

JEFF LANDRY  
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DEPARTMENT OF CONSERVATION AND ENERGY

**2026 STATE LEASE INVESTMENT PROGRAM  
PURSUANT TO EXECUTIVE ORDER JML 25-72**

LOUISIANA STATE MINERAL AND ENERGY BOARD  
AND  
OFFICE OF STATE RESOURCES,  
LOUISIANA DEPARTMENT OF CONSERVATION AND ENERGY

**PUBLIC COMMENT DRAFT**

Presented to State Mineral and Energy Board  
Published for Public Comment  
Effective Date

December 10, 2025  
December 17, 2025 – January 28, 2026

## Introduction

In consideration of Executive Order JML 25-72, the Louisiana State Mineral and Energy Board (“Board”), in collaboration with the Louisiana Department of Conservation and Energy (“C&E” or “Department”) and its Office of State Resources, has undertaken the development of a program offering targeted state lease royalty reduction offerings to stimulate development of promising but marginalized oil and gas reserves statewide.<sup>1</sup> This 2026 State Lease Investment Program (“Program”) is part of a broader effort by Louisiana government to emphasize mineral production as a foundation of our state’s economic strength and maximize the value of our natural resources for the benefit of taxpayers, industry, and its workforce. The Louisiana Legislature enacted foundational policy reforms during the 2025 Regular Session—including passage of mineral severance tax adjustments (Act 295, 2025 R.S.), Act 312 legacy lawsuit reform (Act 458, 2025 R.S.), and policy emphasizing the importance of locally sourced energy as a necessary tool for economic growth and security (Act 462, 2025 R.S.). This Program is intended to complement pre-existing policy, creating a collective impact that will unlock Louisiana’s energy potential by minimizing various barriers to investment.

## Applicability

The State Mineral and Energy Board is statutorily vested with exclusive authority to lease any lands belonging to the state, or the title to which is in the public, for the development and production of oil, gas, and other minerals; and it may determine appropriate lease terms in accordance with law and the best interests of the state. La. R.S. § 30:121–124. It likewise maintains full supervision of all state mineral leases and broad authority to take actions necessary to protect the State’s interests, including modification of lease terms when advantageous. La. R.S. § 30:127, 129.

This Program applies only to mineral leases within the Board’s jurisdiction and authority—meaning those that authorize the exploration, development, or production of minerals on lands belonging to the state, or title to which is in the public, including road beds, water bottoms, vacant state lands, and lands adjudicated to the state at tax sale. La. R.S. § 30:124. The Program is designed to incentivize new investment, restoring the productive value of oil and gas fields in Louisiana’s Coastal Zone and other areas suffering from declining or prolonged inactivity. As such, the geographic scope of the Program encompasses the full extent of state-owned property, with the exception of leases authorizing the exploration, development, or production of minerals from state-owned portions of the Haynesville Shale Formation, as defined herein, which is excluded from the Program due to its sustained development activity.

The Program is intended to comply with all Applicable Law(s) and Applicable Procedure(s)—including the statutory minimum one-eighth (12.5%) state lease royalty set forth in La. R.S. § 30:127. It is not to be applied, nor should the guidelines herein be interpreted, in a manner that is inconsistent with governing law.

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<sup>1</sup> Exhibit “A” – Executive Order JML 25-72.

## Public Records

As public bodies, the Board and Office of State Resources are subject to the provisions of Louisiana Public Records Law, La. R.S. § 44:1, *et seq.* Accordingly, records, documents, and other information submitted to the Office of State Resources or the Board in connection with the procurement process, including but not limited to proposals, applications, reports, and all related supporting documentation, are subject to disclosure unless exempted by applicable law. Each individual or entity who submits information pursuant to this Program acknowledges that Office of State Resources and the Board will comply with the Louisiana Public Records Law and may be required to disclose information designated as confidential if required by law or ordered by a court of competent jurisdiction.

It is the responsibility of each party who participates in the Program to comply with Louisiana Public Records Law in seeking exemption of any portion of its submission. Participants are strongly encouraged to review all relevant provisions of the Louisiana Public Records Law and consult with legal counsel as necessary to understand their obligations and the potential for disclosure of records submitted in connection with these procurement guidelines. Neither the Office of State Resources nor the Board shall be liable to a participant for the disclosure of any public record, including records deemed confidential by the respondent, if required by applicable law or judicial order.

