

OFFSHORE LEASING IS NOT A GAME

OCS Advisory Board 2020 Workshop
Wednesday, January 29, 2020

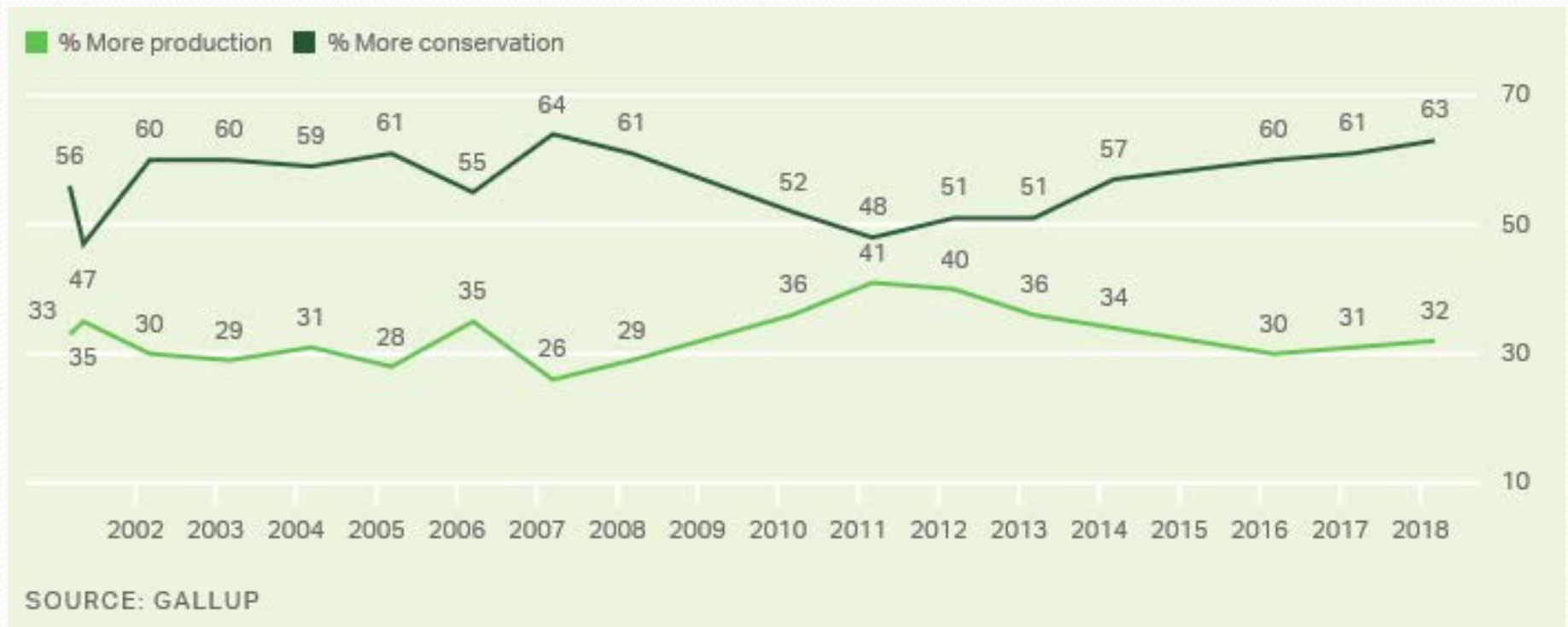
Alicia J. Dodge

Content

- Introduction of IPAA/PESA Energy Education Center & “The Offshore Land Game”
- Highlights of Offshore Leasing
- The Offshore Land Game Results
 - High School
 - Version Pro.0
- IPAA/PESA Energy Education Center Video

Losing the Information War

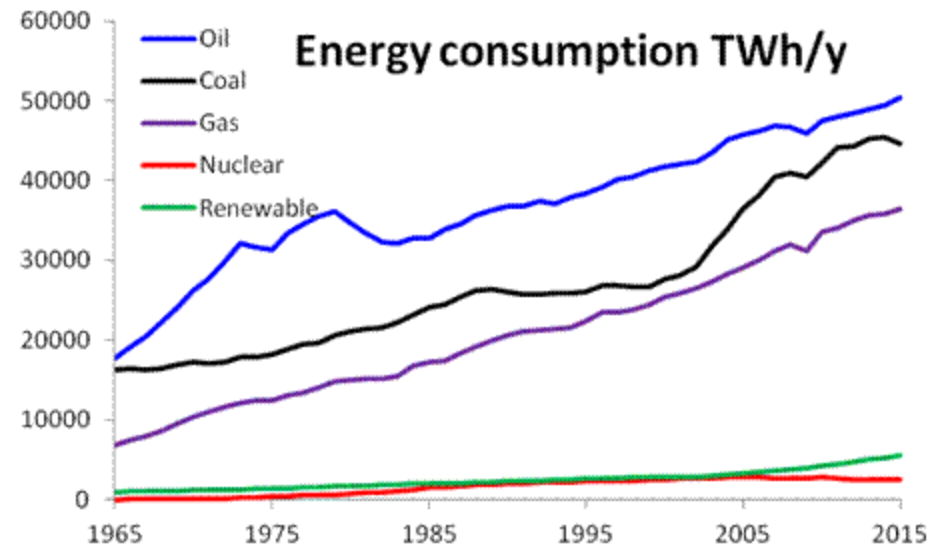
Should We Prioritize Conservation or Production?

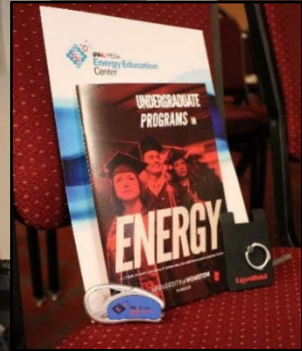


Winning in Real Life

Higher quality of life - Longer life spans – Improved Wealth and Health

- > 1 billion people lifted from dire poverty with access to cheap oil and gas since 1980.
- > 1 billion more people will be lifted from poverty.
- Clean burning natural gas is replacing coal.
- Extraction of oil and gas is safer than ever.
- Wind and Solar Energy supplement, not substitute.





IPAA/PESA Energy Education Center

Statistics

- **3,200** graduates
- **1,500** students enrolled in the 2019-20 school year
- **Two thirds** of students are economically disadvantaged
- **41%** female participation
- Significant impact on **first generation** college participation
- Over **\$1 million** in college scholarships awarded
- **752** industry student externships awarded with **36** participating companies
- **1,300** Houston area high school students attended the 2019 Exploring Energy STEM careers conference
- **46** total schools impacted
 - 34 middle schools
 - 5 IPAA/PESA high school petroleum academies
 - 7 other greater Houston area high schools



IPAA/PESA Energy Education Center

Curriculum

Guest Speakers & Conferences

Industry & College Site Visits

Industry-related Competitions

Student Camps

Externship Program

Student Leadership Training includes:

O&G Industry Overview

Resume and Video Interviewing

Workplace Etiquette

Dale Carnegie

O&G Industry Teacher Training

Teacher of the Year Award

Lead Teacher Stipends

Community Service

Scholarships for College

Energy Clubs

Alumni Group

IPAA Emerging Leaders

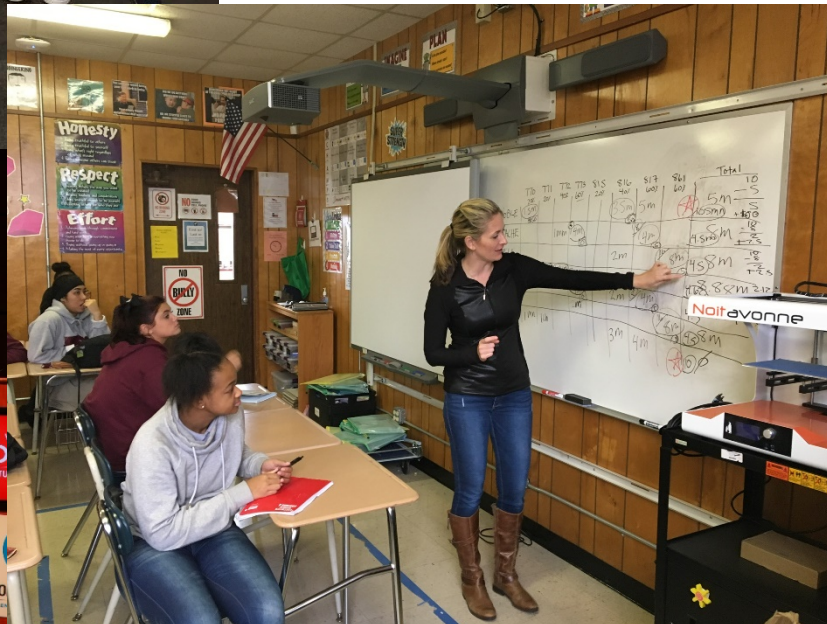




IPAA/PESA
Energy Education
Center

Imparting the Landman Message

- Offshore Land Game – 650 trained
- IPAA/PESA Speaking Competition
- Speaker at Exploring Energy STEM Career Conference
- Externs at Apache

