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August 17, 2017

Mr. John A. Anderson
Office of Fuels Programs, Fossil Energy
U.S. Department of Energy
Docket Room 3F-056, FE-50
Forrestal Building
1000 Independence Avenue, S.W.
Washington, D.C. 20585

**Re: Fourchon LNG LLC, FE Docket No. 17-¹⁰⁵-LNG
Application for Long-Term Authorization to Export Liquefied Natural Gas**

Dear Mr. Anderson:

Fourchon LNG LLC ("Fourchon LNG") seeks long-term, multi-contract authorization under Section 3 of the Natural Gas Act to export for itself or as agent for others up to 260 billion cubic feet of natural gas per year (equivalent to approximately 5 million tonnes per annum of liquefied natural gas ("LNG")) from domestic resources beginning on the earlier of the date of first export following the commencement of commercial operations or seven years from the date the requested authorization is granted. Fourchon LNG is seeking authority to export LNG: (1) for a term of 30 years to any country with which the United States has, or in the future may enter into, a free trade agreement requiring national treatment for trade in natural gas; and (2) for a term of 20 years to any country with which the United States does not have a free trade agreement requiring national treatment for trade in natural gas, which currently has or in the future develops the capacity to import LNG and with which trade is not prohibited by United States law or policy.

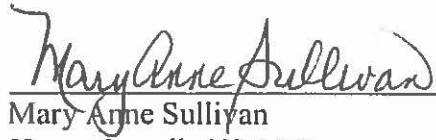
As stipulated by 10 C.F.R. § 590.207, a check for the filing fee in the amount of \$50.00 is enclosed.

Please feel free to contact me at (202) 637-3695 if you have any questions regarding this application.

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Respectfully submitted,

A handwritten signature in cursive script that reads "Mary Anne Sullivan". The signature is written in dark ink and is positioned above a horizontal line.

Mary Anne Sullivan
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Counsel for Fouchon LNG LLC

**UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY**

Fourchon LNG LLC

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FE Docket No. 17-____-LNG

**APPLICATION OF FOURCHON LNG LCC
FOR LONG-TERM, MULTI-CONTRACT AUTHORIZATION TO EXPORT
LIQUEFIED NATURAL GAS TO FREE TRADE AGREEMENT AND
NON-FREE TRADE AGREEMENT COUNTRIES**

**UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
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Fourchon LNG LLC)	
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**APPLICATION OF FOURCHON LNG LLC
FOR LONG-TERM, MULTI-CONTRACT AUTHORIZATION TO EXPORT
LIQUEFIED NATURAL GAS TO FREE TRADE AGREEMENT AND
NON-FREE TRADE AGREEMENT COUNTRIES**

Pursuant to Section 3 of the Natural Gas Act (“NGA”), 15 U.S.C. § 717b, and Part 590 of the regulations of the Department of Energy (“DOE”), 10 C.F.R. Part 590, Fourchon LNG LLC (“Fourchon LNG”) submits this application (“Application”) to the DOE, Office of Fossil Energy (“DOE/FE”) for long-term, multi-contract authorization to export up to 260 billion cubic feet (“Bcf”) of natural gas per year, which is equivalent to approximately 5 million tonnes per annum (“MTPA”) of liquefied natural gas (“LNG”), produced from domestic sources commencing on the earlier of the date of first export following the commencement of commercial operations or seven years from the date the requested authorization is granted.

Fourchon LNG seeks authorization to export LNG from a proposed natural gas liquefaction facility on Belle Pass in Port Fourchon, Louisiana on the United States Gulf Coast (“Facility”) as follows: (1) for a term of 30 years to any country with which the United States has, or in the future may enter into, a free trade agreement (“FTA”) requiring national treatment for trade in natural gas; and (2) for a term of 20 years to any country with which the United States does not have an FTA requiring national treatment for trade in natural gas, which currently has or in the future develops the capacity to import LNG and with which trade is not prohibited

by United States law or policy. In support of this Application, Fourchon LNG respectfully submits the following:

I. DESCRIPTION OF APPLICANT AND EXPORT FACILITY

The exact legal name of the applicant is Fourchon LNG LLC, which is a Delaware limited liability company. Fourchon LNG is a wholly-owned direct subsidiary of Energy World (USA) Incorporated ("Energy World"), a Delaware corporation. The controlling interest in Energy World is held by Mr. Stewart Elliott.

The site selected for the facility is situated on the southern tip of Port Fourchon at Belle Pass in Lafourche Parish, Louisiana. The Facility site will be located on approximately 40 acres of land which is currently leased by Energy World.¹ Energy World has leased the property from the Greater Lafourche Port Commission for 10 years with the right and option to renew and extend the lease for an additional 25 years.² Under the terms of Energy World lease agreement, it has the right to sublease the premises, and it intends to sublet all of the land and pipeline rights of way required for the Facility to Fourchon LNG. Alternatively, the Port Commission has indicated its willingness to substitute Fourchon LNG as the direct lessee upon request.

Fourchon LNG proposes to site, construct, own and operate a natural gas liquefaction facility with a peak capacity of approximately five MTPA on Belle Pass, Port Fourchon. The Facility will be developed in phases and the first phase will have a capacity of two MTPA, to be followed by the remaining LNG trains as demand develops, each of which have a capacity of 0.5 MTPA. The Facility, which will utilize domestic sources of natural gas, will receive, liquefy,

¹ A map of the Facility site is included in Appendix C. The entire Facility is located within the 40 acres that has been leased. Energy World has a right of first refusal over an additional 102 acres that adjoins the 40 acre parcel, but it does not expect that the additional acreage will be required for the Facility. Energy World also has a lease for a 1,415 acre site that may be used for equipment and material storage as well as warehouse/office construction and operation.

² Documents demonstrating control over the Facility site are included in Appendix D.

store, and deliver LNG to LNG carriers for export in overseas markets and domestically to LNG fueled marine vessels.

The first phase of the project will consist of installation of two (2) gas pre-treatment units and four (4) liquefaction trains equal to an approximate, nominal output capacity of 2.0 MTPA. Subsequent phases will include the installation of the remaining three (3) gas pre-treatment units and six (6) liquefaction trains, equal to an approximate additional output capacity of 3.0 MTPA as demand develops. The first 0.5 MTPA of LNG will be made available on a preferred, but non-exclusive basis for domestic LNG uses, including for LNG-fueled marine vessels.

Each 0.5 MTPA liquefaction train will consist of a Siemens' electric motor drive refrigerant compressor. The liquefaction technology will be Chart Industries' proprietary Integrated Pre-cooled Single Mixed Refrigerant process. The LNG will be stored onsite in two (2) membrane full integrity concrete tanks, each designed to store a nominal working volume of 88,000 m³ of LNG. The membrane insulation technology will be provided by GTT. Each tank will be surrounded by a suitable individual impoundment designed and sized to contain 110 percent of the gross capacity of the tank.

The marine loading facility will be located along Belle Pass. The water depth in the channel is approximately 28 feet deep. The marine loading facility will consist of a single ship berth as well as a maneuvering basin to allow LNG ships to turn and move into and out of the berth.

Gas delivery to the site for the first phase (2.0 MTPA of LNG), will be through a short pipeline spur that will consist of a single 16-inch natural gas pipeline that will be built to run approximately 600 yards to the west of the Facility to connect to an existing 16-inch pipeline operated by Kinetica Partners, LLC. The pipeline system will be upgraded as necessary for

subsequent phases. Fourchon LNG and Kinetica expect to finalize an agreement for the use of the Kinetica pipeline for the Facility as necessary.

II. COMMUNICATIONS

All communications and correspondence regarding this Application should be directed to the following persons:

Christopher Pope
Fourchon LNG LLC
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III. AUTHORIZATION REQUESTED

Fourchon LNG requests long-term, multi-contract authorization to export up to 260 Bcf of natural gas per year (equivalent to approximately 5.0 MTPA) to: (1) any country with which the United States has, or in the future may enter into, a FTA requiring national treatment for trade in natural gas; and (2) any country with which the United States does not have a FTA requiring national treatment for trade in natural gas, which currently has or in the future develops the capacity to import LNG and with which trade is not prohibited by United States law or policy. Fourchon LNG requests this long-term authorization for: (1) a term of 30 years to FTA countries; and (2) a term of 20 years to non-FTA countries commencing on the date of first export following the commencement of operations or seven years from the date the requested authorization is granted, whichever is first. The quantities of the FTA authorization and non-FTA authorization will not be additive.

Fourchon LNG is requesting this authorization both on its own behalf and as agent for other parties that may hold title to the LNG at the time of export, pursuant to long-term

agreements with Fourchon LNG. Fourchon LNG will comply with all DOE/FE requirements for exports and agents, including the registration requirements. When acting as agent, Fourchon LNG will register with DOE/FE each LNG title holder for which Fourchon LNG seeks to export LNG as agent.

Fourchon LNG will provide DOE/FE with registration materials that include an acknowledgment and agreement by the LNG title holder to supply information necessary to permit Fourchon LNG to register that person or entity with DOE/FE, including: (i) the Registrant's agreement to comply with any order issued by DOE/FE pursuant to this Application and all applicable requirements of DOE's regulations at 10 C.F.R. Part 590, including but not limited to destination restrictions; (ii) the exact legal name of the Registrant, state/location of incorporation/registration, primary place of doing business, and the Registrant's ownership structure, including the ultimate parent entity if the Registrant is a subsidiary or affiliate of another entity; (iii) the name, title, mail address, e-mail address, and telephone number of a corporate office or employee of the Registrant to whom inquiries may be directed; (iv) within 30 days of execution, a copy, filed with DOE/FE, of any long-term contracts, not previously filed with DOE/FE, including both a non-redacted copy for filing under seal and either a redacted version of the contract or a summary of the major provisions of the contract, for public posting.³

Fourchon LNG is not submitting long-term supply agreements and long-term export agreements with the current Application and therefore requests that DOE/FE make a similar finding to that in DOE/FE Order No. 2961 with regard to transaction-specific information of the type identified in Section 590.202(b) of the DOE regulations.⁴ Fourchon LNG has not yet

³ See, e.g., *Dominion Cove Point LNG, LP*, DOE/FE Order No. 3331 (Sept. 11, 2013).

⁴ In the May 20, 2011 order conditionally granting Sabine Pass Liquefaction, LLC ("Sabine Pass") long-term export authorization to Non-FTA countries, the DOE/FE found that Sabine Pass was not required to submit with its application transaction-specific information pursuant to Section 590.202(b) of the DOE regulations. The DOE/FE

entered into any such agreements, given that a long-term authorization is required to finalize arrangements with prospective customers, although Fourchon notes that its LNG exports may be used to supply power plants that affiliated entities develop in Asia or the Caribbean. In accordance with the DOE/FE's stated policy, Fourchon LNG will submit transaction-specific information when such contracts are executed.⁵ Fourchon LNG further requests authorization to continue exporting "Make-Up Volumes" of LNG for a total of three additional years following the end of the export period as may be necessary to bring total exports up to the full volume of exports authorized, if Fourchon LNG is unable to export all volumes during the original export period.⁶

IV. FEEDSTOCK GAS SOURCES

Fourchon LNG seeks authorization to export natural gas available in the United States natural gas supply and transmission system. The sources of natural gas for the Facility will include the vast supplies available from various producing regions in the eastern United States. The Facility will have the capability to access the entire national gas pipeline grid through its various interconnections.

found that given the state of development for the proposed Sabine Pass export project, it was appropriate for Sabine Pass to submit such transaction-specific information when the contracts reflecting such information are executed. *See Sabine Pass Liquefaction, LLC, Opinion and Order Conditionally Granting Long-Term Authorization to Export Liquefied Natural Gas from Sabine Pass LNG Terminal to Non-Free Trade Agreement Nations*, FE Docket No. 10-111-LNG, DOE/FE Order No. 2961, at 44 (May 20, 2011).

⁵ The DOE/FE has previously held that the commitment to file contracts once they are executed complies with DOE requirements to the extent practicable. *Id.*

⁶ *See e.g., Cameron LNG, LLC, Final Opinion and Order Granting long-Term, Multi-Contract Authorization to Export Liquefied Natural Gas by Vessel From the Cameron Terminal Located in Cameron and Calcasieu Parishes, Louisiana to Non-Free Trade Agreement Nations*, DOE/FE Order No. 3797, FE Docket No. 15-97-LNG (March 18, 2016); *Sabine Pass Liquefaction, LLC, Final Opinion and Order Granting long-Term, Multicontract Authorization to Export liquefied Natural Gas By Vessel From the Sabine Pass LNG Terminal Located in Cameron Parish, Louisiana, To Non-Free Trade Agreement Nations*, DOE/FE Order No. 3669, Ordering Paragraph C, FE Docket Nos. 13-30-LNG, 13-42-LNG, 13-121-LNG, at 215, 222-23 (June 26, 2015).