## Program Development and Public Comment

**The guidelines herein are issued in draft form for consideration by the State Mineral and Energy Board and for review and comment by interested stakeholders. They are developmental in nature and are intended to facilitate informed deliberation regarding the structure and administration of the Program. All provisions herein are subject to revision, refinement, and final approval by the Board prior to formal adoption and enactment.**

**Interested parties may submit written comment(s) to the Office of State Resources from December 17, 2025 until January 28, 2026. All comments and correspondence should be directed to Greg Roberts, Director of Land Administration, Office of State Resources ([Greg.Roberts@la.gov](mailto:Greg.Roberts@la.gov)).**

## Definitions

**Applicable Law(s).** Any applicable, valid, final, and non-appealable federal or state statute, law, rule, or order, or any judicial decision, as may now be in effect or which may be enacted, adopted, or made effective at a future date.

**Applicable Procedure(s).** Any valid, final, and non-appealable standard, procedural rule, regulation, permit, or order, as may now be in effect or which may be enacted, adopted, or made effective at a future date.

**Application Packet.** The complete set of forms, exhibits, maps, and supporting materials submitted to the Office of State Resources in support of a request for royalty reduction under this Program, including, at a minimum, the Applicant Information Report, Development Plan, Royalty Reduction Request, and all other documentation required under these Guidelines or requested by the Office of State Resources.

**Effective Date.** The date on which the State Lease Investment Program is formally authorized and adopted by resolution of the State Mineral and Energy Board.

**Eligible Lessee.** An individual or entity holding valid record ownership of a state mineral lease issued by the State Mineral and Energy Board.

**Eligible Well(s)** – a well on land or water bottoms subject to or pooled with an active state mineral lease that authorizes the exploration, development, or production of minerals on state-owned property, with the express exclusion of wells producing minerals from the Haynesville Shale Formation.

**Haynesville Shale Formation.** The Haynesville Shale is herein defined as the Upper Jurassic-aged siliceous mudstone interval, typically encountered at depths of 10,500 to 13,500 feet below surface, extending across northwestern Louisiana. It is stratigraphically bounded above by the Bossier Shale and below by the Smackover Formation. State tracts determined by the Office of State Resources to be wholly or partially within this geologic interval are excluded from all Program incentives.

## **Program Incentives**

The Program offers the following royalty reduction incentives for active and new state mineral leases to be administered by the State Mineral and Energy Board, upon recommendation of the Office of State Resources. Compliance procedures, eligibility criteria, and additional terms and conditions for each incentive are set forth in further detail in the sections that follow.

All applications pursuant to this Program are subject to La. R.S. § 30:127, which mandates a statutory minimum one-eighth royalty (12.5%) for mineral leases issued by the Board on behalf of the State of Louisiana. The Board and Office of State Resources may not authorize royalty terms contrary to La. R.S. § 30:127 or any other Applicable Law(s) or Applicable Procedure(s).

### **1. New Drill Incentive**

Offers a state lease amendment authorizing royalty reduction of up to 8 percentage points (not below 12.5%) on production from Eligible Well(s) completed after the date on which the applicant submits its application. Royalty reduction pursuant to the New Drill Incentive shall apply only to production occurring after written approval by the Board, and the duration of royalty reduction pursuant to the New Drill Incentive shall not exceed five (5) years from the date of written approval by the Board. Eligibility is contingent on compliance with criteria and conditions set forth herein.

### **2. Inactive Well Incentive**

Offers a state lease amendment authorizing royalty reduction of up to 8 percentage points (not below 12.5%) on production from Eligible Well(s) that have been inactive for six or more months prior to the date on which the applicant submits its application, or that have had thirty days or less of production during the six months immediately preceding the application date. Royalty reduction pursuant to the Inactive Well Incentive shall apply only to production occurring after written approval by the Board, and the duration of royalty reduction pursuant to the Inactive Well Incentive shall not exceed five (5) years from the date of written approval by the Board. Eligibility is contingent on compliance with criteria and conditions set forth herein.