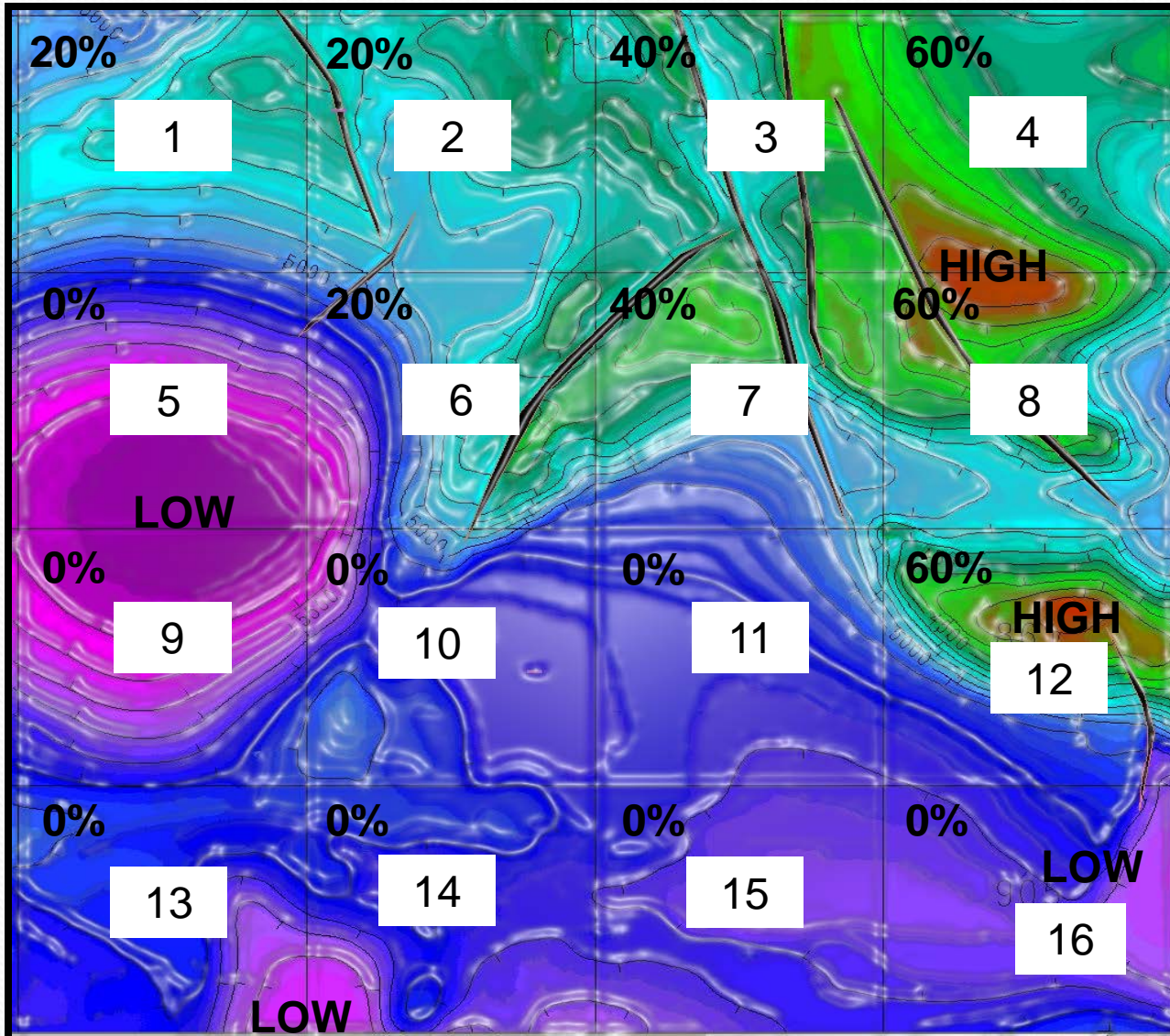


What is the Offshore Land Game?

- Explanation of a Landman's role inside and outside of the company.
- Answering Questions Like:
 - What Is A Landman?
 - What Is A Lease?
 - Why Is It Important to Acquire a Lease?
- Then, the Offshore Game Begins:
 - Teams = Companies of 6-10 students competing to earn profit through lease acquisition and dice drilling.
 - \$10 million per company.
 - Each company must submit at least 1 bid.
 - Each high bid is awarded as a lease.
 - Each lease must be drilled for \$1 million

THE OFFSHORE LAND GAME

LAND MAP



The Next Generation is Impressive

650 Students, 26 x Played

No two games have ever played the same, in spite of simple rules and limited options.

Universal Result = Genuine Interest!

Takeaways:

- Align Lease Acquisition with Geology
- Bidding Strategy
- Bankruptcy
- Farmout – a/k/a: Need for Money
- “Price is Right” Bids
- “Cabbage” on the Bids
- Confidentiality Breach!
- Business Among Science

Offshore Leasing Is Not A Game

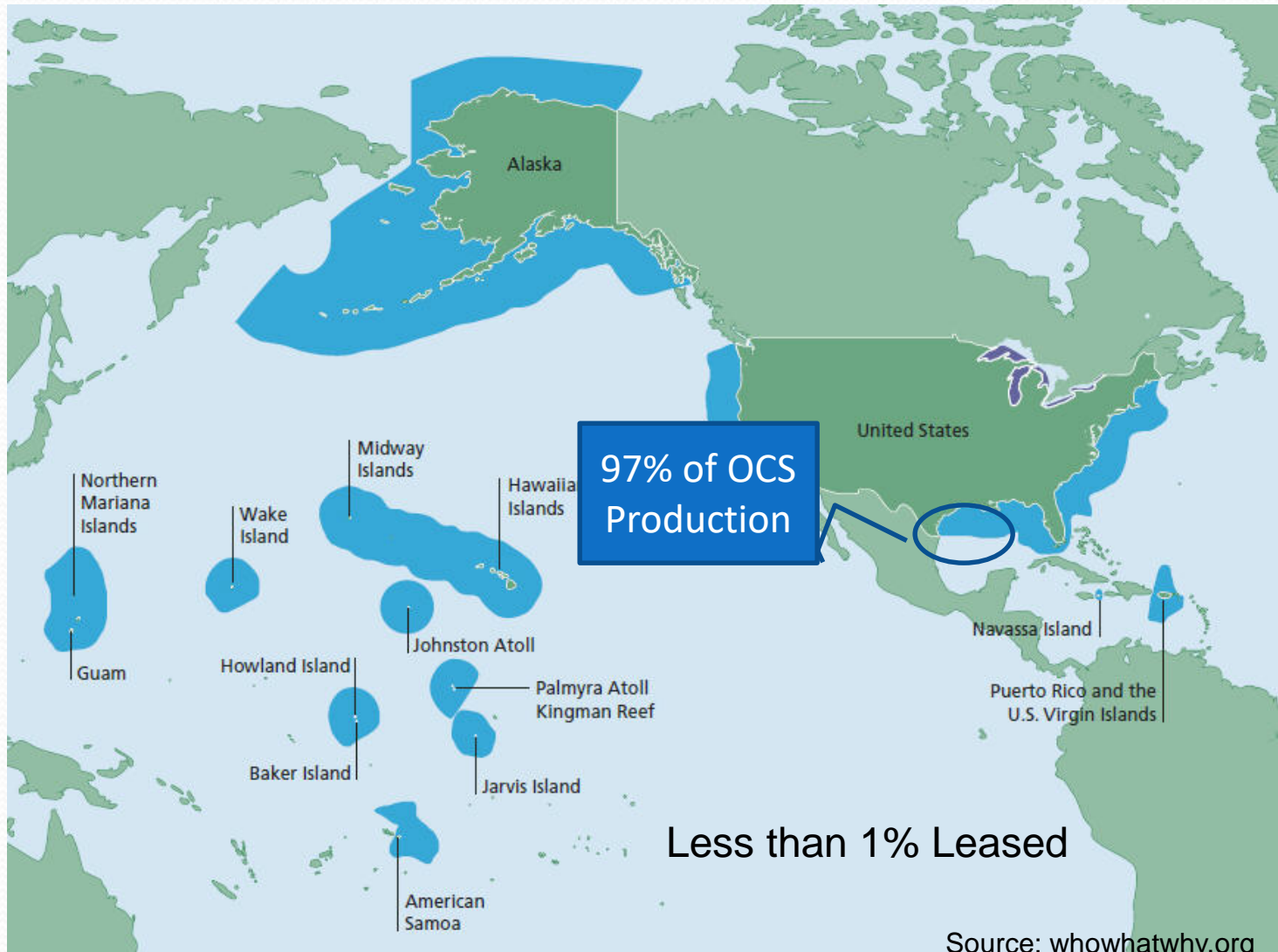
- Area & Impact
- Regulatory Environment
 - OCSLA
 - 5-Year Plan
- Lease Terms & Conditions
 - Historical Changes
 - Bid Rejections
 - Restricted Bidders
- Internal Process & Assumptions
 - Landman's Role
 - Existing Agreements
 - Confidential Joint Bidding & Bidding Process
 - Updated Landman's Checklist