V. PUBLIC INTEREST

Fourchon LNG's authorization as described herein is not inconsistent with the public interest and should be granted by DOE/FE under the individual provisions of the NGA that apply separately to exporting natural gas to FTA and non-FTA countries.

a. FTA Countries

Section 3(c) of the NGA provides that:

[T]he exportation of natural gas to a nation with which there is in effect a free trade agreement requiring national treatment for trade in natural gas, shall be deemed consistent with the public interest, and applications for such importation or exportation shall be granted without modification or delay.⁷

Under this statutory provision, the portion of this Application that seeks to export LNG to nations with which the United States currently has, or in the future may enter into, an FTA requiring national treatment for trade in natural gas, shall be deemed consistent with the public interest and should be granted by DOE/FE without modification or delay. Indeed, it has been DOE/FE's practice to promptly grant authorization for export to FTA nations as a matter of statutory requirement.

b. Non-FTA Countries

Fourchon LNG's requested authorization as described herein would not be inconsistent with the public interest and should be granted by DOE/FE under the statutory provisions that apply to exporting natural gas to non-FTA nations. Section 3(a) of the NGA sets forth the general standard for review of export applications:

[N]o person shall export any natural gas from the United States to a foreign country or import any natural gas from a foreign country

⁷ 15 U.S.C. § 717b(c) (2012).

without first having secured an order of the [Secretary of Energy]⁸ authorizing it to do so. The [Secretary] shall issue such order upon application, unless, after opportunity for hearing, [the Secretary] finds that the proposed exportation or importation will not be consistent with the public interest. The [Secretary] may by [the Secretary's] order grant such application, in whole or in part, with such modification and upon such terms and conditions as the [Secretary] may find necessary or appropriate . . . According to DOE/FE, "[t]his provision creates a rebuttable presumption that a proposed export of natural gas is in the public interest" and "DOE/FE must grant such an application unless opponents of the application overcome that presumption by making an affirmative showing of inconsistency with the public interest."⁹

In evaluating the "public interest" DOE/FE looks to a number of different factors, including "economic impacts, international impacts, security of natural gas supply, and environmental impacts, among others."¹⁰ Consistent with its Policy Guidelines and Delegation Orders Relating to the Regulation of Imported Natural Gas ("Policy Guidelines"), DOE/FE has stated its intention to "minimize federal control and involvement in energy markets and to promote a balanced and mixed energy resource system."¹¹

The market, not government, should determine the price and other contract terms of imported [or exported] gas . . . The federal government's primary responsibility in authorizing imports [or exports] should be to evaluate the need for the gas and whether the import [or export] arrangement will provide the gas on a competitively priced basis for the duration of the contract while minimizing regulatory impediments to a freely operating market.¹²

⁸ The Secretary's authority was established by the Department of Energy Organization Act, 42 U.S.C. § 7172, which transferred jurisdiction over imports and export authorizations from the Federal Power Commission to the Secretary of Energy.

⁹ *Freeport LNG Expansion, L.P., et al.*, DOE/FE Order No. 3357-B at 9; *see also*, *Freeport LNG Expansion, L.P., et al.*, DOE/FE Order No. 3282-C at 9; *Jordan Cove Energy Project, L.P.*, DOE/FE Order No. 3413 at 6; *Freeport LNG Expansion, L.P. and FLNG Liquefaction, LLC*, DOE/FE Order No. 3282 at 5-6; *Sabine Liquefaction, LLC*, DOE/FE Order No. 2961 at 28; *see also* *Panhandle Producers and Royalty Owners Assoc. v. ERA*, 822 F.2d 1105, 1111 (D.C. Cir. 1987) ("A presumption favoring import authorization, then, is completely consistent with, if not mandated by, the statutory directive.").

¹⁰ Order No. 3357-B at 9.

¹¹ *Id.*

¹² *New Policy Guidelines and Delegations Order Relating to Regulation of Imported Natural Gas*, 49 Fed. Reg. 6684, 6685 (Feb. 22, 1984).

While the Policy Guidelines deal specifically with imports, the DOE/FE has found that the principles are applicable to exports.¹³ DOE/FE has also stated that its:

[R]eview of export applications has continued to focus on: (i) the domestic need for the natural gas proposed to be exported, (ii) whether the proposed exports pose a threat to the security of domestic natural gas supplies, (iii) whether the arrangement is consistent with DOE/FE's policy of promoting market competition, and (iv) any other factors bearing on the public interest . . .¹⁴

DOE/FE looks to the evidence developed in the record of each application proceeding to make its determination.¹⁵ As demonstrated herein, Fourchon LNG's Application is not inconsistent with the public interest.

c. Economic Impacts of the Proposed Exports

In Order No. 3282, DOE/FE restated its methodology for evaluating exports of natural gas and set forth a number of factors that it will consider when reviewing applications. The first factor for evaluation when reviewing an export application is economic impact. To study the economic impacts of natural gas exports, DOE/FE commissioned a two-part study of the cumulative impacts of proposed LNG exports ("2012 LNG Export Study"). The first part of the study, conducted by the Energy Information Administration ("EIA"), looked at the potential impacts of natural gas exports on energy prices, production, and consumption under several export scenarios ("2012 EIA Study"). The second part of the study, conducted by NERA Economic Consulting ("NERA"), assessed the macroeconomic impacts of natural gas exports using its proprietary model and the results of the 2012 EIA Study ("NERA Study"). Most importantly, the 2012 LNG Export Study concluded that "the United States will experience net

¹³ Order No. 3357-B at 10; Order No. 3413 at 8; *Phillips Alaska Natural Gas Corp. and Marathon Oil Co.*, DOE/FE Order No. 1473 at 14; *see also*, Order No. 3282 at 7.

¹⁴ Order No. 3357-B at 10.

¹⁵ Order No. 3282 at 7.

economic benefits from issuance of authorizations to export domestically produced LNG.”¹⁶ The NERA Study found that the U.S. would experience net economic benefits from natural gas exports, with the level of benefits increasing as the quantity of exports increase.¹⁷ While exports would cause some increases in natural gas prices, price increases were limited based on conditions both within the U.S. and in the broader global market.¹⁸ After taking comments on the 2012 LNG Export Study, DOE/FE determined that the study is “fundamentally sound” and supports natural gas exports.¹⁹

NERA updated its 2012 study at the request of Sabine Pass. The resulting update – Updated Macroeconomic Impacts of LNG Exports From the United States – was submitted to DOE/FE on February 28, 2014 in FE Docket Nos. 13-30-LNG, 13-42-LNG, and 13-121-LNG (“2014 NERA Update”). The 2014 NERA Update reached conclusions consistent with the prior NERA Study. Most importantly, LNG exports were found to provide economic benefits to the U.S. in all cases where exports occurred.²⁰ Also consistent with its prior study, NERA found that “U.S. economic welfare consistently increases as the volume of natural gas exports increases.”²¹

In 2014, DOE/FE requested that the EIA analyze the impacts of a higher level of natural gas exports than was analyzed in the 2012 EIA Study (12 to 20 Bcf per day). The resulting study, *Effect of Increased Levels of Liquefied Natural Gas Exports on U.S. Energy Markets* (“2014 EIA Study”), further supports Fourchon LNG’s application.²² The EIA concluded that

¹⁶ Order No. 3357-B at 94.

¹⁷ NERA Study at 40.

¹⁸ Order No. 3357-B at 41.

¹⁹ *Id.*

²⁰ 2014 NERA Update at 6.

²¹ *Id.* at 7.

²² EIA, *Effect of Increased Levels of Liquefied Natural Gas Exports on U.S. Energy Markets*, October 29, 2014, available at <http://www.eia.gov/analysis/requests/fe/>.

“increasing LNG exports leads to higher economic output, as measured by real gross domestic product (GDP), as increased energy production spurs investment.”²³

Finally, DOE/FE commissioned a second external study by the Center for Energy Studies at Rice University and Oxford Economics, which analyzed the macroeconomic impact of LNG exports in the range of 12 to 20 Bcf per day (“2015 LNG Export Study”).²⁴ Utilizing the Rice World Gas Trade Model to simulate various alternative scenarios for the future of the global natural gas market and the Oxford Economics Global Economic Model and Global Industry Model to simulate broad macroeconomic and sectoral impacts under the scenarios considered, the 2015 LNG Export Study concluded that increasing U.S. exports from 12 Bcf per day to 20 Bcf per day would increase U.S. GDP by an amount ranging from \$7.3 billion to \$20.5 billion annually from 2026 to 2040.²⁵

Fourchon LNG’s proposed exports will also have a significant effect on the regional level. DOE/FE has stated that it will consider regional impacts of natural gas exports on a case-by-case basis.²⁶ The operation of the Facility will benefit the Lafourche Parish economy in a number of ways. The executive director of the Greater Lafourche Port Commission stated that the Facility will keep Port Fourchon at the cutting edge of the oil and gas services industry, and would enhance the capability of the port.²⁷ The Facility will also enhance the value of existing pipeline infrastructure and add to the local property tax base with very few operating expenditures required from Lafourche Parish to support the Facility. The Facility is expected to create approximately 500 high-skilled jobs during construction and 150 jobs over the operating

²³ 2014 EIA Study at 12.

²⁴ *The Macroeconomics of Increasing U.S. LNG Exports*, October 29, 2015, available at https://energy.gov/sites/prod/files/2015/12/f27/20151113_macro_impact_of_lng_exports_0.pdf.

²⁵ 2015 LNG Export Study at 17.

²⁶ *Cameron LNG, LLC*, DOE/FE Order No. 3846 (July 15, 2016).

²⁷ *Port Commission Announces Proposed Development of \$800 Million LNG Facility in Port Fourchon*, Leigh Guidry, January 31, 2017, available at <http://portfourchon.com/port-commission-announces-proposed-development-of-800-million-lng-facility-in-port-fourchon/>.

life of the Facility. The economic benefits associated with the Facility would continue for the life of the operation, bringing stable, long-term economic value to the State of Louisiana and specifically Lafourche Parish and the surrounding area. Lafourche Parish President Jimmy Cantrelle confirmed this, stating:

With as much as our workers and residents have been hurting lately, this project could be a great opportunity for our local economy, bringing hundreds of jobs during the construction phase, and dozens of good-paying permanent jobs once they are up and running, which will result in Lafourche Parish being able to hang on to our young families and workers.²⁸

The availability of a reliable supply of LNG to customers outside of the United States who are currently burning coal, diesel or fuel oil for power generation will encourage conversion to natural gas power generation supplied by LNG. Fourchon LNG's project is ideal for power generation customers. It will also be able to serve countries in the Caribbean and Asia that are burning coal, oil, gasoline and diesel and encourage the use of cleaner-burning natural gas there. Energy World USA Inc., Fourchon LNG's parent company, has targeted as potential customers gas-fired power plants in the Asia-Pacific region both that it will develop and that are owned by others. It also plans to market LNG to Jamaica and the wider Caribbean, helping to reduce those countries' use of dirtier fuels, and its parent company may also develop gas-fired generation in the Caribbean.

The direct and indirect economic benefits associated with the Facility would continue for the life of the operation (expected to be 20 years or longer), bringing stable, long-term economic value to the State of Louisiana and specifically to Lafourche Parish.

²⁸

Id.

d. International Impacts of the Proposed Exports

A second major factor DOE/FE considers when evaluating an export application is the international impact. Consistent with the aims of the National Export Initiative²⁹ and DOE's policy of "promoting competition in the marketplace by allowing commercial parties to freely negotiate their own trade arrangements,"³⁰ the export of LNG will help to improve economic trade and ties between the U.S. and destination countries, which could include nations in Asia and the Caribbean.

LNG exports can have widespread geopolitical benefits. DOE/FE has recognized that LNG exports provide energy security benefits to U.S. allies and trading partners, which may "advance the public interest."³¹ The Trump Administration has specifically recognized the positive geopolitical impacts of LNG exports. Secretary Perry has noted, for example, that "[LNG] advances our national security interests. It enhances our allies' access to diverse sources of energy."³² Additionally, a recent agreement between the U.S. Commerce Department and China would allow state-owned Chinese companies to negotiate long-term contracts with U.S. LNG exporters.³³ This agreement will advance the dynamics of the global LNG market by giving buyers, such as China and Japan, additional leverage in negotiations with other suppliers, like Qatar, and would also strengthen the U.S.'s position.

²⁹ *National Export Initiative*, Executive Order No. 13534 (March 11, 2010).

³⁰ Order No. 3413 at 7.

³¹ Order No. 3357-B at 96.

³² Liquefied Natural Gas Is All the Rage in the Trump Administration, April 25, 2017, available at <https://www.bloomberg.com/news/articles/2017-04-25/lng-emerges-as-a-white-house-favorite-for-promoting-energy-jobs>.

³³ See *Trump just gave China a 'sledgehammer' to smash the LNG monopoly*, CNBC, May 19, 2017, available at <http://www.cnbc.com/2017/05/19/trump-just-gave-china-a-sledgehammer-to-smash-the-lng-monopoly.html>.

Increased U.S. LNG exports could also help reduce European reliance on Russian natural gas supplies,³⁴ and could also provide increased security and pricing relief to LNG importers in Asia by helping to decouple LNG prices from oil prices.³⁵ Another geopolitical benefit of U.S. LNG exports is that U.S. exports are “a source of predictable natural gas supply that is relatively free from unexpected production or shipping disruption.”³⁶ U.S. LNG exports have a stabilizing effect, which provides benefits to U.S. allies and trading partners.

c. Supply Impacts of the Proposed Exports

A third factor DOE/FE considers in evaluating natural gas export applications is the security of natural gas supply. DOE/FE’s interest in natural gas supply focuses on domestic need for the gas, which can be measured by looking at domestic natural gas supply versus natural gas demand. DOE/FE has historically compared the total volume of natural gas reserves and recoverable resources available to be produced during the proposed export period to total gas demand during the export period to determine whether there is a domestic need for the gas to be exported.³⁷

During the period of the export authorization requested by Fourchon LNG, U.S. reserves and recoverable resources will be far in excess of total gas demand. Accordingly, the export authorization requested will not have a detrimental impact on the domestic supply of natural gas, and is therefore not inconsistent with the public interest.