### **3. Orphan Well Incentive**

Offers a state lease amendment authorizing royalty reduction of up to 8 percentage points (not below 12.5%) on production from Eligible Well(s) classified as orphaned by the Department prior to the application date. Royalty reduction pursuant to the Orphan Well Incentive shall apply only to production occurring after written approval by the Board, and the duration of royalty reduction pursuant to the Orphan Well Incentive shall not exceed five (5) years from the date of written approval by the Board. Eligibility is contingent on compliance with criteria and conditions set forth herein.

### **4. General Mineral Leasing Policy**

Beginning on the Effective Date, the State Mineral and Energy Board will give substantial consideration to the ideals of Executive Order JML 25-72 when evaluating bonus, rental, and royalty bids for tracts nominated at its monthly mineral lease sales—including consideration of bids below traditional rates—subject to the statutory parameters set forth in La. R.S. § 30:127 and

all other Applicable Law(s) and Applicable Procedure(s). The Board reserves the right to accept or reject any bid pursuant to its statutory authority and the best interests of the State of Louisiana.

### **Application Guidelines**

1. **Eligibility.** The New Drill Incentive, Inactive Well Incentive, and Orphan Well Incentive are available only to individuals or entities holding valid record ownership of a state mineral lease issued by the Board.
2. **Application Packet.** An owner of an active state mineral lease seeking eligibility for the New Drill Incentive, Inactive Well Incentive, or Orphan Well Incentive, or any combination thereof, shall submit an administratively complete Application Packet to the Office of State Resources. A single application may encompass individual wells or groups of wells, but one application may not encompass more than one lease. The Application Packet shall contain, at minimum, an Applicant Information Report, a State Lease Amendment Request, a Development Plan, a Certification Affidavit, and an Application Fee—with information as to each subject well separately itemized as required below.
  - a. **Applicant Information Report.** Each applicant shall submit an Applicant Information Report containing, at minimum, the following information:
    - i. The name of the applicant entity;
    - ii. The name, position title, address, e-mail address, and telephone number of the applicant or a representative authorized to act on the applicant's behalf; and
    - iii. A written certification, signed by the applicant or an individual or entity authorized to sign on the applicant's behalf, that the applicant has no outstanding financial obligations arising from any mineral lease issued by the Board.
  - b. **State Lease Amendment Form.** The applicant(s) shall execute a State Lease Amendment Request on the form provided by the Office of State Resources. The State Lease Amendment Form shall clearly detail the applicability, scope, and duration of the requested royalty reduction proposal and evidence the applicant's intent to amend the terms of the subject lease accordingly—such that Board approval and execution of the State Lease Amendment Form will constitute a written amendment to the subject lease. The State Lease Amendment Form shall include the following information, at minimum:
    - i. The full legal name of the lessee(s);
    - ii. The number of the subject state lease;
    - iii. The royalty rate of the subject state lease at the time of the application;

- iv. The name, serial number, API number, and LUW code(s) of each well subject of the proposal;
  - v. The name of the royalty reduction incentive sought for each well subject of the proposal (*i.e.*, New Drill Incentive, Inactive Well Incentive, Orphan Well Incentive);
  - vi. The reduced royalty rate proposed to apply to each well subject of the proposal;
  - vii. The duration of the reduced royalty rate to apply to each well subject of the proposal; and
  - viii. A lessee acknowledgment section, executed in writing by the applicant or an individual authorized to sign on the applicant's behalf, verifying the applicant's consent to the proposed terms and intent to be bound thereby upon approval by the Board.
- c. **Development Plan.** The applicant(s) shall submit a detailed plan for development of each planned or existing well subject of the royalty reduction request in its State Lease Amendment Form. Submission requirements for the New Drill Incentive, Inactive Well Incentive, and Orphan Well Incentive are set forth in further detail below.
- i. **New Drill Incentive:** For each well subject of an application for the New Drill Incentive, the applicant shall submit the following information, at minimum:
    - A. Name, serial number, API number, LUW code(s), field name;
    - B. Each state lease reasonably anticipated to participate in production from the well;
    - C. Proposed well name, location, and planned total depth;
    - D. The name and address of entity to operate the prospective well;
    - E. Geologic target zone;
    - F. Estimated spud date, drilling timeline, and date of first production;
    - G. Detailed information as to any planned or active unit governing production from the prospective well, to the best of the applicant's information and belief. For active units, the applicant shall include documentation evidencing unit approval and the final unit survey plat;