Area & Impact

Exclusive Economic Zone

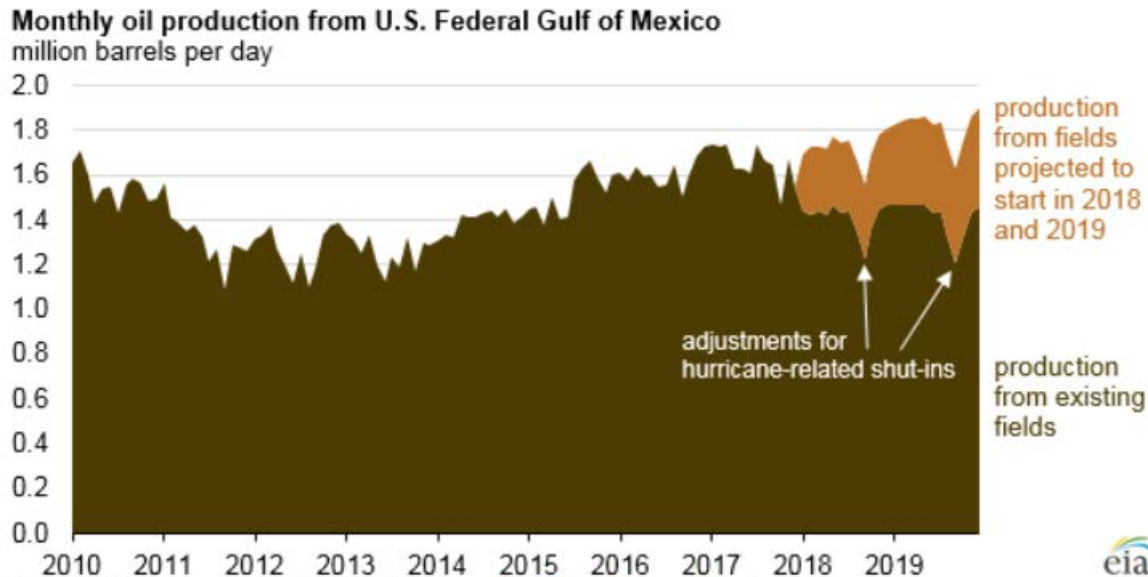
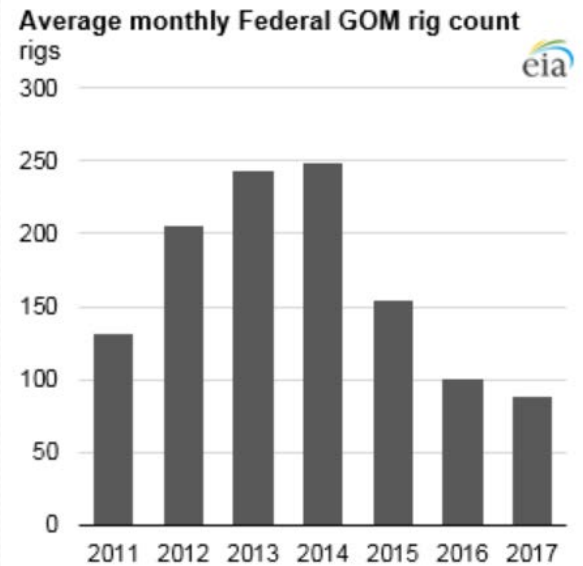
Government Controlled Offshore Lands

(3 Billion Acres – 4.1 Million Sq. Miles)

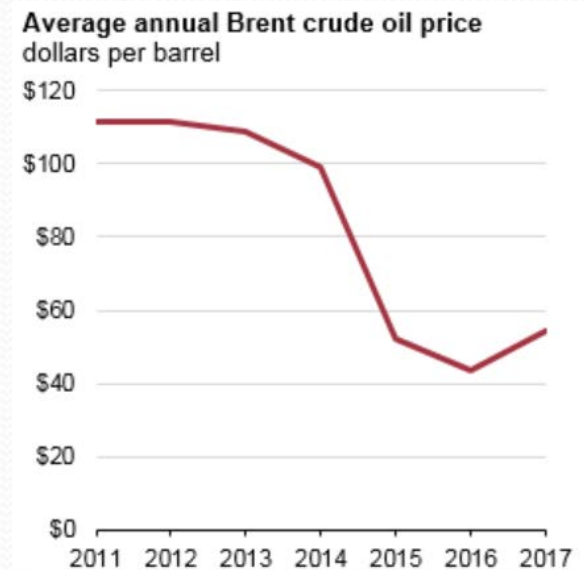


Impact of the Gulf of Mexico

- Significant Contribution to U.S. Production
 - 16% - Total U.S. Crude from GOM
 - 1.7 MMbpd
 - 4% - Total U.S. Dry Gas Production from GOM
 - 0.9 TCF
- 2020 is expected to be another record year with GOM production to exceed 1.9 MMbpd



Source: U.S. Energy Information Administration, [Short-Term Energy Outlook](#)



Regulatory Environment

Outer Continental Shelf Lands Act of 1953 (OCSLA)

- [43 U.S.C. 1336]
- SEC. 8. LEASING OF OUTER CONTINENTAL SHELF(a)(1)

The Secretary is authorized to grant to the highest responsible qualified bidder(s) by competitive bidding, under regulations promulgated in advance, any oil and gas lease on submerged lands of the Outer Continental Shelf.

Oil Pollution Act of 1990 (OPA 90)

- [33 U.S.C. §2701 et seq.]
- The Secretary of the Interior has authority over offshore facilities and associated pipelines to prevent discharges and ensure appropriate emergency preparedness and response.

Federal Laws Involved in GOM Operations

- **National Environmental Policy Act of 1970 (NEPA)** - requires a detailed environmental review before federal action.
- **Clean Air Act of 1970 (1990)** - regulates emission of air pollutants from industrial activities.
- **Coastal Zone Management Act of 1972 (1990) (CZMA)** - requires State review of Federal actions over use of the coastal zone.
- **Clean Water Act of 1977 (CWA)** - regulates the discharge of toxic and nontoxic pollutants in surface waters by issuing permits.
- **Federal Oil and Gas Royalty Management Act of 1982 (FOGRAMA)** - requires that oil and gas facilities be built to protect the environment & conserve resources.
- **Marine Mammals Protection Act of 1972 (MMPA)** - provides for the protection and conservation of marine mammals.
- **Endangered Species Act of 1973 (ESA)** - requires a permit for the taking of any protected species and requires that Federal actions not impair / jeopardize protected species.

Key Sources of Regulation

- Lease
- Code of Federal Regulations, namely:
 - 30 CFR 250 – Regulating OCS Operations
 - 30 CFR 256 – Regulating OCS Leasing Activities
- Notice to Lessees and Operators (NTLs) issued by the BOEM – clarification and interpretation of existing regulations
- Information to Lessees and Operators (ITLs) issued by the BOEM – FYI notices