³⁴ Press release, “Sen. Murkowski Issues Report Warning of Narrowing Window for LNG Exports,” and the linked White Paper entitled, “The Narrowing Window: America’s Opportunity to Join the Global Gas Trade,” Aug. 6, 2013, available at <http://www.energy.senate.gov/public/index.cfm/2013/8/senmurkowski-issues-report-warning-of-narrowing-window-for-lng-exports>.

³⁵ Charles Ebinger, Kevin Massy, Govinda Avasarala, *Liquid Markets: Assessing the Case for U.S. Exports of Liquefied Natural Gas*, Energy Security Initiative at Brookings, at 43 (May 2012).

³⁶ *Id.*

³⁷ *Phillips Alaska Natural Gas Corp. and Marathon Oil Co.*, DOE/FE Order No. 1473 at 29, 40, 46.

i. Domestic natural gas supply

The U.S. natural gas supply is more than adequate to meet both the future domestic demand and Fourchon LNG's proposed export volumes over the term of the authorization sought herein. It has been well-documented that U.S. domestic gas production and reserves have experienced rapid growth. Overall, natural gas production from 2005 to 2013 increased by 35%.³⁸ The Annual Energy Outlook ("AEO") 2016 Reference Case predicts continued growth in production, with 2040 production being 55% higher than 2015 production.³⁹ AEO 2017 also concurs with this continued growth in production trend as a result of the continued development of shale gas, which will account for nearly two-thirds of natural gas production by 2040.⁴⁰

The growth in production has outstripped the growth in demand for gas. EIA predicts that U.S. domestic gas production will exceed demand starting in 2017 and continue to exceed demand, even as LNG exports are factored in.⁴¹ EIA predicts that the U.S. will become a net exporter of gas (exports of LNG and pipeline gas to Mexico offsetting imports from Canada) beginning in 2018 and continuing through 2040.⁴²

Estimates of domestic resources have also greatly increased in recent years. The Potential Gas Committee's ("PGC") recent biennial assessment of reserves states that the total technically recoverable resource base in the U.S. is 2,515 trillion cubic feet ("Tcf") as of the end of 2014, the highest level in the PGC's history.⁴³ Dry reserves of natural gas in the lower 48 states at the end of 2013 totaled 293 Tcf, and EIA expects that number to increase to 345 Tcf by

³⁸ U.S. EIA, *Annual Energy Outlook 2015*, at 20 ("AEO2015").

³⁹ U.S. EIA, *Annual Energy Outlook 2016 Early Release*, at 53.

⁴⁰ U.S. EIA *Annual Energy Outlook 2017* at 57.

⁴¹ U.S. EIA, *Annual Energy Outlook 2016*, at Table A13: Natural Gas Supply, Disposition, and Prices, Reference Case, available at <http://www.eia.gov/fo/recasts/AEO/> ("AEO2016").

⁴² *AEO2016*, at Table 62.

⁴³ Press Release, Potential Gas Committee, Potential Gas Committee Reports Increase in Magnitude of U.S. Natural Gas Resource Base (Apr. 8, 2015) (available at <http://potentialgas.org/download/pgc-press-releaseapril-2015.pdf>).

2040.⁴⁴ Proved reserves of total U.S. natural gas increased 34.8 Tcf to 388.8 Tcf in 2014.⁴⁵ The 9.8% increase raised the national total of proved natural gas reserves to a record-high level for the second consecutive year. Each of these figures supports Fourchon LNG's requested authorization. Moreover, EIA's calculations do not take into account potential advances in processes or technologies that will result in higher recoverability ratios per well or improved economics or advancements in energy technologies that will reduce the demand for natural gas.

ii. Domestic natural gas demand

Domestic natural gas demand is the second component in the DOE/FE's supply analysis. The export of domestic LNG, as proposed by Fourchon LNG, should be considered to be in the public interest as U.S. natural gas reserves far exceed current and projected demand. EIA estimates that domestic natural gas demand will grow from 26.70 Tcf per year in 2014 to 34.43 Tcf per year in 2040 (inclusive of exports), and natural gas production will exceed demand beginning in 2017.⁴⁶ The 2014 EIA Study notes that natural gas production will increase as LNG exports increase, which will keep natural gas markets balanced.⁴⁷ As a result of increased natural gas production outstripping increases in demand, the AEO 2016 Reference Case predicts lower natural gas prices than the AEO 2014 Reference Case did for most years between now and 2040.⁴⁸ Comparing the key results from AEO 2016 to AEO 2014, DOE had concluded that AEO 2016 results are "more supportive of LNG exports on the same basis of higher production and demand with lower prices relative to AEO 2014."⁴⁹

⁴⁴ AEO2015 at Table D7.

⁴⁵ U.S. EIA, *U.S. Crude Oil and Natural Gas Proved Reserves*, 2014, at 12, available at <http://www.eia.gov/naturalgas/crudeoilreserves/pdf/usreserves.pdf>.

⁴⁶ AEO2016 at Table 13.

⁴⁷ 2014 EIA Study at 12.

⁴⁸ Order No. 3846 at 109.

⁴⁹ Order No. 3846 at 108.

DOE/FE has found in the context of the Cameron LNG project that, “the record supports a finding that there are ample supplies of natural gas available to support the export contemplated . . . without affecting the availability of natural gas to meet domestic demand.”⁵⁰ The export authorization requested by Fourchon LNG would increase demand by a maximum of 260 Bcf, which does not change the conclusions from Order No. 3846. Moreover, because of long construction lead time for LNG export facilities, producers will be able to anticipate new demand and ramp up production in advance, and thus LNG exports will not shock the market in any way. Rather, natural gas demand to meet LNG export needs will have a leveling effect on the natural gas market as a whole, providing insulation against supply and demand shocks.

f. Environmental Impacts of the Proposed Exports

A fourth factor that DOE/FE has stated it will consider when reviewing export application is environmental impacts. LNG exports can have significant environmental benefits as natural gas is cleaner burning than other fossil fuels. DOE/FE has found that, in most scenarios, power generation from imported natural gas results in lower greenhouse gas emissions than coal, including an almost 40 percent reduction over a 100-year life cycle.⁵¹ Accordingly, an increased supply of natural gas made possible through LNG exports can help other countries break their dependence on less environmentally friendly fuels.⁵² The Hamilton Study found that the global climate change damages that would be avoided by the use of exported LNG rather

⁵⁰ Order No. 3846 at 107.

⁵¹ National Energy Technology Laboratory, *Life Cycle Greenhouse Gas Perspective on Exporting liquefied Natural Gas from the United States*, Department of Energy at 9 (May 29, 2014), <http://energy.gov/sites/prod/files/2014/05/06/Life%20Cycle%20GHG%20Perspective%20Report.pdf> (finding that in most scenarios, even when assuming high methane leakage and low power plant efficiency for natural gas compared to low methane content and high efficiency for coal, power generation from imported natural gas has lower greenhouse gas emissions than coal).

⁵² Order No. 2961 at 37.

than other less environmentally friendly fuels such as coal could total \$2 billion per year and reduce greenhouse gas emissions from energy use by 0.3% relative to 2008.⁵³

VI. ENVIRONMENTAL IMPACT

The siting, construction and operation of the Facility is subject to the jurisdiction of the Federal Energy Regulatory Commission (“FERC”) and, as such, requires authorization from FERC pursuant to Section 3 of the NGA before construction. As part of the FERC approval process, the Facility will be analyzed under the National Environmental Policy Act (“NEPA”), including the preparation of an Environmental Analysis or Environmental Impact Statement, which includes review by state and federal agencies as cooperating agencies in the NEPA process. FERC will act as the lead agency for NEPA review of the Facility, with DOE/FE acting as a cooperating agency. DOE/FE will utilize the NEPA document prepared by FERC in their public interest analysis for the non-FTA analysis. Fourchon LNG initiated the pre-filing process at FERC on August 3, 2017. Fourchon LNG requests that the DOE/FE issue the export authorization to non-FTA countries promptly after FERC’s completion of the NEPA review and approval of the facility construction, consistent with DOE/FE’s current practice.⁵⁴

VII. APPENDICES

The below listed Appendices are included with this Application:

Appendix A Verification

Appendix B Opinion of Counsel

Appendix C Site Map

Appendix D Site Control Documents (confidential business information redacted)

⁵³ Michael Levi, *A Strategy for U.S. Natural Gas Exports*, prepared for The Hamilton Project, at 17 (June 2012), available at <https://www.brookings.edu/research/a-strategy-for-u-s-natural-gas-exports/>.

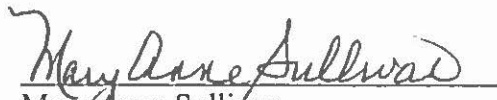
⁵⁴ *Procedures for Liquefied Natural Gas Export Decisions*, 79 Fed. Reg. 48,132 (Aug. 15, 2014).

VIII. CONCLUSION

WHEREFORE, for the reasons set forth above, Fourchon LNG respectfully requests that the DOE/FE issue orders granting Fourchon LNG long-term authorization to export up to 260 Bcf of natural gas per year: (1) for a term of 30 years to any country with which the United States currently has, or in the future may enter into, a FTA requiring national treatment for trade in natural gas, and (2) for a term of 20 years to any country with which the United States does not have a FTA requiring national treatment for trade in natural gas, which currently has or in the future develops the capacity to import LNG and with which trade is not prohibited by United States law or policy. Fourchon LNG requests that DOE/FE issue the FTA authorization without modification or delay subsequent to the submission of this application and the non-FTA authorization promptly after FERC's completion of the NEPA review. As demonstrated herein, the authorization requested is not inconsistent with the public interest and, accordingly, should be granted pursuant to Section 3 of the NGA.

As demonstrated herein, the authorization requested is not inconsistent with the public interest and, accordingly, should be granted authorization pursuant to Section 3 of the NGA.

Respectfully submitted,



Mary Anne Sullivan
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(202) 637-3695
maryanne.sullivan@hoganlovells.com

Counsel for Fourchon LNG LLC

APPENDIX A

VERIFICATION

City of Washington)
)
District of Columbia)


Graham S. Elliott

A circular metal stamp, likely a coin or medallion, featuring a central emblem and text around the border. The text is arranged in a circular pattern, possibly reading "THE GREAT SEAL OF THE UNITED STATES OF AMERICA". The central emblem is a shield with a star and stripes, surrounded by a wreath. The stamp is dark and appears to be made of metal.

Charmae Ruppel
Notary Public, D.C.
My Commission Expires 12/14/2020

APPENDIX B
OPINION OF COUNSEL

August 17, 2017

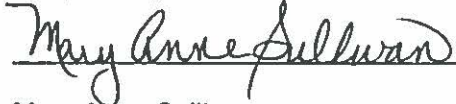
Mr. John A. Anderson
Office of Fossil Energy
U.S. Department of Energy
Docket Room 3F-056, FE-50
Forrestal Building
1000 Independence Avenue, S.W.
Washington, DC 20585

RE: Fourchon LNG LLC
Application for Long-Term Authorization to Export Liquefied Natural Gas

Dear Mr. Anderson:

This opinion of counsel is submitted pursuant to Section 590.202(c) of the regulations of the U.S. Department of Energy, 10 C.F.R. § 590.202(c) (2016). The undersigned is counsel to Fourchon LNG LLC. I have reviewed the corporate documents of Fourchon LNG LLC and it is my opinion that the proposed export of liquefied natural gas as described in the application filed by Fourchon LNG LLC to which this Opinion of Counsel is attached as Appendix B is within the limited liability company powers of Energy World USA Inc.

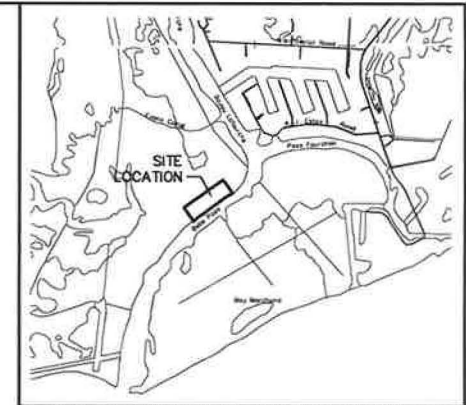
Respectfully submitted,



Mary Anne Sullivan
Hogan Lovells US LLP
555 Thirteenth Street, NW
Washington, DC 20004
(202) 637-3695
maryanne.sullivan@hoganlovells.com

Counsel for Fourchon LNG LLC

APPENDIX C
SITE MAP



REF. MAP:

NOTE:

STATION NUMBERS SHOWN ARE FROM REFERENCE MAP

ACREAGE SHOWN IS TO FORESHORE PROTECTION (ROCKS)

SURVEYOR WAS NOT PROVIDED WITH AN ABSTRACT OF PROPERTY, THEREFORE
ALL SERVITUDES AND RIGHTS OF WAYS MAY NOT BE SHOWN.

