the most recent closed audit period, or in the absence of a date for the most recent closed audit period, the acceptable period defaults to the most recent audit start date;

*THEREFORE, BE IT RESOLVED*, that the Office of Mineral Resources is authorized to reject any and all adjustments based on calculation or related errors in the event that the adjustment or error occurred prior to the end date of a closed audit period or the start date of an audit in the absence of a closed audit period; and

*BE IT FURTHER RESOLVED*, that the Board maintains its policy not to consider adjustments based on title.

## CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the Louisiana State Mineral and Energy Board in the City of Baton Rouge, Louisiana on the 14<sup>th</sup> day of July, 2010, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Books of said Louisiana State Mineral and Energy Board and is now in full force and effect.



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