STATE OF LOUISIANA

PARISH OF EAST BATON ROUGE RENEWAL OF SURFACE/SUBSURFACE LEASE NO._____

This contract of lease entered into on this _____ day of _____, _____ by and between:

Name of Business/Person: State of Louisiana, State Land Office

Address: P. O. Box 44124
Baton Rouge, LA 70804

Name of Agent: Charles R. St. Romain

Title of Agent: Public Lands Administrator

hereinafter referred to as "LESSOR", and

Name of Business/Person:

Address:

Name of Agent:
(if applicable)

Title of Agent:
(if applicable)

hereinafter referred to as "LESSEE".

This lease will become binding on LESSOR only after execution by LESSOR and delivery to LESSEE. Deposit of LESSEE'S first rental payment into any account of LESSOR does not constitute acceptance of this lease by LESSOR.

AUTHORITY

By virtue of the statutory authority of the State Land Office (L.R.S. 30:171) and upon the terms, conditions and considerations hereinafter set forth, LESSOR does hereby lease and let unto LESSEE, without any warranty of title whatsoever, the following described property owned by the State of Louisiana, and situated in the Parish of _____, to wit:

PROPERTY

A _____ acre circular area centered at a point having Lambert Coordinates of
X=_____ and Y=_____
which encircles SWD Well No. _____, State Lease No. _____, located
in _____
and more fully shown on the attached plat(s).

hereinafter referred to as "the property".

The surface area leased herein shall be no greater than necessary to conduct operations and in no instance shall it be more than three (3) acres centered around the facility.

TERM

The lease granted herein shall have a primary term of ten (10) years, commencing on _____ and ending on _____.

PURPOSE

LESSEE shall have the sole right to construct, convert, recomplete, rework, maintain and operate on "the property", the State Mineral Lease No. _____, Well No. _____, as a saltwater disposal well, to include the right to use "the property" for those other activities and purposes necessary and incidental to the disposal of saltwater and authorized by L.R.S. 30:171.

RENTAL

The rental to be paid by LESSEE to LESSOR is set forth as follows:

1. The rental paid by LESSEE to LESSOR shall be an annual rental, the price and sum being _____--Dollars, with the first rental being due and payable on or before the date this lease commences and subsequent rentals being due on or before the same day of each year thereafter.

2. In the event of late payment and, at LESSOR'S option, LESSEE may be granted up to an additional thirty (30) days to make payment. During this thirty (30) day period, any late rental payments tendered by LESSEE must include an additional late penalty payment equal to the annual rental. At LESSOR'S option, rental payments tendered more than thirty (30) days following the due date may be accepted. Acceptance of late payments does not alter the terms of this lease. For payments sent by US Postal Services, the date postmarked is deemed the date tendered.

3. LESSOR reserves the right, at LESSOR'S sole option, to annually adjust the rental to reflect any newly adopted and promulgated rules and regulations of the State of Louisiana. Any renewal shall reflect the percentage of increase or decrease in the cost of living index as established by the Consumer Price Index for Urban Wage Earners and Clerical Workers published by the Bureau of Labor Statistics of the U.S. Department of Labor or equivalent of any such index published by the U.S. Government, or any revision of said indices which has occurred from date of this instrument to the date of adjustment, provided however, that in no event shall consideration of such renewal be less than the consideration paid herein for the original term. Should LESSOR determine that the rental shall be adjusted, LESSOR shall notify LESSEE one (1) year before the rental payment is due or the rental shall not be adjusted.

IMPROVEMENTS

LESSEE may only make those improvements, additions, alterations or reconstructions to "the property" which are made in accordance with generally accepted commercial practices and within the scope and purpose of this lease. Any other improvements, additions, alterations or reconstructions to "the property" shall not be made without prior written permission of LESSOR, which permission shall not be unreasonably withheld.

CONDITIONS

1. This lease is granted subject to all existing surface leases, mineral leases, servitudes, rights-of-way, permits or any other contracts of record affecting "the property".
2. LESSEE agrees to comply with all applicable statutes, rules and regulations relating to the disposal of saltwater through deep well injection as required by the Office of Conservation, Department of Environmental Quality or any other regulatory agency with jurisdiction over the process. A copy of any and all permits required for saltwater injection shall be attached hereto and made a part hereof, and any violation of the terms and conditions of the required permits shall be cause for cancellation of this lease.
3. LESSEE shall comply with all federal, state and local statutes, rules, regulations and ordinances relating to environmental, sewer, sanitation, fire, safety and any other regulated activities and provide our office with proof of compliance.
4. LESSEE agrees to use "the property" as a good and careful administrator. This includes maintaining "the property" in a neat, clean and orderly manner at all times. No hazardous waste materials shall be placed or stored by LESSEE on or under "the property", in a manner contrary to law.
5. Should an Agent or Attorney be employed to give special attention to the enforcement or protection of any claim of LESSOR arising from this lease, LESSEE shall pay as fees and compensation to such Agent or Attorney such sum as will constitute a reasonable fee including all court costs, together with all other costs, charges and expenses or reimbursement for actual costs occasioned by LESSOR, at LESSOR'S discretion.

