



State of Louisiana
DEPARTMENT OF NATURAL RESOURCES
OFFICE OF MINERAL RESOURCES
STATE MINERAL AND ENERGY BOARD

TO: State Mineral Board Members

FROM: Rachel Newman, CPA *RN*
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Mineral Income Division

DATE: July 13, 2011

Audit Committee Meeting Agenda

A meeting of the Audit Committee of the State Mineral and Energy Board will be held on Wednesday, July 13, 2011, following the Nomination and Tract Committee Meeting, in the LaBelle Room, First Floor, LaSalle Building, located at 617 North Third Street, Baton Rouge, Louisiana.

Items on the agenda are as follows:

1. A penalty waiver request from Encana Oil & Gas (USA), Inc. for a penalty in the amount of \$41,829.46 which was billed for late payment of royalty. Encana Oil & Gas (USA), Inc. paid the state a total of \$267,080.72 in late royalty for the disposition dates of August 2009 through June 2010. The payment was received on January 25, 2011. This payment was not related to a field audit. Encana Oil & Gas (USA), Inc. was billed and paid \$8,363.39 in interest charges on June 14, 2011.
2. A penalty waiver request from Dune Operating Company for a penalty in the amount of \$16,096.53 which was billed for late payment of royalty. Dune Operating Company paid the state a total of \$121,530.38 in late royalty for the disposition dates of April 2009 through September 2009. The payment was received on May 25, 2010. This payment was not related to a field audit. Dune Operating Company was billed and paid \$3,909.95 in interest charges and \$390.55 in penalty charges on May 4, 2011.
3. A penalty waiver request from Dune Operating Company for a penalty in the amount of \$15,937.21 which was billed for late payment of royalty. Dune Operating Company paid the state a total of \$195,699.27 in late royalty for the disposition dates of April 2008 through September 2008. The payment was received on December 29, 2008. This payment was not related to a field audit. Dune Operating Company was billed and paid \$8,602.72 in interest charges and \$470.70 in penalty charges on May 4, 2011.
4. A penalty waiver request from Manti Operating Company for a penalty in the amount of \$16,017.29 which was billed for late payment of royalty. Manti Operating Company paid the state a total of \$197,888.62 in late royalty for the disposition dates of February 2010 through February 2011. The payment was received on April 20, 2011. This payment was not related to a field audit. Manti Operating Company was billed and paid \$3,753.76 in interest charges on June 17, 2011.

5. A recoupment request from Manti Exploration Operating, Inc. for an overpayment in the amount of \$92,076.87. The state lease numbers involved are 00192, 19250, 19550 & A0220. For the sales months of March 2010, Manti Exploration Operating, Inc. paid royalties based on incorrect Product and Production Decimals.
6. A request for the State Mineral and Energy Board to adopt a Resolution requiring all payors to separately report royalty for all laterally drilled wells which cross more than one unit, using the Louisiana Department of Natural Resources Online Royalty Reporting System and exclusively in the excel upload format.
7. Staff report to the committee that the election for July 2011 gas royalty is to be paid on a processed basis at the Discovery Plant at Larose and the Sea Robin Plant at Henry per the terms of the State Texaco Global Settlement Agreement.

The Committee may discuss matters it desires pursuant to R.S. 42:7(A)(1)(b)(ii) as well as Executive Session matters pursuant to R.S. 42:6.1(A)(2) and R.S. 42:6.1(A)(6).