THIS MAP DOES NOT PURPORT TO SHOW ALL SERVITUDES, RIGHTS-OF-WAY,
EASEMENTS OR OTHER PHYSICAL OBJECTS THAT MAY AFFECT THE TRACT.
SOME PHYSICAL FEATURES THAT WERE LOCATED ARE SHOWN.



PRELIMINARY
NOT TO BE USED FOR
CONSTRUCTION, BIDDING,
RECORDATION,
CONVEYANCE, SALES, OR
AS THE BASIS FOR THE
ISSUANCE OF A PERMIT

	REVISIONS	GREATER LAFOURCHE PORT COMMISSION
DATE	REMARKS	PLAT SHOWING LEASE PREMISES AND SUBJECT PREMISES TO BE ACQUIRED BY ENERGY WORLD USA INC. BEING IN T-23-S, R-22-E, SEC 14, 15, 22, & 23 PORT FOURCHON, LAFOURCHE PARISH, LOUISIANA



J. WAYNE PLAISANCE, INC.
CIVIL ENGINEERS & LAND SURVEYORS
P. O. DRAWER 730, GALLIANO, LA 70354
ph. (985)632-5596, fax (985)632-5628

DATE: OCTOBER 20, 2016

SCALE:
1" = 600'

SHEET:
1 OF 1

APPENDIX D
SITE CONTROL DOCUMENTS

**STATE OF LOUISIANA
PARISH OF LAFOURCHE**

THIS CONTRACT OF LEASE (this "Lease") is made and entered into this ____ day of the month of **October, 2016**, by and between **GREATER LAFOURCHE PORT COMMISSION**, a body corporate and a political subdivision of the State of Louisiana, herein represented by its Vice President, duly authorized hereunto by resolution of its Board of Commissioners, a certified copy of which is attached hereto and forms part hereof (hereinafter referred to as "The Port Commission" or LESSOR);

AND

ENERGY WORLD (USA), INC., a foreign business corporation registered to conduct business in the State of Louisiana domiciled at Ste. 603 Timber Ridge Offices, 23731 Egypt Lane, Magnolia, TX 77354 and represented herein by its President, Kevin J. Blount, duly authorized hereunto by attached corporate resolution (hereinafter referred to as LESSEE):

WITNESSETH:

WHEREAS, LESSEE proposes to lease a 40.175 acre site measuring Two Thousand Five Hundred feet along the western edge of Bayou Lafourche; and

WHEREAS, by virtue of Resolution No. 2016-086 dated September 14, 2016, LESSOR is agreeable to the proposal of LESSEE;

NOW THEREFORE, For and in consideration of the rental payable by LESSEE hereunder, but subject to the terms and conditions hereunder set forth, LESSOR does hereby lease and let unto LESSEE, for the terms and purposes hereinafter set forth, the property identified as "LEASE PREMISES" on Exhibit "A" attached hereto and made a part hereof, which said property is hereinafter referred to as the "Lease Premises." The parties agree that the property subject to this lease will be promptly surveyed by LESSOR at LESSOR's expense. Should the survey result in a discrepancy with Exhibit "A," LESSOR and LESSEE agree to negotiate in good faith an amendment to the lease incorporating a revised Exhibit "A" and property description as Exhibit "B" consistent with the results of said survey. Should there be no discrepancy between the results of the survey and Exhibit "A," LESSOR and LESSEE

agree to annex a property description completed by LESSOR's surveyor and consistent with Exhibit "A" as Exhibit "B" to this Lease.

I. LEASE RIGHTS

For the rental recited herein and subject to the provisions of this Lease, the Lease Premises may be used by LESSEE for a mid-scale, multi-train modular liquefied natural gas ("LNG") production and export facility.

LESSEE shall have the right to make those improvements necessary and useful to LESSEE'S allowed use of the Lease Premises. Such structures and improvements will remain the property of LESSEE during the term hereof (including any renewals and extensions). Upon the expiration or earlier termination of this Lease and in accordance with Section X below, permanent improvements and facilities may become the property of LESSOR, without compensation to LESSEE. LESSEE agrees that its use of and activities upon the Lease Premises, including the construction of additional structures, improvements, and appurtenances and the conduct of LESSEE'S business thereon shall be in accordance with and pursuant to all applicable laws of the federal, state, and local governments and all rules and regulations, including zoning laws and building codes, of any governmental body or regulatory agency having jurisdiction thereof, LESSEE being solely responsible for procuring and obtaining any and all necessary and required permits and/or licenses.

II. TERM

LESSEE acknowledges and is in agreement that the Lease Premises is not currently fully usable by LESSEE to conduct the business authorized in Article I.

All lease obligations aside from those related to the payment of rent shall commence on the date on which this lease is executed by the parties ("Effective Date"). This Lease shall remain in effect for a term of ten (10) years (hereinafter, "Primary Term") from the Commencement Date (as defined below), regardless of the Effective Date. LESSEE shall have the right and option to renew and extend this Lease for five (5) additional periods of five (5) years (each individually, "Extension Term" or, collectively, "Extension Terms") each upon the terms and conditions contained herein. Said renewals and extensions shall take effect automatically unless LESSEE provides written notice of cancellation to LESSOR not less than ninety (90) days prior to the expiration of the Primary Term or prior to the expiration of any

Extension Term.

The Commencement Date is defined as the earlier occurrence of either (i) the "Commercial Operations Date" of the facilities on the Lease Premises as determined by the Federal Energy Regulatory Commission (the "Commercial Operations Date") or (ii) January 1, 2020. Notwithstanding the foregoing, LESSEE shall be allowed to access the Lease Premises and to make any and all improvements to the Lease Premises deemed necessary by LESSEE on or after the Effective Date.

The term "Contract Year" under this Lease shall mean any full twelve (12) month period during either the Primary Term or any Extension Term commencing, for the first such period, on the Commencement Date and, thereafter, on each anniversary of the Commencement Date.

LESSEE shall have the right to cancel this Lease provided LESSOR is given ninety (90) days prior written notice.

III. RENT

(A) Upon execution of this Lease, LESSEE shall deliver to LESSOR payment ("Implementation Fee") [REDACTED]

If LESSEE does not cancel this Lease prior to the Commencement Date, the Implementation Fee shall be credited toward Monthly Rent following the Commencement Date. Should this Lease be cancelled or terminated for any reason, prior to the Commencement Date, the Implementation Fee shall be considered non-refundable and shall be retained by LESSOR.

(B) Prior to the Commencement Date, LESSEE shall pay a monthly Reduced Rent, due on or prior to the fifteenth of each month. Upon occurrence of each of the following milestones regardless of actual chronological order in which they occur, Reduced Rent will be increased by [REDACTED] or one-third of the anticipated Basic Rent). In essence, Reduced Rent shall be [REDACTED] monthly following the first milestone, [REDACTED] following the second milestone and [REDACTED] following the third milestone. LESSEE agrees to pursue achievement of the referenced milestones with due diligence. The referenced milestones are as follows:

(i) Issuance of a Waterway Suitability Assessment ("WSA") covering the proposed operations of LESSEE hereunder and approved by United States Coast Guard

("USCG") accompanied by a USCG Letter of Recommendation to the Federal Energy Regulatory Commission ("FERC");

(ii) Issuance of a Coastal Use Permit by the Louisiana Department of Natural Resources ("LDNR") and a Department of the Army Permit under Section 10 of the Rivers and Harbors Act of 1899 (33 U.S.C. 403) and Section 404 of the Clean Water Act (33 U.S.C. 1344) covering construction of the initial improvements to the Lease Premises;

(iii) Commencement of construction of facilities on the Lease Premises.

(C) For each month during the Primary Term and Extension Terms, LESSEE shall pay to LESSOR a monthly rent ("Monthly Rent") composed of Basic Rent, Improvement Rent (if applicable) and Additional Rent. Monthly Rent shall be paid in advance of, on or before the fifteenth of each month.

(i) Basic Rent shall be [REDACTED] per month ("Basic Rent"). Commencing in the first month of the second year of the Primary Term and continuing every year thereafter during the Primary Term, Basic Rent shall annually escalate at a rate of [REDACTED] over the immediately preceding month's Basic Rent.

(ii) Improvement Rent would only be assessed if LESSEE requests that LESSOR construct and/or fund improvements to the Lease Premises AND LESSOR agrees to said request. If applicable, Improvement Rent would be composed of a monthly charge in the amount of [REDACTED] of LESSOR's cost associated with the design and construction of any improvements to the Lease Premises requested by LESSEE and either constructed and/or funded by LESSOR (the "Total Improvement Cost"). Improvement Rent shall remain constant for the duration of the Primary Term. Upon completion of the Primary Term, Improvement Rent shall be reduced by [REDACTED] and remain constant for the duration of the Lease.

(iii) Additional Rent shall be assessed on LNG throughput ("Additional Rent"), which shall be calculated on a per unit basis equal to [REDACTED] (the "Additional Rent Rate") for

natural gas imported or exported (other than for temporary storage purposes or for purposes of providing vessel gasification and cool-down services) from the Lease Premises. The Additional Rent Rate will be increased annually on the anniversary of the Commencement Date by a percentage equal to the CPI Percentage Increase as described in Article III(F) below. The Additional Rent will be paid monthly, based on the actual throughput volumes for the prior calendar month. LESSEE acknowledges that vessels calling at the LESSEE's Facilities may also be subject to channel user fees, taxes and/or tariffs should the LESSOR impose such fees, taxes or tariffs at a future date in accordance with a general plan authorized by and in accordance with applicable law to be implemented by the LESSOR on all commercial vessels.

(D) LESSEE shall have the option to eliminate future Improvement Rent at any time prior to or during the Primary Term by tendering payment to LESSOR in the amount of [REDACTED] of the Total Improvement Cost. Improvement Rent shall continue to be paid without such reduction until the date of the cash payment pursuant to this paragraph.

(E) The rate of escalation of Basic Rent for each Extension Term shall be determined by negotiation and mutual agreement between LESSOR and LESSEE, provided, however, that if no such agreement is reached six (6) months prior to the end of the then current term, the rate of escalation of Basic Rent for the relevant extended term shall be determined by independent appraisal according to the following procedure: LESSOR, at its expense, and LESSEE, at its expense, shall each immediately appoint an appraiser, who shall be a licensed real estate broker and a member of the American Society of Appraisers, to jointly determine the appropriate annual rate of escalation of Basic Rent. If the appraisers, within the constraints provided above, reach agreement on such annual rate of escalation, then the annual rate of escalation for the relevant extended term shall be fixed at that amount. If the two appraisers fail to agree upon the appropriate rate prior to ninety (90) days prior to the expiration of the then current term, then the two appraisers shall name a third appraiser having the same qualifications required of the first two appraisers. Should the two appraisers fail to agree upon the third appraiser, then the President of the Chamber of Lafourche and the Bayou Region shall name the third appraiser, and the three appraisers shall, by majority vote,

promptly determine the annual rate of escalation of Basic Rent for the relevant Extended Term of this Lease. All costs for the third appraiser shall be borne by LESSOR and LESSEE equally.

(F) The term “Consumer Price Index” shall mean the unadjusted Consumer Price Index for All Urban Workers (CPI-U), U.S. City Average, All Items, 1982-84=100, calculated and published by the United States Department of Labor, Bureau of Labor Statistics. The “CPI Percentage Increase” shall mean, with respect to any Contract Year, the percentage increase calculated by subtracting the average Consumer Price Index for the first month of the immediately preceding Contract Year from the average Consumer Price Index for the last month of said Contract Year, and dividing the positive difference, if any, by the average Consumer Price Index for the first month of the immediately preceding Contract Year, and multiplying this quotient (rounded to the nearest ten thousandth) by 100. If the average Consumer Price Index for the last month of the immediately preceding Contract Year is less than the average Consumer Price Index for the first month of the immediately preceding Contract Year, then the CPI Percentage Increase shall be 0%. For the avoidance of doubt, no CPI Adjustment shall be made to Additional Rent for any Contract Year if the result of such CPI Adjustment would be to reduce the amount of such payment to an amount that is less than the amount of such payment due for the immediately preceding Contract Year. For illustrative purposes only, if the average Consumer Price Index for the last month of the immediately preceding Contract Year was 200.0, and the average Consumer Price Index for the first month of the immediately preceding Contract Year was 175.0, then the CPI Percentage Increase would be 14.29% (i.e., $200.0 - 175.0 = 25.0 / 175.0 = 0.1429 \times 100 = 14.29\%$). The CPI Percentage Increase for any Contract Year shall be calculated by LESSEE, and LESSEE shall deliver written notice describing such calculation in reasonable detail (“CPI Notice”) no later than thirty (30) days after the commencement of any Contract Year. If LESSOR disagrees with LESSEE’s calculation of the CPI Percentage Increase, then LESSOR shall deliver to LESSEE written notice, describing the basis for such disagreement in reasonable detail (“CPI Disagreement Notice”), not later than thirty (30) days after receipt of the CPI Notice. If LESSOR fails to deliver a CPI Disagreement Notice within thirty (30) days after delivery of any CPI Notice, then LESSOR shall be conclusively deemed to have agreed with the calculation of the CPI Percentage Increase set forth in such CPI Notice.