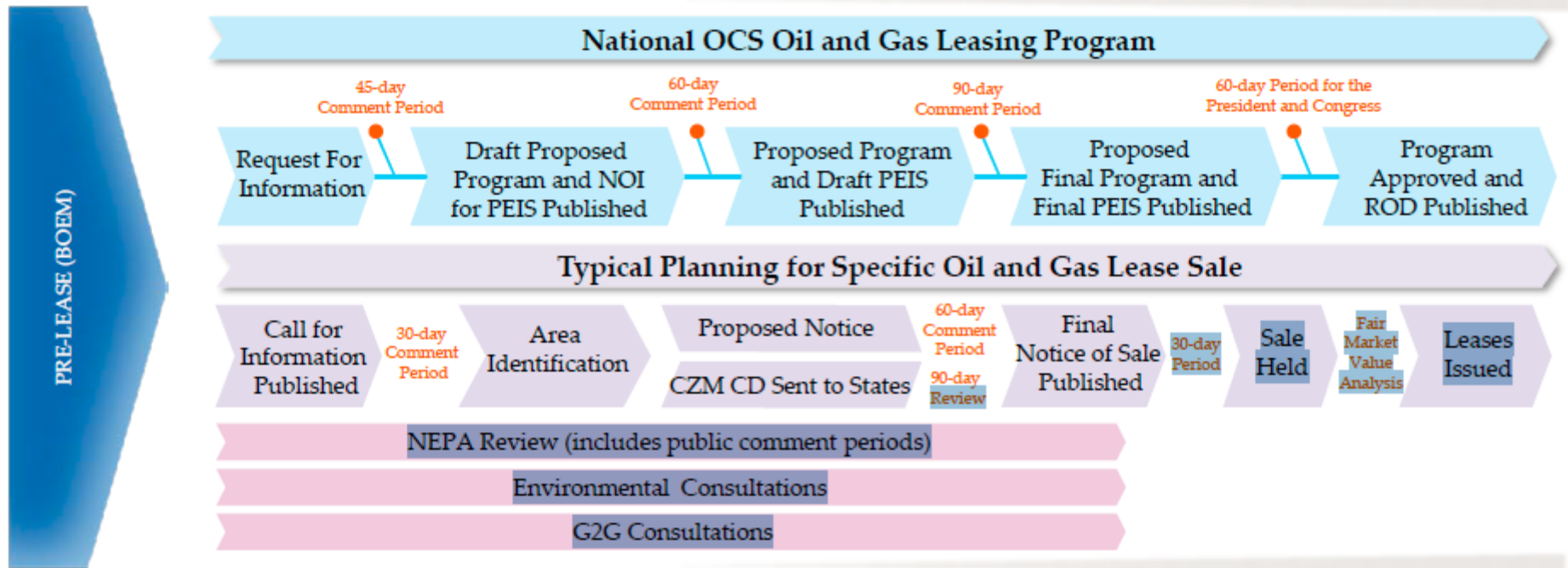
The 5 Year Program

- The 5 Year Program is a schedule of OCS lease sales indicating size and location of the future sales within that 5 year period.
- David Bernhardt, Secretary of the Department of the Interior, ultimately approves the lease sales which best meet the nation's energy needs.
- Current 5 Year Program is 2017-2022.

2017 - 2022 Lease Sale Schedule

	Sale Number	Area	Year
1.	249	Gulf of Mexico Region	2017
2.	250	Gulf of Mexico Region	2018
3.	251	Gulf of Mexico Region	2018
4.	252	Gulf of Mexico Region	2019
5.	253	Gulf of Mexico Region	2019
6.	254	Gulf of Mexico Region	2020
7.	256	Gulf of Mexico Region	2020
8.	257	Gulf of Mexico Region	2021
9.	258	Cook Inlet	2021
10.	259	Gulf of Mexico Region	2021
11.	261	Gulf of Mexico Region	2022

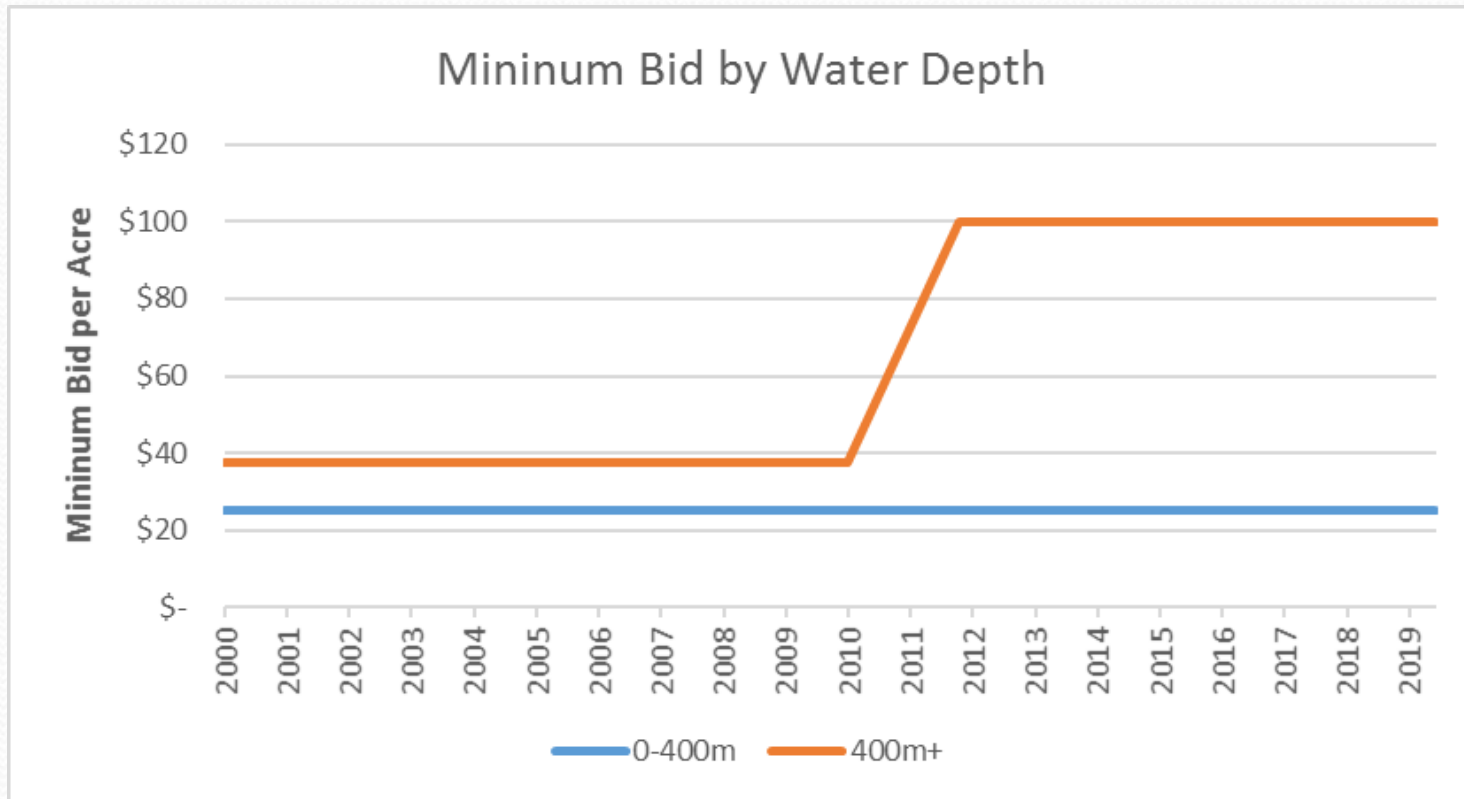
OCS Leasing Program



- 1.83 Million Comments in 2017-2022 Comment Periods
- 2017-2022 Leasing Program process started in 2014
- BOEM is trying to open additional planning areas