- H. Plat map(s) illustrating the location of the proposed well, the boundaries of the subject lease(s) on which it is located, and the boundaries of any planned or active production unit to govern production from the proposed well; and
  - I. An expected economic impact statement—including projected incremental production, estimated capital expenditures, and estimated increase in state gross production taxes and royalties resulting from the requested reduction.
- ii. **Inactive Well Incentive:** For each well subject of an application for the Inactive Well Incentive, the applicant shall submit the following information, at minimum:
- A. Name, serial number, API number, LUW code(s), field name;
  - B. Each active state lease granting the applicant the rights to access and produce the well;
  - C. Documentary evidence of certification by C&E that the well has been inactive for six or more months prior to the application date or has had thirty days or less of production during the six months prior to the application date;
  - D. A summary of cause(s) for inactivity;
  - E. A detailed workover plan, including estimated costs, equipment requirements, and schedule for return to production;
  - F. Proof of active financial security for plugging and abandonment of the subject well in compliance with C&E regulations;
  - G. Plat map(s) illustrating the location of the well, the boundaries of the subject lease(s) on which it is located, and the boundaries of any planned or active production unit to govern production from the well; and
  - H. An expected economic impact statement—including projected incremental production, estimated capital expenditures, and estimated increase in state gross production taxes and royalties resulting from the requested reduction.
- iii. **Orphan Well Incentive:** For each well subject of an application for the Orphan Well Incentive, the applicant shall submit the following information, at minimum:



- A. Name, serial number, API number, LUW code(s), field name;
  - B. Each active state lease granting the applicant the rights to access and produce the well;
  - C. Documentary evidence of certification by C&E that the well has been orphaned for six or more months predating the Effective Date;
  - D. Estimated cost of restoration and proposed timeline for reactivation;
  - E. Plat map(s) illustrating the location of the well, the boundaries of the subject lease(s) on which it is located, and the boundaries of any planned or active production unit to govern production from the well;
  - F. An expected economic impact statement—including projected incremental production, estimated capital expenditures, and estimated increase in state gross production taxes and royalties resulting from the requested reduction;
  - G. A copy of approved rework plan under the Orphan Well Rework Program, if applicable; and
  - H. Certification of approved site-specific trust account under La. R.S. 30:88.1 or bond instrument, if required by Applicable Law(s) or Applicable Regulations(s).
- d. **Affidavit.** All Application Packet materials shall be accompanied by a sworn affidavit executed by the applicant, or an individual or entity authorized to execute on the applicant's behalf, that all reported information is true, correct, and current upon the applicant's best information and belief.
- e. **Advertisement Fee.** The Application Packet shall be accompanied by a check made payable to the Office of State Resources or the State Mineral & Energy Board in the full amount of Five Hundred Dollars (\$500.00), to cover administration costs and advertisement of the State Lease Amendment proposal pursuant to La. R.S. § 30:129(A), 129.1.
3. **Multiple Lessees.** Where a state mineral lease is owned by multiple parties, the Program incentives shall extend only to those lessees who participate in the application process in accordance with the Program guidelines herein. A lessee who does not apply for the Program shall not receive the benefit of any royalty reduction approved for another lessee.

- a. **Application Format.** Co-lessees may pursue individual applications, submitted separately by each lessee; or a joint application, submitted collectively on behalf of multiple co-lessees.
  - b. **Joint Application.** A joint application may be submitted on behalf of multiple co-lessees to avoid duplicative Application Packets. Any joint application shall clearly indicate that it is being submitted on behalf of multiple co-lessees and shall expressly identify each participating lessee by name. The joint application may contain one uniform Development Plan and State Lease Amendment Form to the extent that the information in such submittals is shared by each participating co-lessee. However, the joint Application Packet shall include an Applicant Information Report, Certification Affidavit, and Advertisement Fee from each participating co-lessee. The Office of State Resources may request supplemental or individualized materials as necessary for administrative completeness.
4. **Form.** The applicant(s) shall submit one electronic copy and one paper copy of the Application Packet to the Office of State Resources. The electronic copy shall be submitted via electronic mail to [OMR@la.gov](mailto:OMR@la.gov) or in another form acceptable to the Office of State Resources. The paper copy shall be delivered by hand or via certified mail or commercial courier to one of the following addresses.