IV. RESTRICTIONS

(A) LESSEE shall comply with all applicable local, state and federal laws, rules and regulations. LESSEE shall not use the Lease Premises for any unlawful purpose or to create a nuisance thereon. LESSEE shall act as a prudent administrator in regard to the Lease Premises, and shall report promptly to LESSOR any trespass or adverse claim to any portion of the Lease Premises of which LESSEE has knowledge.

(B) LESSEE shall bear the cost of and be fully responsible for securing all necessary permits and/or licenses required by law in connection with the construction, erection, operation or effectuation of any improvements to or on the Lease Premises by LESSEE and/or its sub lessees (including, but not limited to, such approvals from USCG, FERC, LDNR and the Department of the Army). Whenever permits, licenses or approvals are required under any laws, ordinances, rules, or regulations of public authorities or governmental agencies in connection with the construction of any improvements on the Lease Premises or the repair or demolition or rebuilding thereof, LESSEE shall have the right to apply for and obtain all such permits, licenses, and approvals, copies of which are to be furnished to LESSOR. LESSOR shall execute any documents that may be reasonably required by LESSEE to effectuate the purpose of this Section IV. In any event, LESSEE shall release, hold harmless, defend and indemnify LESSOR and Indemnified Parties (as that term is defined in Article VI) from and against any and all expenses, costs, and attorney's fees relating to or arising out of obtaining or failing to obtain any such permit or license or any hearing, litigation, or damages (including fines and penalties), civil or criminal, emanating therefrom, or from construction or other work performed pursuant thereto or thereunder except to the extent that such expense, cost, and attorney's fees are caused by the grossly or willfully negligent actions or inactions of LESSOR.

(i) Should LESSEE or any of its sublessees contemplate erecting a tower anywhere within the boundaries of the Lease Premises, LESSEE shall first be required to obtain approval from the Federal Aviation Administration (FAA) by filing a Notice of Construction—FAA Form 7460-1, copies of which can be obtained from LESSOR.

(ii) Should LESSEE contemplate placing three or more mobile homes on one contiguous tract of lease property, LESSEE shall first obtain written permission from LESSOR prior to filing for a Mobile Home Park

designation from Lafourche Parish Government.

(C) LESSEE shall obtain written approval from LESSOR prior to placing access culverts on the Lease Premises, said culverts being of the quality and dimensions and being placed at the elevations required by LESSOR; (ii) submit for approval by LESSOR, prior to construction of any improvements, a drainage plan for the Lease Premises which shall adequately drain the Lease Premises without creating ponding water or negatively impacting adjacent property; and (iv) maintain an updated site plan which shall be submitted to LESSOR immediately upon completion of LESSEE's improvements to the site and any time at which LESSOR may request a copy. The site plan shall include, but not be limited to, the location, depth and dimensions of any catch basins and buried lines, utilities or other improvements on the property. LESSOR's copy of the site plan shall be updated each time LESSEE modifies the site in any manner.

(D) LESSEE shall not inject any brine, salt water or similar type of fluids into any stratum, formation or bed underlying the Lease Premises or into any stratum, formation or bed which has communication or connection with those strata, formations or beds underlying the Lease Premises.

(F) LESSEE and the LESSOR agree and acknowledge that nothing in this Lease is intended to, or shall be construed as, granting vessels calling at LESSEE's facilities any greater or lesser priority with regard to access and usage to Bayou Lafourche than existing users of Bayou Lafourche, and vessels calling at LESSEE's facilities are subject to the same vessel traffic controls and management as the LESSOR may, in compliance with applicable laws, impose on other vessels using Bayou Lafourche.

(G) LESSEE shall, by any and all reasonable means, ensure that its operations and those of vessels calling at LESSEE's facility do not unduly interfere with the vessel traffic in Bayou Lafourche.

V. MINERAL RIGHTS

LESSEE shall have no right to any oil, gas, and other minerals (including sulphur) in, under, or produced from the Lease Premises.

To the extent LESSOR holds any rights to oil, gas, salt or other minerals ("Minerals") in the Lease Premises, LESSOR waives any right of LESSOR or its lessees or assignees to use the surface of the Lease Premises to explore for, drill for, access, extract, mine, exploit or

otherwise make use of such Minerals, during the term of this Lease, and LESSOR and/or its lessees or assigns shall exercise any rights to such Minerals via directional drilling or other means ("Surface Waiver"). Subsequent to the Effective Date, If LESSOR grants any third party any rights in Minerals, LESSOR shall obtain a Surface Waiver from such third party, for the benefit of LESSEE.

LESSEE acknowledges and agrees that the rights granted in this Lease are subordinate and inferior to any rights in Minerals held by LESSOR or LESSOR's predecessor(s) in title which have not yet prescribed.

VI. INDEMNITY & INSURANCE

(A) LESSEE accepts the Lease Premises in its present condition, and LESSOR shall not be responsible for damage of any kind to any person or property upon the Lease Premises, however occasioned. LESSEE assumes and agrees and will require each of its sublessees, sub-sublessees, assignees, contractors, occupants, third parties deriving their right to be on the Lease Premises from LESSEE or employees, agents or representatives of such persons (collectively, "Related Parties") to assume and agree to defend, indemnify and to hold harmless and forever release and acquit LESSOR or any Commissioner, principal, employee, officer, agent or contractor of any of the foregoing parties (collectively, "Indemnified Parties") from and against any demand, action, proceeding, loss, lien, damage, liability, cost, fine, penalty, punitive and judgment of any nature whatsoever, including expenses and reasonable attorney's fees incurred in defending against legal actions, for bodily injury, sickness, disease, death of or injuries to persons; damage to or destruction of tangible property, including, but not limited to loss of use and/or revenue derived therefrom; or violation of any law or regulation, including costs and expenses incident thereto, arising wholly or in part, directly or indirectly from or in connection with any one or more of the following:

- (1) Any dangerous, hazardous, unsafe or defective condition of, in or on the Lease Premises or any improvements, works, or facilities existing or hereafter constructed thereon, of any nature whatsoever, which may exist by reason of any act, omission, neglect or any use or occupation of the Lease Premises by LESSEE, whether acting as lessee, co-owner or in any other capacity, or the Related Parties;
- (2) Any operation conducted upon or any use or occupation of the Lease Premises

by LESSEE, whether acting as lessee, co-owner or in any other capacity, or the Related Parties under or pursuant to the provisions of this Lease or otherwise;

- (3) Any act, omission, or negligence of LESSEE, whether acting as lessee, co-owner or in any other capacity, or the Related Parties; or
- (4) Any failure of LESSEE, whether acting as lessee, co-owner or in any other capacity, or Related Parties to comply with any terms or conditions of this Lease or any applicable federal, state, or regional law, ordinance, rule or regulation; or
- (5) Any lien, security interest or other encumbrance attaching to any movable or immovable improvements to the Lease Premises, including but not limited to bulkhead or other shore stabilization construction, regardless of how such lien, security interest or encumbrance arises;

This indemnity and hold harmless obligation of LESSEE to LESSOR shall not apply 1) to the extent that such claims or conditions arise prior to the inception of this Lease; or 2) to the extent that such claims which arise during this Lease relate to the condition of the Lease Premises that existed prior to the lease, including but not limited to environmental claims. The indemnity provided in this section shall include within its scope any liability imposed by law on the LESSOR on a strict liability theory as landowner for physical defects in or on the Lease Premises (except for environmental contamination and except for defects in or on the Lease Premises caused by the gross negligence or willful misconduct of LESSOR after the Effective Date), it being the intention of the parties for LESSEE to assume liability for such defects in the Lease Premises (other than as noted in the preceding sentence) during the term of this Lease and during the period of LESSEE's use of same to the fullest extent allowed by La. R.S. 9:3221. In the event any administrative charge, proceeding, investigation, or suit is brought against LESSOR to recover for or on the account of any such damage, injury or death referenced above, LESSEE will, at LESSOR'S request, appear and defend said suit at its sole cost and expense, including provision of any appeal bond, and will pay any judgment that may be entered against LESSOR therein when said suit is finally determined.

(B) At all times during the existence of this Lease, LESSEE shall carry and require each of its sublessees to carry bodily injury and property damage insurance, free of cost to

LESSOR, to protect the parties of this Lease in keeping with and to the extent of the indemnity obligation stated herein, and in accordance with the minimum specifications set forth as follows:

(1) Commercial General Liability: Prior to the commencement of any activity at the Lease Premises, LESSOR and LESSEE agree to negotiate limits of combined single limit per occurrence and aggregate for bodily injury, personal injury and property damage (not lower than \$1,000,000 combined single limit, \$2,000,000 aggregate limit) commensurate with industry standard coverage for operations similar to those anticipated by LESSEE on the Lease Premises. This coverage shall apply exclusively to the Lease Premises and the obligations assumed by LESSEE under this Lease;

(2) Commercial Automobile Liability: \$1,000,000 combined single limit per accident, for bodily injury and property damage and shall include ISO endorsement CA 99 48 or equivalent;

(3) Workers' Compensation and Employer's Liability: Workers' Compensation limits as required by the Labor Code of the State of Louisiana and Employer's Liability coverage, except that Employer's liability limit is to be \$1,000,000 including all maritime exposure;

(4) Watercraft Liability (when applicable): \$5,000,000 for watercraft;

(5) Property Damage Insurance for the value of any improvements constructed by LESSOR or with the proceeds of bonds issued by LESSOR. This insurance shall cover any damage to such improvements, whether or not the damage is caused by acts or omissions of LESSOR, LESSEE, or any third party; and

(6) Environmental Impairment Liability: \$1,000,000 combined single limit per occurrence per location and \$2,000,000 aggregate covering on-site and off-site third party bodily injury and property damage including expenses for defense, corrective action for storage tank releases and tank clean-up for storage tank releases. This coverage shall also provide for pollution incidents that manifest damage from either sudden and accidental occurrences

as well as the gradual escape of any pollutant.

All policies above shall be primary and noncontributory. The policies of insurance listed above shall name LESSOR and Indemnified Parties as additional insureds and shall provide full waiver of subrogation of any and all claims against LESSOR and/or Indemnified Parties. However, such naming as additional insureds and waiver(s) of subrogation shall be limited to the risk, indemnities and liabilities assumed by LESSEE pursuant to this Lease. Furthermore, all policies of insurance listed above shall be underwritten by insurers rated by Best's Insurance Reports as B+6 or better during the period of coverage and shall provide that there be no cancellation, termination, or reduction of coverage without providing thirty (30) days prior written notice to LESSOR and the Indemnified Parties.

Prior to performing any work on the Lease Premises, but no later than ten (10) days following the Effective Date, LESSEE shall furnish to LESSOR evidence of insurance that meets the minimum requirements specified above. LESSEE shall require its sublessees to furnish LESSOR with satisfactory evidence of such insurance prior to the execution of any sublease pursuant to the provisions hereof. Notwithstanding the foregoing, LESSEE shall within ten (10) days following LESSOR's written request for same, provide LESSOR with a copy of any insurance policy required above certified by the issuing agent.

VII. ENVIRONMENTAL

LESSEE shall comply with and require all Related Parties on the Lease Premises to comply with the provisions of all federal, state, and local environmental, health and safety laws, codes and ordinances and all rules and regulations promulgated thereunder, now or in the future, including, without limitation, the Natural Gas Act (15 U.S.C. §717, *et seq.*), the Clean Water Act (33 U.S.C. §1251, *et seq.*), the Resource Conservation and Recovery Act (42 U.S.C. §9601, *et seq.*), the Comprehensive Environmental Response Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986 (as amended), the Louisiana Department of Environmental Quality Act (30:2001, *et seq.*), the Louisiana Solid Waste Management and Resources Recovery Act (30:2151, *et seq.*), the Louisiana Hazardous Waste Control Law (30:2171, *et seq.*), the Louisiana Inactive and Abandoned Hazardous Waste Sites Law (30:2221, *et seq.*), and the Louisiana Waste Reduction Law (30:2291, *et seq.*), and Statewide Order 29-B of the Louisiana Office of Conservation (all such laws, codes and ordinances collectively referenced hereinafter as "Hazardous Substance

Laws.”). Any substance or other material regulated or which becomes regulated by any federal, state or local law, code or ordinance, including but not to the Hazardous Substance Laws, is referenced herein as a “Hazardous Substance.”

With respect to use of the rights granted hereunder, LESSEE will obtain and maintain and require that Related Parties obtain and maintain all federal, state, and local permits, licenses, certificates, and approvals required by Hazardous Substance Laws or other applicable laws relating to LESSEE’s operation on the Lease Premises, including, but not limited to, (i) air emissions, (ii) discharge to surface or ground water, (iii) noise emissions, (iv) wetlands, (v) solid or liquid waste disposal, (vi) underground and aboveground storage tanks, (vii) the use, generation, storage, transportation or disposal of toxic or hazardous substances, waste or contaminants (including, but not to be restricted to, any and all such material listed in any Hazardous Substance Laws, as toxic or hazardous), or (viii) other environmental, health or safety matters. All work, activities, dredging, construction and operations shall be conducted according to and in compliance with Hazardous Substance Laws.