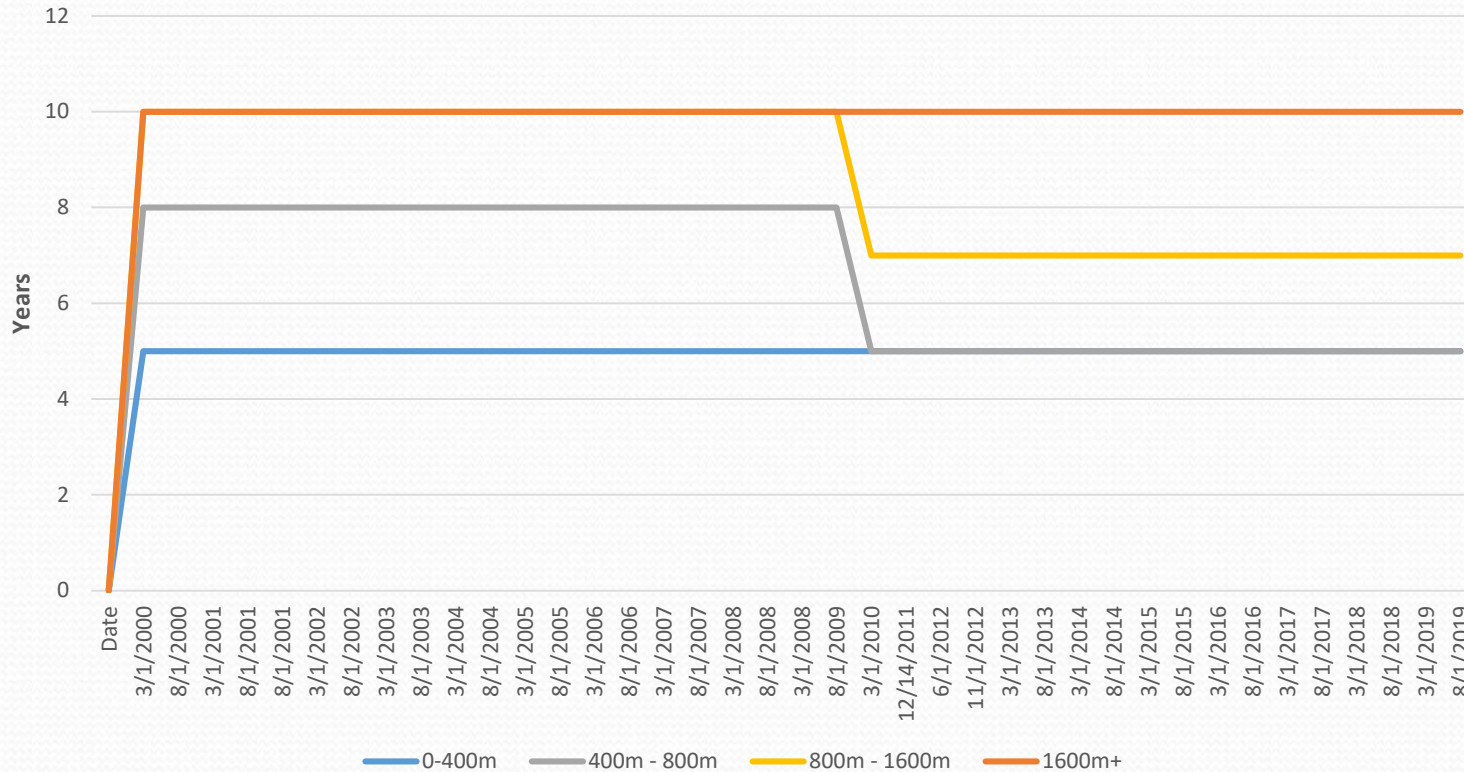
Lease Terms & Conditions

Lease Terms: 2000-2020



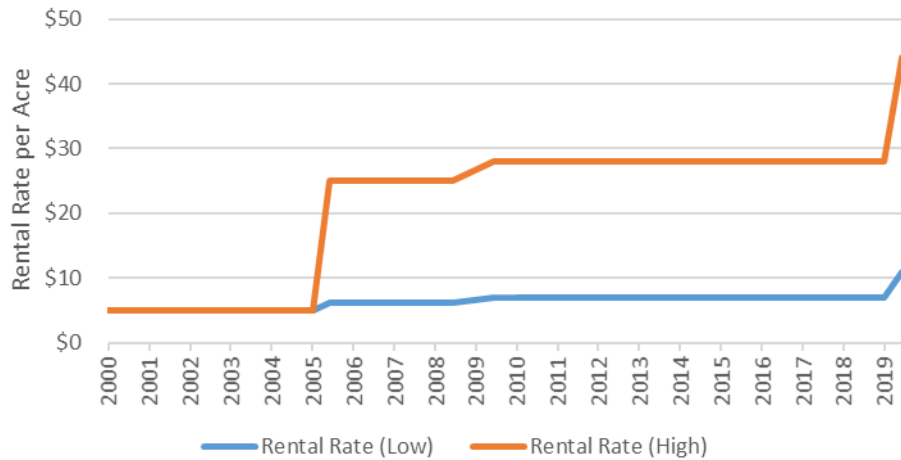
Lease Terms: 2000-2020

Lease Primary Term by Water Depth

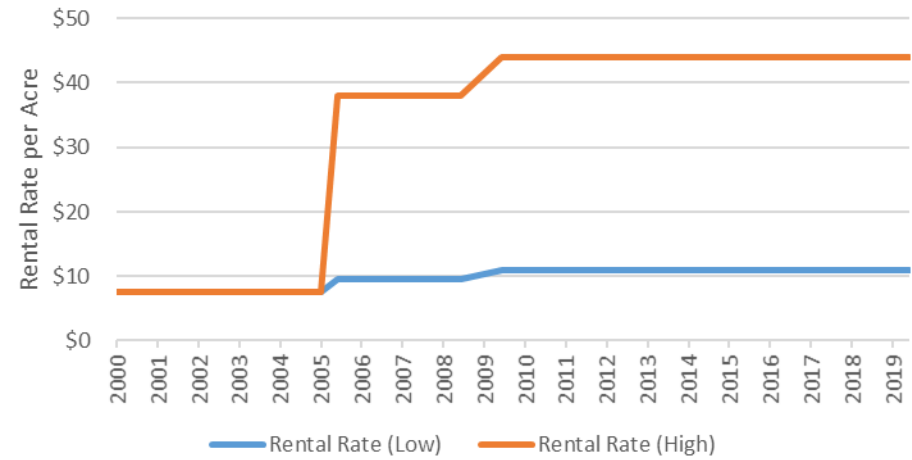


Lease Terms: 2000-2020

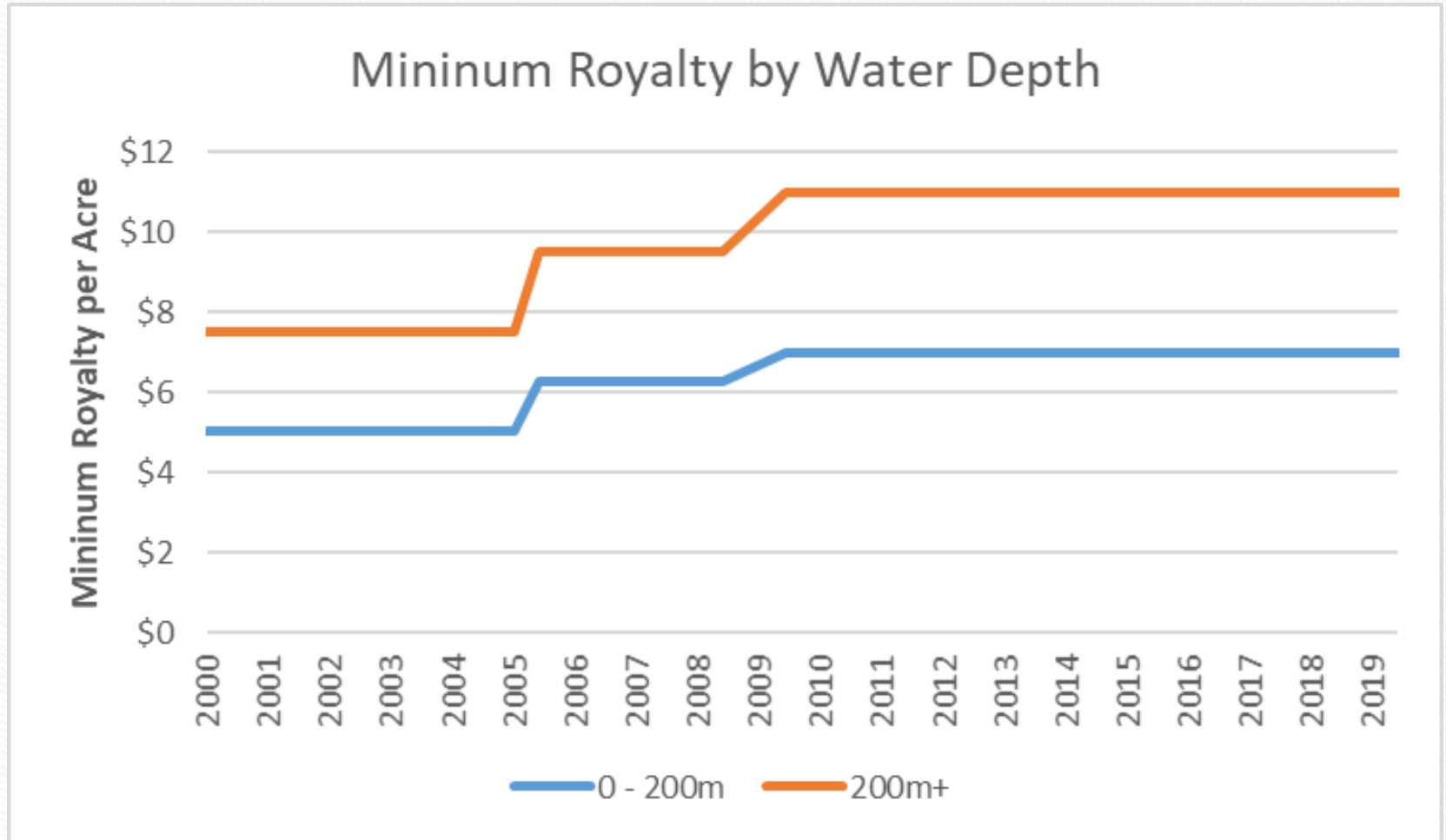
Rental Rate (0 to 200m)



Rental Rate (200m+)

