

**SURFACE LEASE WITH 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 by \_\_\_\_\_, Administrator of the State Land Office, hereinafter referred to as Lessor, and \_\_\_\_\_ represented herein by \_\_\_\_\_, its duly authorized \_\_\_\_\_, hereinafter referred to as Lessee.

WHEREAS, Lessee 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, Lessee 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.

The surface location shall be no more than necessary to conduct operations and in no instance shall it be more than three (3) acres centered around the above described well. NOW, THEREFORE, for and in consideration of the sum of TWO THOUSAND FIVE HUNDRED AND 00/100-----(\$2500.00)----- DOLLARS, paid by Lessee to Lessor, the receipt of which is hereby acknowledged, Lessor does, lease, let and grant to Lessee, a surface lease and subsurface servitude. Of the above payment, ONE THOUSAND FIVE HUNDRED AND 00/100-----(\$1500.00)----- DOLLARS is for the annual rental for the surface lease and ONE THOUSAND AND 00/100 -----(\$1000.00)----- DOLLARS for the initial servitude fee. Subsequent annual payments will be based upon conditions described and set forth as follows:

This lease for the surface location is granted for an initial term of five (5) years to extend from \_\_\_\_\_ to \_\_\_\_\_, and for so long thereafter as the rights granted are utilized by Lessee 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 Lessee, whenever surface facilities, production pipe or casing remain in place and any well capable of commercial production, directionally drilled by Lessee hereunder exists.

Lessee shall have the right, at its option, to terminate this agreement either during the original term or during any extension of the original term, effective as of any anniversary date, by furnishing Lessor thirty (30) days prior notice in writing of such election of Lessee to terminate, and Lessee shall thereafter be relieved of all further obligation with respect to this agreement. Lessee is also obligated to file an appropriate release in the parish records.

The annual rental for the surface location, payable in advance, shall be ONE THOUSAND FIVE HUNDRED AND 00/100-----(\$1500.00)----- DOLLARS per year for the first five (5) years. The amount or value of the annual rental for each year beyond the initial five (5) year term shall be negotiated at the expiration of the primary term or any extended one (1) year term, as appropriate.

Lessor does hereby acknowledge receipt of the first year's rental, and does moreover acknowledge the adequacy of that rental as consideration for this lease. Rentals shall be paid annually, on or before the \_\_\_\_\_ day of \_\_\_\_\_, as long as this lease is kept in force and effect, and the mailing of the check of Lessee, on or before the rental paying date, shall operate to maintain Lessee's rights in force and effect for the ensuing one (1) year period and should be sent to the following address:

STATE LAND OFFICE  
P. O. BOX 44124  
BATON ROUGE, LA 70804

Failure of the Lessee to pay the rental on or before the due date shall, at the discretion of the Lessor, terminate this lease.

In order to directionally drill and complete and to operate and produce its proposed well to be located and bottomed as set forth and described hereinabove, Lessor does also hereby grant unto Lessee a right-of-way and servitude across property being described as \_\_\_\_\_.

The sum of ONE THOUSAND AND 00/100-----(\$1000.00)----- DOLLARS, herewith paid shall constitute the full consideration for the drilling of its first well to be located and bottomed as set forth and described above.

Lessee, during the initial five (5) year term, is hereby given the right subject to written approval by Lessor prior to commencement of drilling, to drill additional directional wells under the premises described in this agreement, and Lessee 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 linear rod measured on the surface between the point at which the drill path of each such well enters the premises described in this agreement, and the point at which the drill path leaves such tract to penetrate other lands. All such payments may be made by delivering or mailing Lessee's check to the State Land Office on or before thirty (30) days after the directional survey and other data hereinafter described shall have been furnished to Lessor.

Lessee, at its sole cost and expense, shall furnish Lessor 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) day after receipt by Lessee of such directional survey from a responsible surveying company or contractor employed for such purposes.

Lessee 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.

Lessee shall have the right to use so much of the surface of the acreage covered hereby as is reasonably necessary in order to construct, maintain and operate any facility necessary for completion of and production resulting from the directional drilling conducted in accordance with the subsurface agreement established hereby. The rights herein granted include the right to install necessary surface facilities, pipe, casing or other equipment necessary to produce oil, gas or other minerals from any zone, horizon or interval in which a well may be completed. Lessee shall have the further right to redrill, rework, plug back or alter any and all wells directionally drilled, as provided herein; to reenter the well, to complete, recomplete or repenetrate any stratum found in said well, or penetrate some other stratum, and to conduct such other operations as may be necessary or incidental to the directional drilling contemplated herein.

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.

Within one (1) year following the termination of this surface lease (whether during the original or any extended term) Lessee shall be obligated to remove from the premises all of the foregoing structures and facilities and to restore the leased premises in accordance with the Lessee's obligations under this surface lease, all at Lessee's sole risk, cost and expense and subject to compliance with all laws, rules and regulations of regulatory authority having jurisdiction over such operations.

It is agreed and understood that Lessor 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 damages and all costs and expenses arising out of or incidental to the rights herein granted.

Lessee 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 Lessor.

IN WITNESS WHEREOF, the Administrator of the State Land Office has executed this agreement on this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

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

\_\_\_\_\_  
Printed Name: \_\_\_\_\_

\_\_\_\_\_  
ADMINISTRATOR, STATE LAND OFFICE LESSOR  
Printed Name: Cheston Hill

\_\_\_\_\_  
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 \_\_\_\_\_, 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 Cheston Hill 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: \_\_\_\_\_

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

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IN WITNESS WHEREOF, Lessee has executed this agreement on this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

WITNESSES:

\_\_\_\_\_  
Printed Name: \_\_\_\_\_

\_\_\_\_\_  
LESSEE  
Printed Name: \_\_\_\_\_

\_\_\_\_\_  
Printed Name: \_\_\_\_\_

ACKNOWLEDGMENT FOR CORPORATE LESSEE

STATE OF \_\_\_\_\_

\_\_\_\_\_ OF \_\_\_\_\_

BEFORE ME, the undersigned authority, personally came and appeared \_\_\_\_\_, 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