LESSOR may, but shall not be required to, engage such independent contractors as LESSOR determines to be appropriate to perform at any time an audit, including environmental sampling and testing of (a) the Lease Premises, the surrounding soil and any adjacent areas, and any ground water located under or adjacent to the Lease Premises and/or any adjoining property, (b) LESSEE’s compliance with any provision of this Lease, and (c) the provision made by LESSEE for carrying out any Remedial Action that may be required by reason of the nature of LESSEE’s business and its operations on the Lease Premises (an “Environmental Audit”). LESSEE shall also have the right, at its expense, to engage a second independent contractor to perform an Environmental Audit, in the event it disagrees with LESSOR’s Environmental Audit.

All costs and expenses incurred by LESSOR in connection with any such Environmental Audit shall be paid by LESSOR, except that if any such Environmental Audit shows that LESSEE has failed to comply with the provision of this Lease and that the Lease Premises or surrounding soil or any underlying or adjacent groundwater have become contaminated due to the operations or activities of LESSEE such that clean up by LESSEE would be required in accordance with the terms and conditions of this Lease, then all reasonable costs and expenses of such audit shall be paid or, if already paid by LESSOR,

reimbursed by LESSEE provided however that LESSEE shall not be liable for any costs and expenses for any clean up based on any activity which occurred prior to the commencement of this Lease.

Each Environmental Audit shall be conducted (a) only after advance notice thereof has been provided to LESSEE at least seven (7) days prior to the date of such audit, and (b) in a manner reasonably designed to minimize the interruption of LESSEE's operations upon and use of the Lease Premises. LESSOR shall at its sole cost and expense repair any damages to the Lease Premises or to LESSEE's property that is caused by such Environmental Audit.

For purposes of this section of the Lease, "Remediation" shall refer to the repair, closure, detoxification, decontamination, or other clean up of the Lease Premises required by any governmental authority having jurisdiction over the result of the presence or effects of any contamination on or about the Lease Premises.

If any Environmental Audit of the Lease Premises reveals that Remediation of the Lease Premises by LESSEE is necessary, then LESSOR shall provide LESSEE with a copy of such Environmental Audit and a written explanation of the reasons why it is believed that LESSEE is responsible for conducting the Remediation identified therein.

If, within thirty (30) days after receiving a copy of such Environmental Audit and such written statement, and provided LESSEE's Environmental Audit does not disagree with LESSOR's Environmental Audit, LESSEE fails to commence such Remediation and thereafter diligently proceed to completion with such Remediation as promptly as practicable, then the LESSOR shall be entitled to provide a copy of the Environmental Audit to any cognizant federal, state, or local governmental agency having jurisdiction over the Lease Premises or the substance causing the contamination. This provision shall prohibit LESSOR from submitting said Environmental Audit to the appropriate regulatory authority earlier when same is required by law.

Notwithstanding any other provision of the Lease to the contrary, if the Environmental Audit reveals a situation which constitutes an emergency under any applicable Environmental Laws, then LESSOR shall have the right, but not the obligation, to carry out any Remediation required by any cognizant federal, state, or local governmental agency having jurisdiction over the Lease Premises or the substance causing the contamination.

If LESSEE is responsible for the Remediation, LESSOR shall provide written notice

thereof to LESSEE who shall carry out and complete said Remediation. Should LESSEE fail to implement and diligently pursue any such Remediation promptly upon receipt of notice thereof, then LESSOR shall have the right but not the obligation to carry out such Remediation and to recover all of the costs and expenses thereof from LESSEE in the form of additional rent. Any such cost and expense not received by LESSOR within thirty (30) days following LESSEE's receipt of a fully supported invoice of same shall bear interest at the Prime Rate plus five percent per annum.

Prior to expiration or earlier termination of the term of the Lease, LESSEE shall (a) cause all Hazardous Substances or contaminants previously owned, stored, or used by LESSEE to be removed from the Lease Premises and disposed of in accordance with applicable provisions of any local, state or federal law, code, rule and/or regulation; (b) remove any above ground or underground storage tanks or other container installed by LESSEE to store any Hazardous Substances or contaminants on the Lease Premises, and repair any damage to the Lease Premises caused by such removal, (c) perform any Remediation required by the terms of this Lease.

Should any such Remediation for which LESSEE is responsible not be completed prior to the expiration or sooner termination of this Lease, including any extensions thereof, the Lease shall be extended until such time as the Remediation has been sufficiently completed.

VIII. DEFAULT

In the event that (i) default be made by LESSEE at any time in the due payment of any rental hereunder and such default continue for a period of thirty (30) days after written notice of default is given by LESSOR to LESSEE or (ii) default be made by LESSEE at any time in the due payment of any other sum payable by LESSEE to LESSOR hereunder and such defaults continue for a period of thirty (30) days after written notice of default is given by LESSOR to LESSEE, or (iii) default be made by LESSEE in the due observance and performance of any other covenant, condition, or stipulation herein agreed by LESSEE to be by it observed and performed and such default continue for a period of thirty (30) days after written notice of default is given by LESSOR to LESSEE, LESSOR shall, on notice to LESSEE, have the right to (a) cancel this Lease effective immediately or as of any date which LESSOR may select, (b) to proceed one or more times, without canceling this Lease, for past due rents, taxes, assessments, charges, liens, penalties, and damages, without prejudicing the

right to proceed later for remaining rents, taxes, assessments, charges, liens, penalties, and damages, or to exercise any other remedy, or (c) to have recourse to any other remedy or mode of redress to which LESSOR may be entitled by law. In the event LESSOR exercises the right to cancel this Lease then (i) LESSOR shall have the right, as soon as said cancellation is effective, to re-enter the Lease Premises and re-let same without notice or other proceedings, LESSEE hereby assenting thereto and expressly waiving the necessity of any notice to vacate, and (ii) LESSEE shall be and remain liable not only for all rent payable to the date the cancellation becomes effective but also for all damages or losses suffered by LESSOR. Any default (except as to payment of any rentals or any other sum due hereunder) shall be deemed cured if LESSEE in good faith commences performances requisite to cure same within thirty (30) days after notice of default is given as hereinabove provided, and thereafter continuously and with reasonable diligence proceeds to complete the performance required to cure such default.

IX. TERMINATION

Upon expiration, termination, or cancellation of this Lease or any portion thereof by default, forfeiture, lapse of time, or any other cause, LESSEE will at once surrender and deliver up to LESSOR the Lease Premises or such portion thereof, together with all buildings, permanent improvements, and facilities thereon in the same condition they were at the commencement of this Lease, normal wear and tear excepted, and in compliance with all then applicable governmental authority rules and regulations; included in said obligations, LESSEE shall be required to remove, remediate and clean up, at its sole risk, cost and expense, any contamination which was spilled on or discharged on or which settled on or threatens to settle on the surface of the Lease Premises, other of LESSOR's lands and any other affected property (whether or not owned by LESSEE or a third party) as a result of LESSEE's operations hereunder, in accordance with applicable federal and state laws and regulations.

X. IMPROVEMENTS

(A) LESSEE shall be bound to stabilize and maintain the shoreline of the Lease Premises throughout the term of the Lease. LESSEE'S obligation includes not only initial stabilization of the shoreline of the Lease Premises, but also includes maintaining the stability of the entire shoreline throughout the duration of the Lease. The stability and maintenance of the shoreline shall allow for adequate drainage of the Lease Premises and, at a minimum, shall

not impede or inhibit drainage of the Lease Premises.

(B) All improvements constructed or placed upon, in, under, over, or through the Lease Premises by LESSEE, shall remain the property of LESSEE and may be removed by LESSEE at any time prior to expiration or termination of this Lease. Upon the expiration or termination of this Lease, LESSOR may elect, in its sole discretion, by delivery to LESSEE of written notice thereof (a "Surrender Election Notice"), to require LESSEE to either (i) surrender possession of the improvements that are permanently attached to the ground upon the Lease Premises (collectively, "Permanent Facilities"), at no cost to LESSOR, in which case such Permanent Facilities shall be surrendered to LESSOR in their "as-is, where-is" condition, with all defects) or (ii) remove the Permanent Facilities (provided, however, that in no event shall LESSEE be required to remove any docks, berths, wharves, electrical interconnection infrastructure, roadways, rail lines, underground pipelines, fill materials, foundations, or other underground Facilities, all of which may be abandoned in place in accordance with applicable laws). With respect to any scheduled expiration of this Lease, LESSOR shall deliver the Surrender Election Notice to LESSEE not less than six (6) months prior to scheduled expiration. With respect to any earlier termination of this Lease, LESSOR shall deliver the Surrender Election Notice to LESSEE as soon as reasonably practicable, but not more than ten (10) business days after the effective date of such termination (the "Early Termination Date"). If LESSOR elects to require removal of the Permanent Improvements, then LESSEE shall have an additional period of up to twenty-four (24) months after the scheduled expiration of this Lease or the Early Termination Date, as applicable (the "Removal Period"), to complete such removal in accordance with this paragraph, in which case the terms and conditions of this Lease shall continue to apply during such Removal Period, except that LESSEE shall not be obligated to pay Rent or Additional Rent during the Removal Period and LESSEE may not use the Lease Premises for any purpose other than removal of the Permanent Improvements.

(C) With respect all furniture, equipment, machinery, trade fixtures, tools, signage, and other personal property (collectively, "Trade Fixtures") that may from time to time be placed or installed on the Lease Premises by LESSEE and improvements that are not Permanent Facilities, LESSEE shall remove such Trade Fixtures and improvements not later than forty-five (45) days after the scheduled expiration of this Lease or the Early Termination Date, as applicable. Such Trade Fixtures and improvements that are not removed by the time

fixed for such removal in this paragraph shall be irrevocably deemed to be abandoned by LESSEE, and LESSOR may elect, in its sole discretion, to remove such Trade Fixtures and/or improvements from the Lease Premises at LESSEE's sole cost (less any salvage value received by LESSOR) and may dispose of such Trade Fixtures and/or improvements without notice or liability to LESSEE, provided, however, that title to any such Trade Fixtures and/or improvements that LESSOR does not remove from the Lease Premises shall automatically pass to LESSOR.

(D) If the LESSEE holds over after the expiration or termination of this Lease, with or without the consent of the LESSOR, such tenancy shall be from month-to-month only. Such month-to-month tenancy, whether with or without the LESSOR's consent, shall be subject to every other term, covenant, and agreement contained herein, and shall not constitute a renewal or extension of the term of this Lease. LESSOR shall not be responsible for any loss or damage occurring to any improvements owned, leased, or operated by the LESSEE, its agents, or employees, prior to or subsequent to the termination of this Lease, other than, to the extent permitted by law, for such loss or damage occurring as a result of the negligent conduct or the willful misconduct of the LESSOR, its officers, representatives, agents, contractors or employees or the LESSOR's misrepresentations or its breach of or default under this Lease.

XI. MAINTENANCE

LESSEE accepts the Lease Premises in its present condition and agrees to maintain the entire Lease Premises in a good, safe condition throughout the duration of this Lease. LESSEE shall notify LESSOR immediately upon discovering any damage to or condition of the Lease Premises or any improvement(s) thereon which appears to be either unsafe or beyond normal wear and tear.

During the term of this Lease, LESSOR shall have the right to enter and inspect the Lease Premises at reasonable times and with reasonable advance written notice to LESSEE as often as it deems necessary, provided such inspection does not unreasonably disrupt LESSEE's operations. Said inspection shall include all of the grounds, permanent structures, improvements, and appurtenances on the Lease Premises. Should any of the grounds, structures, improvements, or appurtenances, in the reasonable opinion of LESSOR, be damaged beyond normal wear and tear or not maintained properly, LESSOR shall forthwith send LESSEE a list of the items damaged or improperly maintained and the repairs necessary

to correct the situation. LESSEE shall then have fifteen (15) days from receipt of the aforementioned list to respond to LESSOR'S allegations. Should LESSEE agree to the responsibility for the damage and the method of repair, then LESSEE agrees to design repairs within thirty (30) days from receipt of LESSOR'S list. Repairs will have to be completed within one hundred eighty (180) days, subject to *Force Majeure*.

An extension may be granted by written consent from LESSOR upon demonstration of need by LESSEE.

Should LESSEE disagree with the claim of LESSOR, LESSEE shall so state in writing to LESSOR within fifteen (15) days from receipt of LESSOR'S list. If agreement is not reached between LESSEE and LESSOR within fifteen (15) days, LESSOR may pursue a suit for damages and/or specific performance.

If it is ultimately determined that LESSOR'S requests were unreasonable, LESSEE shall be entitled to pursue LESSOR for damages, expenses, and attorneys' fees. If it is ultimately determined that LESSEE's refusal or failure to comply with LESSOR'S requests was unreasonable, LESSOR shall be entitled to pursue LESSEE for damages, expenses, and reasonable attorney's fees.

XII. ASSIGNMENT & SUBLEASE

(A) LESSEE shall not assign this Lease nor sublease the Lease Premises, in whole or in part, to anyone without in each case obtaining the prior written consent of LESSOR, which consent shall not be unreasonably withheld. LESSEE shall not permit any transfer by operation of law of any of LESSEE's interest in the Lease Premises.