**Mailing Address**

Office of State Resources,  
Land Administration Division,  
Department of Conservation and Energy

617 North Third Street  
8th Floor, Office No. 837  
Baton Rouge, Louisiana 70802

**P.O. Box Address**

Office of State Resources,  
Land Administration Division,  
Department of Conservation and Energy

Post Office Box 2827  
Baton Rouge, Louisiana 70821-2827

### **Application Review**

1. **Internal Review.** The Office of State Resources shall review each Application Packet and issue a finding to the applicant in accordance with the guidelines below.
  - a. **Request for Additional Information.** The Office of State Resources may request clarification or additional documents or information from the applicant(s) to clarify or complete any application.
  - b. **Deficiencies.** If the Office of State Resources identifies any deficiencies in the application, it shall issue written notice to the applicant itemizing and, if applicable, providing instructions to remedy each deficiency.

- c. **Standing.** The Office of State Resources shall at all times maintain discretion to defer or deny an application upon a finding that an applicant is out of compliance with any active state lease, any permit issued by C&E or another government entity, the guidelines herein, or any Applicable Law(s) or Applicable Procedure(s).
  - d. **Approval.** If the Office of State Resources determines that the application is administratively complete, that no standing or compliance issues preclude eligibility, and that the application is otherwise ripe for Board consideration, the Office of State Resources shall advertise the State Lease Amendment Form in accordance with La. R.S. § 30:129.1 and place notice of the application on the agenda for the next regular meeting of the Board. The notice of application shall include, at minimum, the following information.
    - i. The full legal name of the applicant(s);
    - ii. The state lease subject of the application;
    - iii. A copy of the State Lease Amendment Form submitted in the Application Packet;
    - iv. Any other term(s) or condition(s) requested by the applicant or recommended by the Office of State Resources; and
    - v. If applicable, an accompanying recommendation from Office of State Resources staff.
2. **Board Review and Determination.** After review of the Application Packet and any recommendation or analysis provided by the Office of State Resources, the Board shall act on the application by resolution. The Board may approve, approve with conditions or modifications, defer, or deny the application in whole or in part, or take any other action that the Board in its discretion deems appropriate.
- a. **Board Discretion.** The Board maintains complete discretion in its determination. In acting on an application, the Board may alter or amend the scope or duration of royalty reduction or impose any term, condition, contingency, or qualification as it deems appropriate—including a condition that the state lease amendment is wholly or partially contingent on commencement of production by a specified date. Nothing herein shall be construed to limit the Board’s authority under La. R.S. § 30:121–136 or to create any entitlement to approval.
  - b. **Approval.** Unconditional approval of an application shall constitute formal approval of the terms set forth in the State Lease Amendment Form and authorize execution of said Form by the Executive Director of the Office of State Resources. Upon such execution, the State Lease Amendment Form shall be deemed adopted by the State and shall constitute a valid, effective, and binding amendment to the underlying state

mineral lease, enforceable in accordance with its terms and the applicable provisions of law.