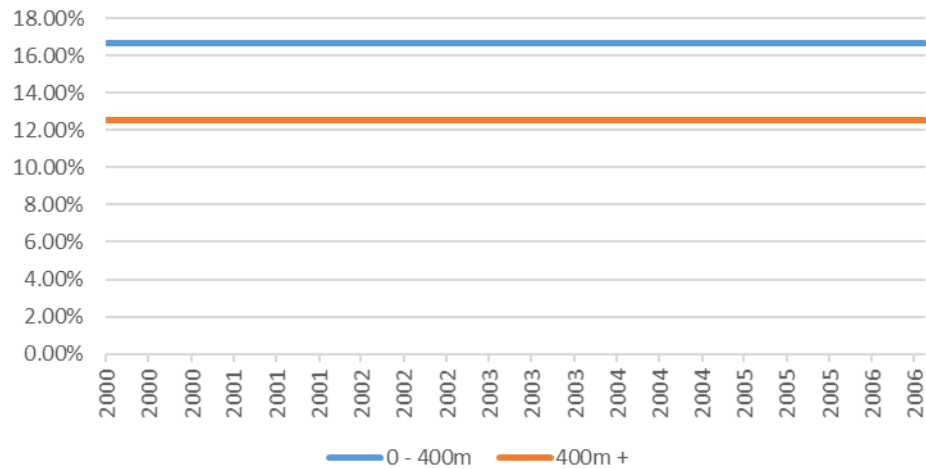


Lease Terms: 2000-2020

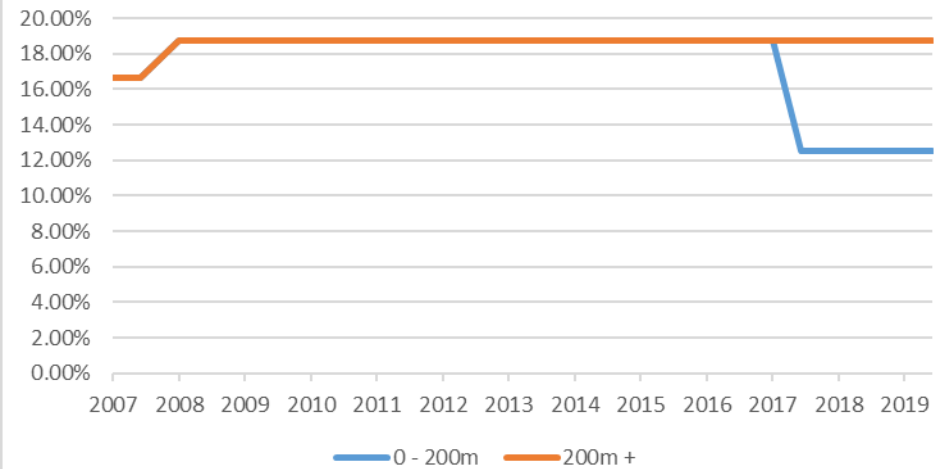


Lease Terms: 2000-2020

Royalty Rate by Water Depth (Pre-2007)



Royalty Rate by Water Depth (2007 - Present)

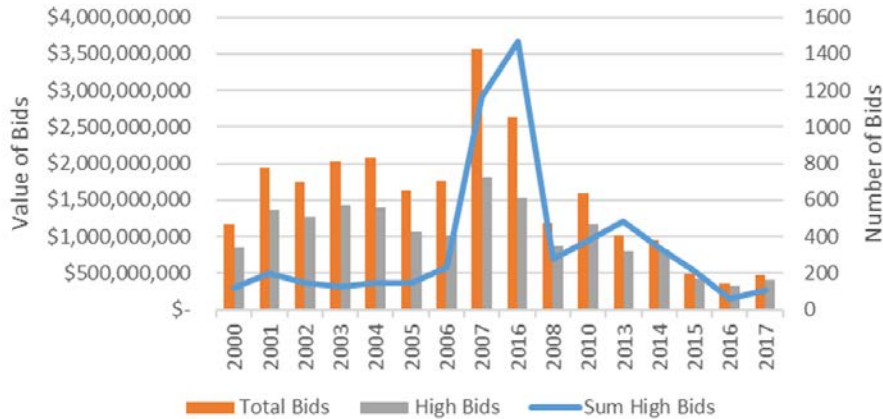


Lease Terms: Royalty Relief

- “Post-2000” Lease Information: designated royalty suspension provisions.
- Shallow Water Deep Gas Incentives: Sales 178, 180, 182, 184, 185, 187
- Deep Gas in Shallow Water Rule, eff. March, 2004: temporary incentive for producing gas from deep wells, amended.
- Discretionary Deepwater Royalty Suspension Provisions
- End-of-Life Royalty Relief: all depths, applied for when shown that economic limit has been reached and relief will result in increased production.
- Special Case Relief

Competitive & Total Bids: 2000-2020

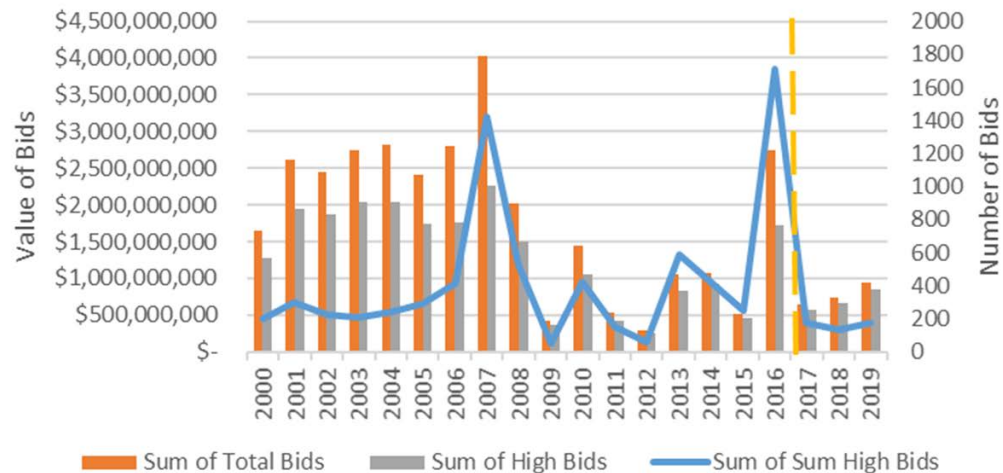
CGOM/EGOM - Bid Summary



WGOM - Bid Summary



WGOM/CGOM/EGOM - Combined Bid Summary



The Gulf of Mexico OCS Lease Sale: Evaluation of High Bids

- The BOEM is not obligated to accept a high bid for a block.
- Office of Resource Evaluation evaluates high bids for compliance with bidding rules. In order to ensure the U.S. Government receives fair market value, BOEM conducts a two phase review of the high bids.
- Bids not accepted in Phase 1 receive further evaluation in Phase 2; a full scale resource and economic evaluation using a cash flow simulation model to generate 4 measures of bid adequacy.
- Phase 2 model factors recovery factors, production profiles, E&P costs, operating costs, revenue streams.

Rejected Bids: 2000-2020

CGOM/ EGOM Sales

Sale No.	Rejected Bids. (#)	Rejected Bids (%)
175 CGOM	10	2.9%
178 PART 1 CGOM	13	2.4%
182 CGOM	15	3.0%
189 EGOM / 185 CGOM	16	2.8%
190 CGOM	14	2.5%
194 CGOM / 197 EGOM	19	4.4%
198 CGOM	12	3.0%
205 CGOM	18	2.5%
224 EGOM / 206 CGOM	11	1.8%
208 CGOM	19	5.5%
213 CGOM	19	4.1%
227 CGOM	13	4.1%
225 EGOM / 231 CGOM	5	1.5%
235 CGOM	8	4.7%
226 EGOM/241 CGOM	7	5.5%
247 CGOM	10	6.1%
Average Rejections	13.06	3.5%

WGOM Sales

Sale No.	Rejected Bids (#)	Rejected Bids (%)
177 WGOM	7	3.1%
180 WGOM	7	2.2%
184 WGOM	7	2.2%
187 WGOM	5	1.5%
192 WGOM	4	1.1%
196 WGOM	0	0.0%
200 WGOM	10	2.6%
204 WGOM	8	2.8%
207 WGOM	6	1.9%
210 WGOM	7	4.3%
218 WGOM	9	4.7%
229 WGOM	0	0.0%
233 WGOM	2	3.8%
238 WGOM	1	1.2%
246 WGOM	0	0.0%
248 WGOM	0	0.0%
Average Rejections	4.56	2.0%

Area-Wide Sales

Sale No.	Rejected Bids (#)	Rejected Bids (%)
250 AW GOM	9	6.1%
251 AW GOM	3	2.1%
252 AW GOM	14	6.2%
253 AW GOM	4	2.6%
249 AW GOM	7	7.8%
Average Rejections	7.4	5.0%

Internal Process & Assumptions

"I will tell a secret: Dealmaking beats working. Dealmaking is exciting and fun, and working is grubby. Running anything is primarily an enormous amount of grubby detail work...dealmaking is romantic, sexy. That's why you have deals that make no sense."
– Quote by Peter Drucker

Landman's Role in Lease Sale

- The Landman's responsibilities include:
 - Prospecting sale opportunities
 - Gathering data on open blocks and FNOS
 - Forming sale partnerships
 - Preparing bids
 - Executing and Submitting bids while ensuring compliance with bidding rules