RESERVATIONS

LESSOR reserves the full use and enjoyment of "the property", both surface and subsurface, for any and all purposes except those particular uses granted hereinabove to LESSEE. LESSOR'S reservation includes, but is not limited to the following rights:

1. LESSOR reserves all rights of whatever nature and kind in and to all minerals on or under "the property". These rights include, but are not limited to, all operations which are necessary, useful or convenient for the exploration, exploitation, drilling, mining, production, development, storage and transportation of all oil, gas, sulphur and other minerals, on or under "the property" or any other lands under the control of LESSOR.
2. LESSOR reserves all rights of whatever nature and kind in and to all other surface or subsurface uses of "the property". These rights include, but are not limited to, all operations which are necessary, useful or convenient for the exploration, exploitation, mining, production and development of all sand, gravel or shell deposits; issuance of servitudes and rights-of-way; and issuance of permits and leases. LESSOR may exercise the rights reserved herein without LESSEE'S consent, so long as those rights granted do not unreasonably interfere with LESSEE'S then existing operations, surface and subsurface installations and facilities on "the property". LESSEE hereby expressly agrees and declares that LESSOR shall not be liable to LESSEE for damages resulting from the unreasonable exercise of any rights reserved herein.

ASSIGNMENT/SUBLEASE

This agreement shall be binding upon LESSOR and LESSEE, their respective successors and assigns. This lease may not be assigned, subleased or otherwise transferred in whole or in part without the prior written permission of LESSOR, provided, however, that such consent shall not be necessary in the event of a transfer of the lease resulting from a corporate merger, consolidation or change of name of LESSEE.

HOLD HARMLESS

LESSEE accepts "the property" in its present condition, and LESSOR shall not be responsible for damage of any kind to any person or property arising out of or resulting from LESSEE'S use of "the property". LESSEE further agrees to indemnify and to hold LESSOR harmless against any loss or liability for injury to or death of persons or damage to property of others, including costs and expenses incident thereto, arising wholly or in part from or in connection with the condition, use or existence of "the property" or any of the rights granted herein. LESSEE will, at LESSOR'S request, appear and defend any suit arising from any such loss or liability at its own sole cost and expense and will pay any judgments that may be entered against LESSOR therein when said suit is finally determined for such loss or liability resulting from LESSEE'S use of the property.

TERMINATION/CANCELLATION

1. Should LESSEE at any time violate any of the conditions of this lease, or discontinue the use of "the property", or payments or other expenses assumed under this lease, LESSOR shall have the option to notify LESSEE in writing that it intends to cancel this lease and if LESSEE has not corrected the problem within thirty (30) days from receipt of notice, then LESSOR may immediately cancel this lease without putting LESSEE in default. LESSEE will remain responsible/liable for any personal property or equipment covered by this lease, remaining on site after said lease has terminated.
2. Should LESSEE be found by a tribunal of competent jurisdiction to have used "the property" or any portion thereof in any manner which violates any state or federal statute, rule or regulation, and for which violation a fine of ten thousand dollars ($10,000.00) or greater or a prison sentence is assessed, LESSOR may immediately cancel this lease without prior notice or necessity of putting LESSEE in default.
3. LESSEE may surrender this lease at any time, either during the original term or any extension of the original term by giving written notice to LESSOR. If LESSEE had previously recorded this lease in the parish conveyance records, then LESSEE shall file a written release in the parish conveyance records and shall provide LESSOR a certified copy thereof. Surrender of this lease shall not affect any existing obligations of the LESSEE or relieve the LESSEE of any obligations previously incurred.
4. Upon termination of this lease, LESSEE will ipso facto forfeit any right of recourse against LESSOR for return of all or part of the consideration paid.
5. In the event of cancellation or termination for any reason, LESSEE or its assigns hereby agrees to remove at their sole risk, cost and expense, any or all constructions or obstacles and to restore "the property" to its original condition within ninety (90) days of lease termination. Should LESSOR undertake the removal of any or all constructions or obstacles and restoration of "the property" by reason of LESSEE or its assigns, failure or refusal to do so, then LESSEE and its assigns expressly consent and agree to reimburse LESSOR for the full costs incurred for such removal and restoration.
6. Should LESSOR allow or permit LESSEE to remain on "the property" after the expiration or termination of this lease, this shall not be construed as a reconduction of this lease.

EFFECT OF LAW

The parties to this lease understand and agree that the provisions herein shall, between them, have the effect of law; but in reference to matters not provided herein, this lease shall be governed by the laws of the State of Louisiana.

THUS DONE, EXECUTED AND SIGNED in Baton Rouge, Louisiana, in triplicate, on this _____ day of _____, _____.

WITNESSES:

_____
Printed Name: Sonya Boudreaux

_____
Printed Name:

_____
Printed Name:

_____
Printed Name:

STATE OF LOUISIANA, STATE LAND OFFICE

BY:_____
PUBLIC LANDS ADMINISTRATOR LESSOR
Printed Name: Charles R. St. Romain

BY:_____
Printed Name:
LESSEE

STATE OF LOUISIANA

PARISH OF EAST BATON ROUGE

BEFORE ME, the undersigned authority, personally came and appeared Sonya Boudreaux, who, being first duly sworn, did depose and say that the within foregoing instrument was signed by Charles R. St. Romain, Administrator of the State Land Office, on behalf of the State of Louisiana, in affiant's presence and in the presence of the other subscribing witness.

_____
WITNESS
Printed Name: Sonya Boudreaux

SWORN TO AND SUBSCRIBED before me this _____ day of _____, _____.

_____
NOTARY PUBLIC

STATE OF _____

PARISH OR COUNTY OF _____

BEFORE ME, the undersigned authority, personally came and appeared _____(witness) who, being duly sworn, did depose and say that the within foregoing instrument was signed by _____, on behalf of the corporation, in affiant's presence and in the presence of the other subscribing witness.

_____
WITNESS
Printed Name:

SWORN TO AND SUBSCRIBED before me this _____ day of _____, _____.

_____
NOTARY PUBLIC