(B) "Assignment" of this Lease shall include, but not be limited to, the following actions:

- (i) A transfer by LESSEE of substantially all of its assets, or
- (ii) A merger of LESSEE with another entity, or
- (iii) A transfer of a controlling interest in the stock of LESSEE

(C) Any agreement under which LESSEE grants use of the Lease Premises, or a portion thereof, to a third party tenant ("TENANT") and which meets the following conditions shall be considered a "tenancy," NOT a "sublease" hereunder and accordingly shall NOT require prior written approval of LESSOR:

- (i) LESSEE maintains an operational presence on and oversight of the

Lease Premises; and

(ii) A portion of the consideration paid by the TENANT is directly attributable to services provided by LESSEE on the Lease Premises and/or use of improvements constructed by LESSEE on the Lease Premises;

(D) LESSEE, in case of assignment or sublease with permission of LESSOR, shall remain at all times primarily liable for the prompt payment of all rent or other amounts due from LESSEE under the terms hereof and for the prompt performance of all covenants on LESSEE's part herein agreed to be performed. LESSOR's consent to an assignment or sublease does not modify the requirement for LESSOR's consent to any subsequent assignment or sublease.

(E) No sublease will be entered for any operation that would constitute a nuisance. Additionally, any assignment or sublease of the Lease Premises made by LESSEE in whole or in part shall be subject to the restrictions and limitations provided in the terms and conditions of this Lease.

(F) The operations of sublessee shall be and at all times shall remain consistent with the proposal and information submitted to LESSOR for consideration prior to granting the sublease. If at any time sublessee's operations are determined by LESSOR to be inconsistent with the proposal it had approved, LESSOR shall have the right, but not the obligation, either to demand the immediate termination of said sublease or to pursue any other remedy that LESSOR determines is necessary and proper.

XIII. TAXES & FEES

LESSEE shall pay and discharge any tax, fee, or assessment of any nature levied upon or against the Leasehold estate created hereunder and LESSEE'S or sub lessee's interest in any Leasehold improvements. LESSEE shall pay or reimburse LESSOR for any increase in ad valorem tax assessments levied upon or against the Lease Premises by virtue of or resulting from the operations, business, and equipment upon, and any improvements to, the Lease Premises by LESSEE and/or its sub lessees, with the following exception: LESSOR agrees to pay and discharge any taxes levied upon the Leasehold estate for improvements made by LESSOR.

XIV. ATTORNEY FEES

Should any valid claim for rentals due or for any other money claimed under this Lease

arise in favor of LESSOR and against LESSEE, and should such claim be placed in the hands of an attorney for collection or other action after maturity, and to protect the rights of LESSOR herein, an additional amount of fifteen percent (15%) of the amount of principal and interest due shall be paid by LESSEE as attorney's fees, together with all costs, charges, and other expenses incurred by LESSOR in collecting such claim, subject to the grace periods granted to LESSEE and to other provisions of this Lease.

XV. WARRANTY

This instrument is executed by LESSOR without any warranty whatsoever, not even for the return of the rentals paid, and is made expressly subject to and shall at all times be held by LESSEE subordinate and inferior to any existing recorded servitudes, pipeline and canal permits, rights of way, oil, gas and other mineral Leases, trapping Leases, and any other recorded contract presently affecting the Lease Premises.

XVI. NOTICE

Any notice required or permitted by this Lease shall be sent by certified United States mail, postage prepaid, to the addresses listed herein below and shall be deemed given as of the postmark appearing thereon:

**GREATER LAFOURCHE PORT COMMISSION
P. O. BOX 490
GALLIANO, LA 70354**

**ENERGY WORLD (USA), INC.
STE. 603 TIMBER RIDGE OFFICES
32731 EGYPT LANE
MAGNOLIA, TX 77354**

XVII. MISCELLANEOUS

(A) All of the provisions hereof shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, administrators, executors, successors and assigns.

(B) Should any term or provision of this Lease be declared illegal, invalid or unenforceable by any court of competent jurisdiction and if such term or provision cannot be modified to be enforceable, such term or provision shall immediately become null and void, leaving the remainder of this Lease in full force and effect. The language of all parts of this Lease in all cases shall be construed as a whole, according to its fair meaning, and not strictly for or against any of the Parties.

(C) This Agreement may be executed with counterpart signature pages and in

duplicate originals, each of which shall be deemed an original, and all of which together shall constitute a single instrument.

(D) This Lease shall be governed by and interpreted in accordance with the laws of the State of Louisiana, excluding conflicts of laws principles. If the parties are unable to resolve amicably any dispute arising out of or in connection with this Lease, they agree that, if permitted under applicable laws, such dispute shall be resolved in the state court located in Thibodaux, Louisiana.

XVIII. GUARANTEE

AND NOW PERSONALLY INTERVENES, **ENERGY WORLD INTERNATIONAL LTD.**, a limited company organized in the British Virgin Islands, with a principal place of business and mailing address at Suite 3438, 34th Floor, Sun Hung Kai Centre, 30 Harbour Rd., Hong Kong, represented herein by Stewart Elliott, its Managing Director duly authorized to act on behalf of Energy World International, Ltd. evidenced by that certain Certificate of Authority attached hereto as Exhibit C, hereinafter referred to as GUARANTOR, who hereby binds itself, its successors and assigns *in solido* with LESSEE for the performance of its obligations covered under Article X (B) and (C) of this Lease precisely as if the same had been contracted and was due or owing by the said GUARANTOR. Said obligations include, but are not limited to, at the option of LESSOR, removal of Permanent Facilities and/or Trade Fixtures from the Lease Premises.

(The remainder of this page has been intentionally left blank.)

IN WITNESS WHEREOF, this Lease has been executed in quadruplicate originals as of the 21st day of **October, 2016** ("Effective Date"), in the presence of the respective undersigned competent witnesses and Notaries Public.

WITNESSES:

Heidi Mercer
Print: Heidi Mercer

GREATER LAFOURCHE PORT COMMISSION

PERRY J. GISCLAIR, PRESIDENT

Jon L Tuck
Print: Jon L Tuck

This *Contract of Lease* was signed before me on the 21st day of October, 2016 by Perry J. Gisclair, President of the Greater Lafourche Port Commission.

Bryce Autin, Notary No. 80169
My Commission is for Life.

WITNESSES:

Denise Lucas
Print: DENISE LUCAS

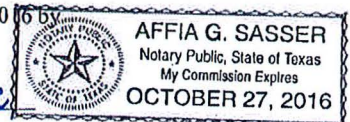
ENERGY WORLD (USA), INC.

KEVIN J. BLOUNT, PRESIDENT

FRASER McDOWELL
Print: FRASER McDOWELL

This *Contract of Lease* was signed before me on the 19th day of October, 2016 by Kevin J. Blount, President of Energy World (USA), Inc.

AFFIA G. SASSER
NOTARY PUBLIC



WITNESSES:

TERESA TOM
Print: TERESA TOM

ENERGY WORLD INTERNATIONAL, LTD.

STEWART ELLIOTT
MANAGING DIRECTOR

GRAHAM Y. TUCKER
Print: GRAHAM Y. TUCKER

This *Contract of Lease* was signed before me on the ____ day of October, 2016 by Stewart Elliott, Managing Director of Energy World International, Ltd.


NOTARY PUBLIC

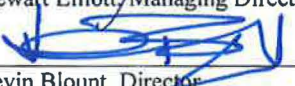
Exhibit C
CERTIFICATE OF AUTHORITY
FOR
ENERGY WORLD INTERNATIONAL, LTD.

The undersigned, being the Directors of **ENERGY WORLD INTERNATIONAL, LTD.** ("EWI") and acting in such capacity, hereby certify that:

Stewart Elliott, Managing Director of EWI, is hereby authorized to legally bind EWI solidarily with Energy World (USA), Inc. ("EW") for the performance of certain obligations of EW under a Contract of Lease dated October ____, 2016 by and between EW and the Greater Lafourche Port Commission ("GLPC") including but not limited to, at the option of LESSOR, removal of Permanent Facilities and/or Trade Fixtures from the Lease Premises under Article X (B) and (C) of said Contract of Lease. Stewart Elliott is hereby further authorized to do and sign all acts necessary to effectuate the guarantee set forth above.

SIGNED this ____ day of October, 2016.



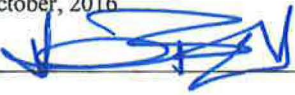
Stewart Elliott, Managing Director


Kevin Blount, Director

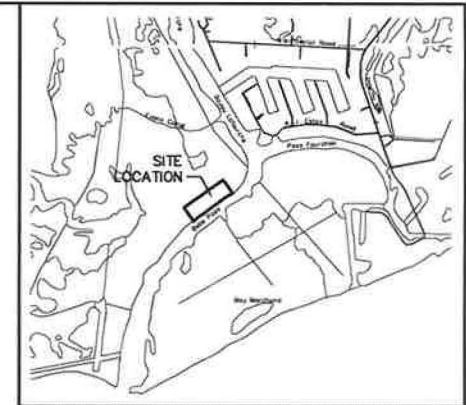
CERTIFICATE

The undersigned does hereby certify that the above-named persons are Directors of Energy World International, Ltd. and that the foregoing Certificate of Authority has been duly adopted and approved by all of the Directors of the EWI.

SIGNED this ____ day of October, 2016



Kevin Blount, Director



GRAPHIC SCALE

0 300' 600' 1200' 1800'

(IN FEET)
1 inch = 600 ft.

NOT TO BE USED FOR
CONSTRUCTION, BIDDING,
RECORDATION,
CONVEYANCE, SALES, OR
AS THE BASIS FOR THE
ISSUANCE OF A PERMIT

	REVISIONS	GREATER LAFOURCHE PORT COMMISSION
DATE	REMARKS	PLAT SHOWING LEASE PREMISES AND SUBJECT PREMISES TO BE ACQUIRED BY ENERGY WORLD USA INC. BEING IN T-23-S, R-22-E, SEC 14, 15, 22, & 23 PORT FOURCHON, LAFOURCHE PARISH, LOUISIANA



J. WAYNE PLAISANCE, INC.
CIVIL ENGINEERS & LAND SURVEYORS
P. O. DRAWER 730, GALLIANO, LA 70354
ph. (985)632-5596, fax (985)632-5628

DATE: OCTOBER 20, 2016

SCALE:
1" = 600'

SHEET:
1 OF 1

GREATER LAFOURCHE PORT COMMISSION
ENERGY WORLD USA INC.
WEST OF BELLE PASS LEASE PREMISES

A certain tract of land on the west side of Belle Pass, immediately south of the Evans Canal, located in T-23-S, R-22-E, section 22 and 23, at Port Fourchon, Louisiana.

Commencing at a point having Lambert coordinates of N=226,187.55 and E=3,639,019.40, being on the centerline of the channel of Bayou Lafourche at Station #110+82.42; thence at a bearing of S 56°59'36" W for a distance of 1334.28' to an existing ½" iron pipe on the south bank of the Evans Canal; thence at a bearing of S 23°00'29" W for a distance of 3462.36' to a set ½" iron pipe, said point being the POINT OF BEGINNING. Thence at a bearing of N 54°19'55" E for a distance of 2458.41' to a set ½" iron pipe; thence at a bearing of S 39°10'00" E for a distance of 724.56' to the foreshore protection (rocks) along Bayou Lafourche; thence southwesterly along the low water mark (foreshore protection) of Bayou Lafourche for a distance of +/- 2500' to an existing 4" iron pipe which is 537.92' northwest of the centerline of the channel of Bayou Lafourche at Station #174+62.34;. Thence at a bearing of N 39°23'51" W for a distance of 627.27' to a set ½" iron pipe; thence at a bearing of N 23°00'29" E for a distance of 46.93' to the POINT OF BEGINNING.

Said tract of land is more fully shown on a map entitled "PLAT SHOWING LEASE PREMISES AND SUBJECT PREMISES TO BE ACQUIRED BY ENERGY WORLD USA INC., BEING IN T-23-S, R-22-E, SECTIONS 14, 15, 22 AND 23, PORT FOURCHON, LAFOURCHE PARISH, LOUISIANA" by J. Wayne Plaisance, Inc., dated October 20, 2016. Said tract of land contains 40.175 acres and has +/-2500' of water frontage along the west side of Bayou Lafourche.

**STATE OF LOUISIANA
PARISH OF LAFOURCHE**

THIS CONTRACT OF LEASE (this "Lease") is made and entered into this ____ day of the month of **October, 2016**, by and between **GREATER LAFOURCHE PORT COMMISSION**, a body corporate and a political subdivision of the State of Louisiana, herein represented by its Vice President, duly authorized hereunto by resolution of its Board of Commissioners, a certified copy of which is attached hereto and forms part hereof (hereinafter referred to as "The Port Commission" or LESSOR);

AND

ENERGY WORLD (USA), INC., a foreign business corporation registered to conduct business in the State of Louisiana domiciled at Ste. 603 Timber Ridge Offices, 23731 Egypt Lane, Magnolia, TX 77354 and represented herein by its President, Kevin J. Blount, duly authorized hereunto by attached corporate resolution (hereinafter referred to as LESSEE):

WITNESSETH:

WHEREAS, LESSEE proposes to lease a 1.415 acre site measuring 286.70 feet along A.J. Estay Rd.; and

WHEREAS, by virtue of Resolution No. 2016-087 dated September 14, 2016, LESSOR is agreeable to the proposal of LESSEE;

NOW THEREFORE, For and in consideration of the rental payable by LESSEE hereunder, but subject to the terms and conditions hereunder set forth, LESSOR does hereby lease and let unto LESSEE, for the terms and purposes hereinafter set forth, the property described on Exhibit "A" attached hereto and made a part hereof, which said property is hereinafter referred to as the "Lease Premises" and is additionally shown and outlined for purposes of illustration on the plat attached hereto and marked Exhibit "B."