Landman Cheat Sheet

LEASE SALE 251 - ST 225

			ST 174	ST 175	ST 176	ST 177	ST 178	ST 179	ST 180	Prebid 181	ST 182	G36124 \$142,222 \$113,500 Byron Ed 95	GI 96
ST 194	ST 193	ST 192			G01572 \$811,000 Altria OF Environ 125-139 CB	CA G11899 \$1,101,000 Altria OF ST 188			G35603 \$231,001 \$125,000 Calkin 180	G35796 \$215,000 \$125,000 Prebid 184	ST 183	GI 100	GI 99
ST 199	G36605 \$302,203 \$125,000 Calkin 200 A	ST 201				G09612 \$1,410,750 Waldwood ST 205		G36364 \$164,444 \$125,000 WST 207 ST 207			ST 209	ST 210	G35610 \$151,200 \$125,000 Guffroy 102
ST 213	ST 212	ST 211										GI 101	G35610 \$151,200 \$125,000 Guffroy 102
ST 218	ST 219	ST 220										G13635 \$154,814 \$53,725 WST 220	GI 107
ST 216	ST 219	ST 220										G32231 \$250,000 \$113,500 WST 220	GI 107
ST 231	ST 240	ST 239							G32218 \$13,480,000 \$125,000 Murphy 232 A	G31416 \$12,275,555 \$5,400,000 Murphy 231 A	G27105 \$675,000 \$53,700 WST 220	GI 109	G13943 \$1,110,110 \$790,000 Prebid 110
ST 246	ST 247	ST 248										GI 117	G13944 \$1,110,110 \$790,000 Prebid 116 A/SEA
			ST 266	ST 265	ST 264	ST 263	ST 262	ST 261	ST 260	ST 259	ST 258		

ST 225 Lease History:	ST 225 Lease Terms
Previous Owners/Activity/Relinquishments:	Minimum Bid:
High Bids in Area:	Royalty:
MROV:	Rental:
Well History in Area (note depth/sand producing)	Acres:
	Water Depth:
	Term:
	Royalty Relief:
Other Factors:	Lease Exceptions:

Existing AMIs/Buy-Back Provisions

- Essential Contract Due Diligence:
 - Before and After Lease Sale
 - Check for Areas of Mutual Interest & Buy-Back Provisions in:
 - Confidentiality Agreements, Participation Agreements, Joint Operating Agreements, Joint Ventures/Exploration Agreements, Joint Bidding Agreements, Seismic Agreements, Letter Agreements, Amendments, Etc.
 - Prompt Compliance with AMIs

Confidentiality at the Lease Sale

- Confidentiality of Bids
 - Sealed bids
 - # Bids in Deepwater/Shelf is collected by OOSA on Tuesday before Lease Sale.
- “Highest Suggested Amount” for Joint Bids
 - Bid Meeting Procedures
 - Federal Anti-Trust Language:
 - “It is not the intention of the parties hereto to restrict the right of any party to make a bid as to any of the blocks subject to this agreement and each party shall have the right to make any such bid on any block it may desire, including blocks for which bids are being considered or being made hereunder.”

Anti-Trust

- Be aware that any move or action by any party to prevent any other party from bidding either alone or with any other third party or from bidding such higher amount as he/she wishes to bid, is a violation of the law.
- Cannot chill a bid
- Cannot negotiate a bid
- A joint bid must be the “highest suggested bid” at the final bid meeting

Updated Landman's Lease Sale Checklist

- **2010 Checklist - Updated in Appendix**
- 60 Days Before Sale:
 - Partner Formation / Bid Agreement Negotiation / Obligation Due Diligence.
- 30 Days Before Sale:
 - Final Notice of Sale Review / Communicate Internally with Signor and Accounting
- Friday Before Sale:
 - Check, Double-Check and Sign Bids and BOEM Submittals
- Sale Day:
 - Verify high bids and pay 1/5 EFT funds due

THE RESULTS

Many Thanks to our Professional Landmen For
Participating in Version Pro.O:

Bailey Coe

Jodi Knight

Ford Peters

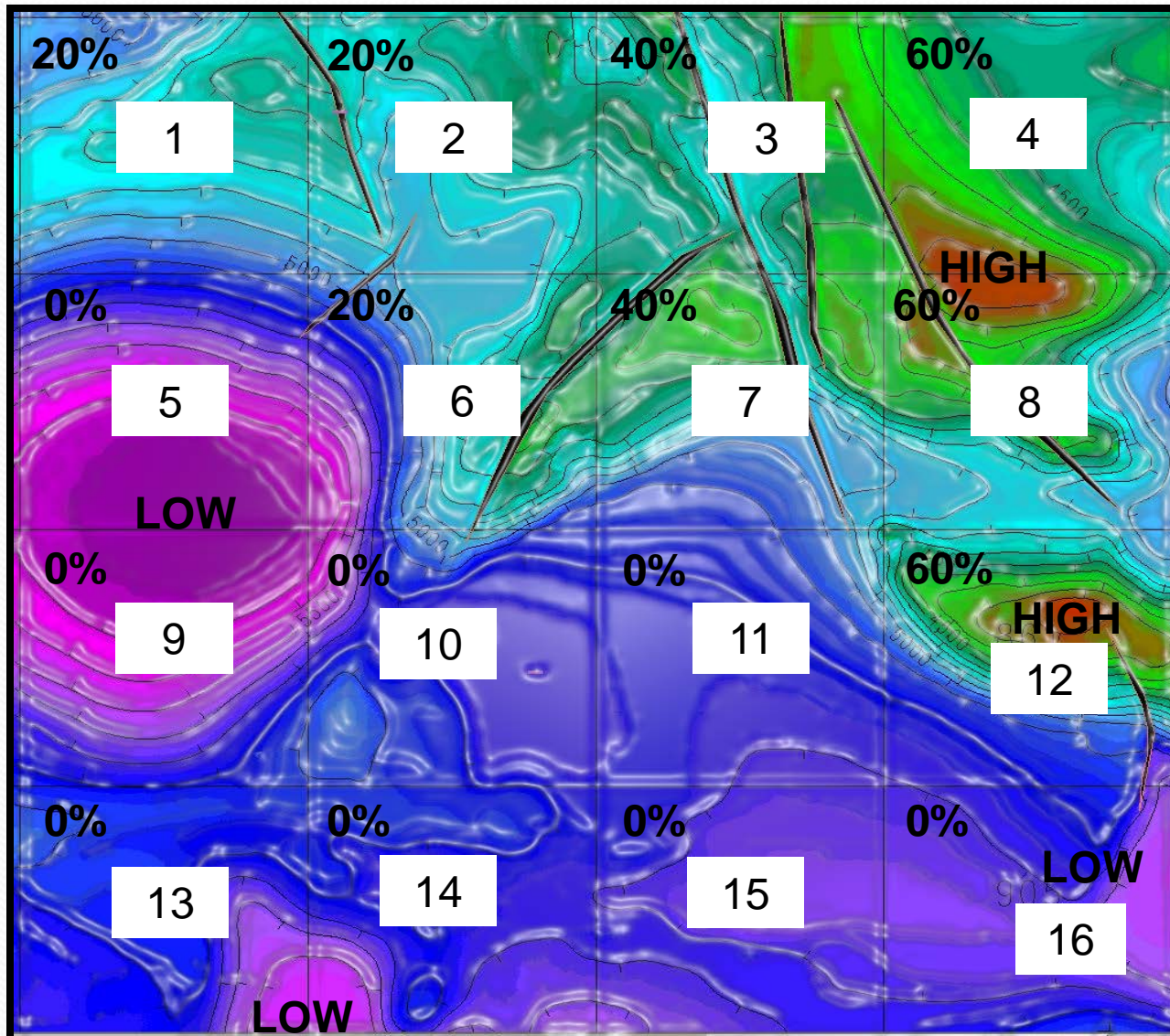
Cheryl Saha

Tom Young



THE OFFSHORE LAND GAME

LAND MAP



THE OFFSHORE LAND GAME RULES

You Must Quickly Decide:

Budget per Team: \$10,000,000

Land Strategy - Blocks to Bid - Bonus Amount

Drilling & Completion: \$1,000,000.00/well

- Each company must participate in the lease sale.
- Bids must be filled out completely.
- Each company must budget to pay for its bids and the drilling of one well on each awarded lease.
- Companies may partner with other companies
- The lease sale is today... *bids are due in 15 minutes.*