- c. **Conditional Approval.** If the Board conditions approval on any alteration, amendment, term, condition, contingency, or qualification regarding the State Lease Amendment Form, the Office of State Resources may require the applicant to incorporate such provisions and re-submit its application as a prerequisite for approval.
  - d. **Resolution.** A Board resolution memorializing approval shall specify the name of the applicant(s), each well deemed eligible for royalty reduction, and for each well—the state lease(s) granting the applicant the rights to access, drill, and/or produce the well; the royalty reduction incentive(s) awarded by the Board; the initial and reduced royalty rate; any other term(s) or condition(s) subject of the Board’s approval; and a determination that execution of the approved State Lease Amendment Form constitutes an amendment to the subject state mineral lease. The resolution shall further direct the applicant to record the finalized State Lease Amendment Form in the conveyance records of the parish in which the lease is located.
3. **State Lease Amendment Form.** Once executed by or on behalf of the Board, the State Lease Amendment Form shall constitute an official act of the State Mineral and Energy Board under the authority of La. R.S. § 30:127–136 and the Board’s State Lease Investment Program. Its terms and conditions shall alter and amend the provisions of the subject state mineral lease to the extent provided therein.
4. **Execution and Recordation.** The State Lease Amendment Form shall be executed in duplicate originals, one retained by the Office of State Resources and one delivered to each approved lessee. Each approved lessee shall be responsible for recording the State Lease Amendment Form, and any subsequent modification or alteration thereof, in the conveyance records of each parish in which the subject lease is located within thirty (30) days of execution and providing written notice of recordation to the Office of State Resources within fifteen (15) days of each recordation. The Board shall at all times maintain the right to suspend or terminate any state lease amendment not recorded in accordance with these rules.
5. **Effective Date.** The State Lease Amendment and its terms shall become effective on the date on which it has been executed by both the subject lessee and the Executive Director of the Office of State Resources, or someone on his or her behalf. The Office of State Resources shall accept royalty payments in accordance with the terms of the State Lease Amendment for the extent of its duration or as otherwise resolved by the Board.

### Compliance Criteria

1. **Reporting Requirements.** Each lessee authorized for royalty reduction pursuant to this Program (“Authorized Lessee”) shall provide periodic reports to the Office of State Resources documenting compliance with the terms and conditions of the Program, its State Lease

Amendment Form as authorized by the Board, and other Applicable Law(s) and Applicable Procedure(s) as set forth below.

- a. **Notices.** Each Authorized Lessee shall provide written notice to the Office of State Resources within twenty (20) days of the occurrence of any of the following events:
  - i. Submission of the application for any drilling, workover, production, or coastal use permit to C&E;
  - ii. Issuance of each such drilling, workover, production, or coastal use permit by C&E;
  - iii. Spudding or commencement of sidetracking, recompletion, or rework operations;
  - iv. First production from an Eligible Well; and
  - v. Any change in operator or assignment of the lease; and
  - vi. If applicable, authorization and creation of a site-specific trust account pursuant to the Orphan Well Rework Program, La. R.S. 30:88.2.
- b. **Progress Reports.** Each Authorized Lessee shall submit a progress report to the Office of State Resources every ninety (90) days following the effective date of the State Lease Amendment, unless otherwise directed by the Office of State Resources in writing. Each progress report shall identify all wells entitled to royalty reduction under the subject State Lease Amendment and shall provide the information required below for each well, organized according to the well's operational status as of the end of the reporting period.
  - i. **Development Reporting.** For each well that has not yet achieved first production, the progress report shall include, at minimum:
    - A. A description of progress toward drilling, rework, or production-restoration milestones identified in the Application Packet and Development Plan; and
    - B. An updated schedule for estimated spud dates, commencement of rework operations, anticipated first production dates, or any material changes to projected timelines.
  - ii. **Production Reporting.** Each progress report shall include the following information, at minimum, for each well subject of a Board-approved State Lease Amendment that has commenced first production:

