

SUBSURFACE AGREEMENT NO. _____

STATE OF LOUISIANA
PARISH OF _____

WITNESSETH THAT, under the provisions of L.R.S. 30:171, 39:11(c), 41:1 and 41:1173, this agreement is entered into by and between the State of Louisiana, represented herein by John Lavin, Administrator of the State Land Office, hereinafter referred to as Grantor, and _____, represented herein by _____, its duly authorized _____, hereinafter referred to as Grantee.

WHEREAS, GRANTEE is the owner of an interest in and operator of an oil, gas and mineral lease dated _____ executed by _____, et al, in favor of _____, recorded in Conveyance Book _____, Page _____, under Entry No. _____, recorded in _____ Parish.

WHEREAS, GRANTEE proposes to drill a directional well into the above described lease, with the surface location of such well being situated on _____ acreage described as _____ (being within the boundary of State Mineral Lease No. _____) and the bottomhole being situated on _____ acreage described as _____ (being within the boundary of State Mineral Lease No. _____). The approximate location of the surface site and bottomhole location of the proposed well are shown on the plat attached hereto.

NOW, THEREFORE, for and in consideration of the sum of ONE THOUSAND AND 00/100-----(\$1,000.00)----- DOLLARS, paid by Grantee to Grantor, the receipt of which is hereby acknowledged, Grantor does hereby grant unto Grantee, a right-of-way and servitude across property being described as _____.

The sum of ONE THOUSAND AND 00/100-----(\$1,000.00)----- DOLLARS, herewith paid by Grantee to Grantor shall constitute the full consideration for the drilling of its first well to be located and bottomed as set forth and described above. Upon prior written notification to Grantor, Grantee will be given the right to drill additional directional wells under the premises of this agreement, and Grantee agrees to pay as consideration, for each additional well drilled under the terms of this agreement, the sum of TWENTY FIVE AND 00/100-----(\$25.00)----- DOLLARS per lineal rod measured on the surface. All such payments for additional wells should be made to the State Land Office no later than thirty (30) days after the directional survey and other data hereinafter described has been furnished to Grantor.

Grantee, at its sole cost and expense, shall furnish Grantor with a directional survey showing the path or course of each well directionally drilled through the subsurface of the premises described in this agreement; data showing the horizontal distance and direction between the point of entrance and exit of each well drilled in compliance with and covered by this agreement, and a surface map showing the subsurface route taken by the drill path through said lands, within thirty (30) days after receipt by Grantee of such directional survey from a responsible surveying company or contractor employed for such purposes.

Grantee further agrees to furnish copies of all electrical surveys on subject well to the State Mineral Board and further agrees that a unit will be established within six (6) months after completion of subject well unless waived by the State Mineral Board.

This agreement shall be for a term of five (5) years from and after the effective date herein provided, and for so long thereafter as the rights granted are utilized by Grantee without cessation of more than one (1) year. It shall be considered that such rights are being exercised, in the absence of actual production, drilling, reworking or other operations by Grantee, whenever surface facilities, production pipe or casing remain in place and any well capable of commercial production, directionally drilled by Grantee hereunder exists.

Grantee shall have the right, at its option, to terminate this agreement effective as of any anniversary date, by furnishing Grantor thirty (30) days prior notice in writing of such election of Grantee to terminate, and Grantee shall thereafter be relieved of all further obligations with respect to this agreement. Within six (6) months of termination or expiration of this agreement, Grantee, its sublessees or assigns, shall have the obligation to remove all surface facilities, tools, debris, etc. and the right to remove any casings, tubing or other equipment, fixtures or property installed or placed in wells drilled directionally through the premises described herein. Grantee is also obligated to file an appropriate release in the parish records.

It is understood that activities conducted hereunder are subject to the approval of the State Mineral Board, the Louisiana Office of Conservation and such other State and Federal agencies as may have jurisdiction in the premises.

The directional survey and any other notice or communications furnished Grantor in connection with this agreement should be sent to the following address:

STATE MINERAL BOARD
OFFICE OF MINERAL RESOURCES, GEOLOGY
P. O. BOX 2827
BATON ROUGE, LOUISIANA 70821

It is agreed and understood that Grantor shall be fully protected during the terms of this agreement and the State of Louisiana is held free and harmless from and against any and all claims for damage and all costs and expenses arising out of or incidental to the rights herein granted.

Grantee is granted the right to sublease or assign, in whole or in part, the rights accruing to it by virtue of this agreement, with the written consent and approval of Grantor.

IN WITNESS WHEREOF, the State of Louisiana has executed this agreement on this _____ day of _____,

WITNESSES to the signature of the
Administrator of the State Land Office:

Printed Name: Sonya Boudreaux

ADMINISTRATOR, STATE LAND OFFICE
Printed Name: John Lavin

GRANTOR

Printed Name: _____

ACKNOWLEDGMENT FOR THE ADMINISTRATOR OF THE STATE LAND OFFICE

STATE OF LOUISIANA
PARISH OF EAST BATON ROUGE

BEFORE ME, the undersigned authority, personally came and appeared Sonya Boudreaux , who by me being first duly sworn, deposed and said:

That she is one of the witnesses to the execution of the foregoing instrument and that she saw John Lavin sign said instrument as Administrator of the State Land Office, in the presence of appearer and the other subscribing witness.

Sworn to and subscribed before me on this the

_____ day of _____, _____.

Signature of Witness
Printed Name: Sonya Boudreaux

Notary Public

IN WITNESS WHEREOF, Grantee has executed this agreement on this _____ day of _____, _____.

WITNESSES:

Printed Name: _____

GRANTEE

Printed Name: _____

Printed Name: _____

ACKNOWLEDGMENT FOR CORPORATE GRANTEE

STATE OF _____
_____ OF _____

BEFORE ME, the undersigned authority, personally came and appeared _____(witness), who by me being first duly sworn, deposed and said:

That he/she is one of the witnesses to the execution of the foregoing instrument and that he/she saw _____ execute said instrument as _____ of _____ as the free act and deed of said corporation in the presence of appearer and the other subscribing witness.

Sworn to and subscribed before me on this the

_____ day of _____, _____.

Signature of Witness
Printed Name: _____

Notary Public