GAME – STUDENT RESULTS

	1 (20%)	2 (20%)	3 (40%)	4 (60%)	6 (20%)	7 (40%)	8 (60%)	12 (60%)	TOTAL
DO WHAT?, LLC	B:\$33k L: HI Dry Hole	B:\$33K L: 2 nd	B:\$500K L: 2nd		\$2.5M L: HI Comm Well			B: \$2.5M L: 2nd	\$10.467MM Land Exp: \$5.5MM Drill Exp: \$2MM
IMHO Exploration				B:\$2.8M L: HI Gusher!	B:\$100k L: 2 nd	B:\$100k L: HI Comm. Well	B:\$3M L: HI Comm. Well		\$32.1MM Land Exp: \$6MM Drill Exp: \$3MM
NAILED IT E&P				B:\$2.5M L: 2nd			B:\$2.5M L: 2nd	B: \$2M L: 3rd	\$10MM Land Exp: \$7MM Drill Exp: \$0
Mensa Masters		B:\$500k L: HI Dry hole	B:\$2M L: HI Comm. Well					B: \$4.5M L: 3rd Gusher!	\$25MM Land Exp: \$7MM Drill Exp: \$3MM

GAME – VERSION PRO.0

	1 (20%)	2 (20%)	3 (40%)	4 (60%)	6 (20%)	7 (40%)	8 (60%)	12 (60%)	TOTAL
CHERYL SAHA & JODI KNIGHT	50% \$333K Gusher!	50% \$333K Comm. Well	50% \$2MM DRY HOLE		50% \$333K DRY HOLE			50% \$12MM Comm Well	\$15MM Land Exp.: \$7.5MM Drill Exp: \$2.5MM
BAILEY COE				50% \$5MM DRY HOLE		No bids	50% \$5MM Gusher!	50% \$7MM	\$14MM Land Exp: \$8.5MM Drill Exp: \$1MM
FORD PETERS				50% \$5MM DRY HOLE			50% \$5MM Gusher!	50% \$7MM	\$14MM Land Exp: \$8.5MM Drill Exp: \$1MM
TOM YOUNG	50% \$333K Gusher!	50% \$333K Comm Well	50% \$2MM DRY HOLE		50% \$333K DRY HOLE			50% \$12MM Comm Well	\$15MM Land Exp: \$7.5MM Drill Exp: \$2,500,000

All Partner Bids

Drilling Success – 3 Dry Holes

Maxed Out Budgets

1 No-Bid Block

High Return

High Profits

GAME – STUDENT RESULTS

	1 (20%)	2 (20%)	3 (40%)	4 (60%)	6 (20%)	7 (40%)	8 (60%)	12 (60%)	TOTAL
DO WHAT?, LLC	B:\$33k L: HI DRY hole	B:\$33K L: 2 nd	B:\$500K L: 2 nd		\$2.5M L: HI Comm Well			B: \$2.5M L: 2 nd	\$10.467MM Land Exp.:\$5.5MM Drill Exp: \$2MM
IMHO Exploration	No Partnerships →			B:\$2.8M L: HI Gusher!	B:\$100 k L: 2 nd	B:\$100 k L: HI Comm. Well	B:\$ L: HI Comm. Well	Highest Return →	\$32.1MM Land Exp:\$6MM Drill Exp: \$3MM
NAILED IT E&P	Bid Every Potential Block →			B:\$2.5M L: 2 nd			B:\$2.5 M L: 2 nd	B: \$2M L: 3 rd	\$10MM Land Exp:\$7MM Drill Exp: \$0
Mensa	Drilling Success – 2 Dry Holes →		B:\$500k L: HI Dry hole	B:\$2M L: HI Comm. Well				B: \$4.5M L: 3 rd Gusher!	\$25MM Land Exp:\$7MM Drill Exp: \$3MM

IPAA / PESA Energy Education Center Video



Barry Russell
President & CEO, IPAA

The End.

Appendix

LEASE SALE CHECKLIST

LEASE SALE CHECKLIST

TWO MONTHS BEFORE SALE:

1. Review Preliminary Notice of Sale: Advise technical team.
2. *Prepare Bidding Agreements (CA, if applicable) to be signed before technical data is shared with other companies.*
3. *Furnish a block list for all possible bid blocks.*
 - *Check latest C/A Master Map and List for contractual block restrictions which affect any possible bid blocks. B. Check files for any recent obligations not on Master Map/List.*
4. *Request partner company's qualification.*
 - *A. Verify all parties on OCS BBS: Each bidder must have on record EEO and Affirmative Action Form (BOEM Form 2032 and 2033)*
 - *B. Check with legal to see if debarment updates are needed.*
 - *C. Check partners bond status on OCS BBS, if applicable.*
5. *Schedule Bid Meetings.*

**Only with Joint Bids*

LEASE SALE CHECKLIST

ONE MONTH BEFORE SALE:

6. Obtain Final Notice of Sale on boem.gov/leasing:

- A. Review bid instructions. Note any changes from prior year.
- B. Review supplemental documents if needed.
- C. Prepare spreadsheet for all possible blocks and list the following:
 - 1) Prospect
 - 2) Area / Block
 - 3) Royalty / Royalty Relief, if applicable
 - 4) Term / Map Number
 - 5) Stipulations
 - 6) Acreage / Water Depth
 - 7) Rentals
 - 8) *Tentative Bid Company & Participation*
 - 9) Verify that each block is available for the Sale
 - 10) Check formulas for 1/5 Bonus and 4/5 Bonus + 1ST Year Rental

7. Contact other companies to secure any other desired partnerships. Prepare CA's for all prospect reviews.

8. Contact Accounting to coordinate EFT or ACH for 1/5 bonus transfer.

9. Email BOEM to indicate your company's lease sale representative.

(boemgomrleasesales@boem.gov)

**Only with Joint Bids*

LEASE SALE CHECKLIST

11. ENSURE INTERNAL AUTHORITY SIGNOR IS AVAILABLE FRIDAY BEFORE SALE.

12. Verify Wire Transfer Requests with Accounting and Controller prior to Sale.

13. Get all parties and partners corporate qualification directly from BOEM (or look for current date on OCSBBS.com).

14. Prepare blank bid form template, envelopes and memorandums you are responsible for *and send to applicable partners for review.*

15. Request blank bid forms, envelopes and memorandums from all partners responsible for joint bids.

16. Make sure all blocks in JBA are covered by memo (i.e. one-way memo out, both out, both bid).

17. Prepare all Bid Envelopes and Bid Forms pursuant to Sale Notice and bid memos and *check all envelopes and forms prepared by partners.*

18. Prepare BOEM Form 2022 and 2023

19. Prepare geophysical statement and work with technical team to prepare map/spreadsheet for all bid blocks and file at bid submission. *Check to make sure partners are preparing like-wise for each joint bid block.*

20. DOUBLE CHECK ALL BIDS AND BOEM SUBMITTALS BEFORE SIGNING.

**Only with Joint Bids*

LEASE SALE CHECKLIST

FRIDAY BEFORE SALE

21. Confirm travel/hotel reservations to New Orleans, if applicable.

22. Prepare two complete sets of bids

- Check (more than one person) both sets
- Sign and seal
- Provide copy of each bid and envelope for file and partners.
- One original set goes to New Orleans and one set stays in Houston for emergency backup.

23. For last minute bidding or emergency bid replacement, take to New Orleans extra blank copies of:

- Oil and gas bid forms in 100% and joint combos and Extra envelopes

24. Prepare a package containing partner financial contacts and ACH/EFT instructions and provide to Treasury and Comptroller.

MONDAY BEFORE SALE

25. Deliver **SIGNED** and sealed bids to BOEM the day before the bid submission deadline along with bidder sheet, BOEM 2022 and BOEM 2023 forms and geophysical information statement and CD.

- If you FedEx your bids, ensure receipt of delivery arrives no later than Friday Before Sale.

LEASE SALE CHECKLIST

DAY OF LEASE SALE

26. Watch or listen to Sale (boem.gov) and note competition on bid blocks and other blocks of interest.
27. Verify high bids and EFT funds due.
28. Finalize spreadsheet of the high bid blocks with amount of 20% due.
29. Send internal contacts regarding successful bids and wire transfer.
30. Submit wire transfer and verify payment was made and received by BOEM and partners.

BEFORE ONE WEEK AFTER SALE

31. Prepare Sale file.
32. Prepare “Post-Sale Analysis” summary spreadsheet for management.
- 33. Submit any CAs or JBAs internally for scanning and filing.*
- 34. Compile all CA and/or JBA obligations created by Sale efforts; e-mail to partners for verification.*
- 35. Post all sale obligations to include in master obligation Map and List.*

**Only with Joint Bids*

LEASE SALE CHECKLIST

UPON LEASE AWARD

37. Notify appropriate departments and accounting as soon as leases are awarded.

38. Prepare and execute all required documents to be sent to BOEM.

A. Lease Form (Include Corporate Seal)

B. Designation of Operator Form (company designation to itself)

C. 1017 Form, if applicable.

39. Submit copies of all BOEM paperwork to partners.

40. Check fully executed lease and other required documents to see that signatures are correct and company seal is on lease.

41. Set up payment of 4/5 Bonus + 1st Year Rental with Treasury to pay before deadline on successful leases.

A. Send wire transfer, Confirm wire and Verify receipt.

42. Prepare Operating Agreement if not already completed.

**Only with Joint Bids*