- A. Confirmation of the date of first production, if not previously reported;
    - B. The total volumes of oil, gas, and condensate produced during the reporting period, itemized by month and by product type; and
    - C. A certification that the production volumes reported to the Office of State Resources are accurate and consistent with all volumes reported to C&E and the Louisiana Department of Revenue for the same period.
  - c. **Form and Delivery.** All reports and notices required herein shall be submitted electronically to the Land Administration Division of the Office of State Resources. All reports and notices shall be signed by the Authorized Lessee, or an individual or entity authorized to sign on its behalf, and certified as true and correct to the best of that lessee's knowledge and belief.
  - d. **Multiple Lessees.** Where a State Lease Amendment is issued to multiple co-lessees authorized for royalty reduction pursuant to this Program, the reporting obligations set forth in these Guidelines may be satisfied by the submission of a single consolidated report on behalf of more than one approved lessee, provided that the information reported applies uniformly to each participating co-lessee and to all wells subject of the State Lease Amendment. Any consolidated report shall clearly state that it is submitted on behalf of multiple approved lessees and shall expressly identify each such lessee by name. Each approved lessee remains individually responsible for ensuring the accuracy and completeness of all reported information. The Office of State Resources may, at its discretion, request supplemental, individualized, or lessee-specific information where necessary for administrative completeness, compliance verification, or royalty accounting. Failure of one co-lessee to comply with these reporting requirements shall not relieve any other co-lessee of its individual obligations under the State Lease Amendment or these guidelines.
2. **Assignment.** Any valid assignment, sublease, or transfer of a state mineral lease to which a State Lease Amendment applies shall automatically include the benefits and obligations of the State Lease Amendment, unless expressly revoked or modified by the Board in writing. The Board reserves the right, in its sole discretion, to suspend, modify, or terminate a State Lease Amendment if an assignee thereof is not in good standing with the State or has outstanding compliance issues; the assignment would result in circumvention of the State Lease Amendment's intent; or the Board determines such action to be in the best interest of the State.
3. **Modification, Suspension, or Termination.** The Board may modify, suspend, or terminate, in whole or in part, any State Lease Amendment or any royalty reduction benefit therein upon a finding of: failure to comply with the reporting requirements of this Program; breach of the underlying lease; violation of any applicable law, regulation, or order of the Board, the Office of State Resources, or C&E; or any other circumstance in which the Board determines suspension or termination to be in the best interest of the State.

- a. **Notice of Modification, Suspension, or Termination.** Prior to modification, suspension or termination, the Office of State Resources shall issue a Notice of Intent specifying the nature of the action, the basis therefor, and providing the lessee(s) thirty (30) days from receipt of notice to remedy the condition, submit written justification, or respond otherwise as the case may be.
- b. **Final Determination.** If the grounds for modification, suspension, or termination remain notwithstanding the lessee's response, the Office of State Resources shall present its findings and recommendation to the Board. The Board may, by resolution, order modification, suspension, termination, or reinstatement of the State Lease Amendment as it deems appropriate.
- c. **Effect.** Upon suspension or termination, all royalty obligations shall revert to the original contractual rate effective as of the date of the Board's action, and the lessee shall remain responsible for continued compliance with all terms of the subject lease(s).
- d. **Reinstatement.** The Board may, upon written request and demonstration of compliance, reinstate a State Lease Amendment previously modified, suspended, or terminated—subject to such terms and conditions as the Board may impose.

## Exhibit A - Executive Order JML 25-072





**EXECUTIVE DEPARTMENT  
OFFICE OF THE GOVERNOR  
EXECUTIVE ORDER NUMBER JML 25-072**

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***UNLEASHING LOUISIANA'S ENERGY PRODUCTION***

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**WHEREAS**, on January 20, 2025, President Trump declared a National Energy Emergency through Executive Order 14156, emphasizing that “the integrity and expansion of our Nation's energy infrastructure – from coast to coast – is an immediate and pressing priority for the protection of the United States' national and economic security;”

**WHEREAS**, on February 14, 2025, President Trump established the National Energy Dominance Council, acknowledging that it is necessary to expand all forms of reliable and affordable energy production to drive down inflation, grow our economy, create good-paying jobs, reestablish American leadership in manufacturing, lead the world in artificial intelligence, and restore peace through strength by wielding our commercial and diplomatic levers to end wars across the world, Executive Order 14213;

**WHEREAS**, President Trump has promised to “drill, baby, drill” to expand oil and gas production in the United States and unleash affordable and reliable American energy;

**WHEREAS**, Louisiana is blessed with an abundance of energy and natural resources that have historically powered the State and the Nation’s economic prosperity. Previous decisions by federal and state government have impeded the development of these resources, limiting economic growth and the generation of reliable, affordable energy;

**WHEREAS**, “Drilling = Jobs” and the oil and gas industry significantly contributes to Louisiana’s economic well-being by supporting approximately *306,750 jobs statewide*, generating *\$25.5 billion in annual earnings*, and lifting countless citizens out of poverty;

**WHEREAS**, the continued exploration, development, and responsible production of oil and gas resources remain critical to sustaining and expanding Louisiana’s economic prosperity, employment opportunities, and overall quality of life for our State’s citizens;

**WHEREAS**, in the decade prior to this administration, Louisiana’s total annual oil production – in particular from south Louisiana and the state offshore areas – plummeted by more than half: from 72 million barrels total (58 million barrels from south Louisiana and offshore areas) in 2013 to 34 million barrels (26 million barrels, respectively) in 2023;

**WHEREAS**, by strategically incentivizing responsible exploration and production through targeted royalty adjustments and severance tax reforms, Louisiana will stimulate increased investment and activity in the oil and gas sector, leading to higher production volumes that ultimately generate greater overall revenues, despite initial rate reductions;

**WHEREAS**, pursuant to La. R.S. 30:129, the State Mineral and Energy Board (“Board”) has full supervision of all state mineral leases and oversight of the *Natural Resources Trust Authority* (“NRTA”), thus is authorized to take all appropriate action to assure that undeveloped or nonproducing state lands and water bottoms are reasonably and prudently explored, developed, and produced for the public good;

**WHEREAS**, the Louisiana Department of Energy and Natural Resources (“DENR”) serves as the staff for the Board;

**WHEREAS**, Act 727 of the 2024 Regular Session established the NRTA under the oversight of the Board, empowering it to lead a transformative era of proactive management for Louisiana’s natural resources by introducing innovative financial frameworks and dedicated funding streams aimed at addressing environmental and financial liabilities – measures that specifically support financial assurance for existing operators and provide security for the remediation of orphaned and abandoned wells;

**WHEREAS**, through integrated strategies encompassing royalty modifications, severance adjustments, and the robust financial oversight provided by the NRTA – Louisiana can proactively address legacy liabilities, revitalize its economy, and lay the foundation for sustained resource development, thereby positioning our State as a national leader in innovative and economically-resilient resource management;

**WHEREAS**, exploration for and production of oil and natural gas from Louisiana's offshore areas is pursuant to state mineral leases, entered into by the Board on behalf of the State, which set forth specific mineral royalties and other revenue the State's mineral lessees must pay in addition to paying the state severance tax and other fees, all in accordance with the requirements set forth in R.S. 30:121, *et seq*;

**NOW THEREFORE, I, JEFF LANDRY**, Governor of the State of Louisiana, by virtue of the authority vested in me by the Constitution and laws of the State of Louisiana, do hereby order and direct as follows:

Section 1: DENR shall develop, in coordination with the Board, a plan consistent with law to reduce royalties governed by State mineral leases so as to meaningfully incentivize and encourage exploration and production of the State's minerals.

Section 2: DENR shall also provide clear and timely guidance ahead of October 1, 2025, detailing how recent legislative changes – including severance tax reductions and departmental reorganization – will strategically and proactively address orphan wells in state waters, thereby promoting responsible resource development, fiscal sustainability, and environmental stewardship.

Section 3: Upon development of the royalty reduction plan required in Section 1, the Board shall consider the plan for approval at its next scheduled Board meeting.

Section 4: DENR shall report back to me its progress in implementing this order within 60 days.

Section 5: All departments, agencies, boards, commissions, and officers of the State, and any political subdivision thereof, are authorized and directed to cooperate in the implementation of this Order.


Section 6: All departments, commissions, boards, offices, entities, agencies, and officers of the state of Louisiana, or any political subdivision thereof, are authorized and directed to cooperate with the implementation of the provisions of this Order.

Section 7: This Order is effective upon signature and shall continue in effect until amended, modified, terminated, or rescinded by the Governor, or terminated by operation of law.



**ATTEST BY THE  
SECRETARY OF STATE**

**IN WITNESS WHEREOF**, I have set my hand officially and caused to be affixed the Great Seal of Louisiana in the City of Baton Rouge, on this 24<sup>th</sup> day of June 2025.

  
**JEFF LANDRY**  
**GOVERNOR OF LOUISIANA**

  
**Nancy Landry**  
**SECRETARY OF STATE**