I. LEASE RIGHTS

For the rental recited herein and subject to the provisions of this Lease, the Leased Premises may be used by LESSEE for equipment and material storage and warehouse/office

construction and operation.

LESSEE shall have the right to make those improvements necessary and useful to LESSEE'S allowed use of the Lease Premises. Such structures and improvements will remain the property of LESSEE during the term hereof (including any renewals and extensions). Upon the expiration or earlier termination of this Lease and in accordance with Section X below, permanent improvements and facilities may become the property of LESSOR, without compensation to LESSEE. LESSEE agrees that its use of and activities upon the Lease Premises, including the construction of additional structures, improvements, and appurtenances and the conduct of LESSEE'S business thereon shall be in accordance with and pursuant to all applicable laws of the federal, state, and local governments and all rules and regulations, including zoning laws and building codes, of any governmental body or regulatory agency having jurisdiction thereof, LESSEE being solely responsible for procuring and obtaining any and all necessary and required permits and/or licenses.

II. TERM

All lease rights and obligations shall commence on the date on which this lease is executed by the parties ("Effective Date").

This Lease shall remain in effect for a term of ten (10) years (hereinafter, "Primary Term") from May 1, 2017 (the "Commencement Date") through April 30, 2027. LESSEE shall have the right and option to renew and extend this Lease for five (5) additional periods of five (5) years (each individually, "Extension Term" or, collectively, "Extension Terms") each upon the terms and conditions contained herein. Said renewals and extensions shall take effect automatically unless LESSEE provides written notice of cancellation to LESSOR not less than ninety (90) days prior to the expiration of the Primary Term or prior to the expiration of any Extension Term. Notwithstanding the foregoing, LESSEE shall be allowed to access the Lease Premises and to make any and all improvements to the Lease Premises deemed necessary by LESSEE on or after the Effective Date.

The term "Contract Year" under this Lease shall mean any full twelve (12) month period during either the Primary Term or any Extension Term commencing, for the first such period, on the Commencement Date and, thereafter, on each anniversary of the Commencement Date.

LESSEE shall have the right to cancel this Lease provided LESSOR is given ninety (90) days prior written notice.

III. RENT

(A) Upon execution of this Lease, LESSEE shall deliver to LESSOR payment ("Implementation Fee") of [REDACTED]. If LESSEE does not cancel this Lease prior to the Commencement Date, the Implementation Fee shall be credited toward Monthly Rent following the Commencement Date. Should this Lease be cancelled or terminated for any reason, prior to the Commencement Date, the Implementation Fee shall be considered non-refundable and shall be retained by LESSOR.

(B) For each month during the Primary Term and Extension Terms, LESSEE shall pay to LESSOR a monthly rent ("Monthly Rent") composed of Basic Rent and Improvement Rent (if applicable). Monthly Rent shall be paid in advance of, on or before the fifteenth of each month.

(i) Basic Rent shall be [REDACTED] per month ("Basic Rent"). Commencing in the first month of the second Contract Year of the Primary Term and continuing every year thereafter during the Primary Term, Basic Rent shall annually escalate at a rate of [REDACTED] over the immediately preceding month's Basic Rent. Should LESSOR at its sole discretion grant a reduced rent to neighboring tenants, LESSOR shall also make such rental reduction available to LESSEE under this Lease. Notwithstanding the foregoing, LESSOR makes no guarantee that any rent reduction will be made.

(ii) Improvement Rent would only be assessed if LESSEE requests that LESSOR construct and/or fund improvements to the Lease Premises AND LESSOR agrees to said request. If applicable, Improvement Rent would be composed of a monthly charge in the amount of [REDACTED] of LESSOR's cost associated with the design and construction of any improvements to the Lease Premises requested by LESSEE and either constructed and/or funded by LESSOR (the "Total Improvement Cost"). Improvement Rent shall remain constant for the duration of the Primary Term. Upon completion of the Primary Term, Improvement Rent shall be reduced by

██████████ and remain constant for the duration of the Lease.

(C) LESSEE shall have the option to eliminate future Improvement Rent at any time prior to or during the Primary Term by tendering payment to LESSOR in the amount of ██████████ of the Total Improvement Cost. Improvement Rent shall continue to be paid without such reduction until the date of the cash payment pursuant to this paragraph.

(D) The rate of escalation of Basic Rent for each Extension Term shall be determined by negotiation and mutual agreement between LESSOR and LESSEE, provided, however, that if no such agreement is reached six (6) months prior to the end of the then current term, the rate of escalation of Basic Rent for the relevant extended term shall be determined by independent appraisal according to the following procedure: LESSOR, at its expense, and LESSEE, at its expense, shall each immediately appoint an appraiser, who shall be a licensed real estate broker and a member of the American Society of Appraisers, to jointly determine the appropriate annual rate of escalation of Basic Rent. If the appraisers, within the constraints provided above, reach agreement on such annual rate of escalation, then the annual rate of escalation for the relevant extended term shall be fixed at that amount. If the two appraisers fail to agree upon the appropriate rate prior to ninety (90) days prior to the expiration of the then current term, then the two appraisers shall name a third appraiser having the same qualifications required of the first two appraisers. Should the two appraisers fail to agree upon the third appraiser, then the President of the Chamber of Lafourche and the Bayou Region shall name the third appraiser, and the three appraisers shall, by majority vote, promptly determine the annual rate of escalation of Basic Rent for the relevant Extended Term of this Lease. All costs for the third appraiser shall be borne by LESSOR and LESSEE equally.

IV. RESTRICTIONS

(A) LESSEE shall comply with all applicable local, state and federal laws, rules and regulations. LESSEE shall not use the Lease Premises for any unlawful purpose or to create a nuisance thereon. LESSEE shall act as a prudent administrator in regard to the Lease Premises, and shall report promptly to LESSOR any trespass or adverse claim to any portion of the Lease Premises of which LESSEE has knowledge.

(B) LESSEE shall bear the cost of and be fully responsible for securing all necessary permits and/or licenses required by law in connection with the construction, erection, operation or effectuation of any improvements to or on the Lease Premises by LESSEE and/or its sub lessees (including, but not limited to, any necessary approvals from USCG, FERC, LDNR and the Department of the Army). Whenever permits, licenses or approvals are required under any laws, ordinances, rules, or regulations of public authorities or governmental agencies in connection with the construction of any improvements on the Lease Premises or the repair or demolition or rebuilding thereof, LESSEE shall have the right to apply for and obtain all such permits, licenses, and approvals, copies of which are to be furnished to LESSOR. LESSOR shall execute any documents that may be reasonably required by LESSEE to effectuate the purpose of this Section IV. In any event, LESSEE shall release, hold harmless, defend and indemnify LESSOR and Indemnified Parties (as that term is defined in Article VI) from and against any and all expenses, costs, and attorney's fees relating to or arising out of obtaining or failing to obtain any such permit or license or any hearing, litigation, or damages (including fines and penalties), civil or criminal, emanating therefrom, or from construction or other work performed pursuant thereto or thereunder except to the extent that such expense, cost, and attorney's fees are caused by the grossly or willfully negligent actions or inactions of LESSOR.

(i) Should LESSEE or any of its sublessees contemplate erecting a tower anywhere within the boundaries of the Lease Premises, LESSEE shall first be required to obtain approval from the Federal Aviation Administration (FAA) by filing a Notice of Construction—FAA Form 7460-1, copies of which can be obtained from LESSOR.

(ii) Should LESSEE contemplate placing three or more mobile homes on one contiguous tract of lease property, LESSEE shall first obtain written permission from LESSOR prior to filing for a Mobile Home Park designation from Lafourche Parish Government.

(C) LESSEE shall (i) obtain written approval from LESSOR prior to placing access culverts on the Lease Premises, said culverts being of the quality and dimensions and being placed at the elevations required by LESSOR; (ii) construct a hard surface apron on all drives connecting to paved roads; (iii) submit for approval by LESSOR, prior to construction of any

improvements, a drainage plan for the Lease Premises which shall adequately drain the Lease Premises without creating ponding water or negatively impacting adjacent property; and (iv) maintain an updated site plan which shall be submitted to LESSOR immediately upon completion of LESSEE's improvements to the site and any time at which LESSOR may request a copy. The site plan shall include, but not be limited to, the location, depth and dimensions of any catch basins and buried lines, utilities or other improvements on the property. LESSOR's copy of the site plan shall be updated each time LESSEE modifies the site in any manner.

(D) LESSEE shall not inject any brine, salt water or similar type of fluids into any stratum, formation or bed underlying the Lease Premises or into any stratum, formation or bed which has communication or connection with those strata, formations or beds underlying the Lease Premises.

V. MINERAL RIGHTS

By Lease between LESSOR and the Caillouet Land Corporation dated September 1, 1981 (recorded in the Lafourche Parish conveyance records as Entry No. 549825) affecting property of which the Lease Premises is a part, the landowner has reserved the rights to all oil, gas, and other minerals (including sulphur) in, under, or produced from said property, together with all rights necessary or appropriate to the exploration for and production of said minerals. However, the mineral reservation made shall not authorize the drilling of a well from a surface location on the Leased Premises, but may be exercised by drilling directionally, wells into subsurface formations in the Leased Premises from surface locations outside the boundaries of the Leased Premises, provided that the drilling of and production from such wells shall not cause damage to the operations or facilities of LESSEE on the Leased Premises or to any property of third parties lawfully in the possession of LESSEE. **LESSEE acknowledges and agrees that the rights granted in this Lease are subordinate and inferior to any rights in Minerals held by LESSOR or LESSOR's predecessor(s) in title which have not yet prescribed.**

VI. INDEMNITY & INSURANCE

(A) LESSEE accepts the Lease Premises in its present condition, and LESSOR shall not be responsible for damage of any kind to any person or property upon the Lease Premises, however occasioned. LESSEE assumes and agrees and will require each of its sublessees, sub-

sublessees, assignees, contractors, occupants, third parties deriving their right to be on the Lease Premises from LESSEE or employees, agents or representatives of such persons (collectively, "Related Parties") to assume and agree to defend, indemnify and to hold harmless and forever release and acquit LESSOR or any Commissioner, principal, employee, officer, agent or contractor of any of the foregoing parties (collectively, "Indemnified Parties") from and against any demand, action, proceeding, loss, lien, damage, liability, cost, fine, penalty, punitive and judgment of any nature whatsoever, including expenses and reasonable attorney's fees incurred in defending against legal actions, for bodily injury, sickness, disease, death of or injuries to persons; damage to or destruction of tangible property, including, but not limited to loss of use and/or revenue derived therefrom; or violation of any law or regulation, including costs and expenses incident thereto, arising wholly or in part, directly or indirectly from or in connection with any one or more of the following:

- (1) Any dangerous, hazardous, unsafe or defective condition of, in or on the Lease Premises or any improvements, works, or facilities existing or hereafter constructed thereon, of any nature whatsoever, which may exist by reason of any act, omission, neglect or any use or occupation of the Lease Premises by LESSEE, whether acting as lessee, co-owner or in any other capacity, or the Related Parties;
- (2) Any operation conducted upon or any use or occupation of the Lease Premises by LESSEE, whether acting as lessee, co-owner or in any other capacity, or the Related Parties under or pursuant to the provisions of this Lease or otherwise;
- (3) Any act, omission, or negligence of LESSEE, whether acting as lessee, co-owner or in any other capacity, or the Related Parties; or
- (4) Any failure of LESSEE, whether acting as lessee, co-owner or in any other capacity, or Related Parties to comply with any terms or conditions of this Lease or any applicable federal, state, or regional law, ordinance, rule or regulation;
- (5) Any lien, security interest or other encumbrance attaching to any movable or immovable improvements to the Lease Premises, including but not limited to bulkhead or other shore stabilization construction, regardless of how such lien,

security interest or encumbrance arises;

This indemnity and hold harmless obligation of LESSEE to LESSOR shall not apply 1) to the extent that such claims or conditions arise prior to the inception of this Lease; or 2) to the extent that such claims which arise during this Lease relate to the condition of the Lease Premises that existed prior to the lease, including but not limited to environmental claims. The indemnity provided in this section shall include within its scope any liability imposed by law on the LESSOR on a strict liability theory as landowner for physical defects in or on the Lease Premises (except for environmental contamination and except for defects in or on the Lease Premises caused by the gross negligence or willful misconduct of LESSOR after the Effective Date), it being the intention of the parties for LESSEE to assume liability for such defects in the Lease Premises (other than as noted in the preceding sentence) during the term of this Lease and during the period of LESSEE's use of same to the fullest extent allowed by La. R.S. 9:3221. In the event any administrative charge, proceeding, investigation, or suit is brought against LESSOR to recover for or on the account of any such damage, injury or death referenced above, LESSEE will, at LESSOR'S request, appear and defend said suit at its sole cost and expense, including provision of any appeal bond, and will pay any judgment that may be entered against LESSOR therein when said suit is finally determined.

(B) At all times during the existence of this Lease, LESSEE shall carry and require each of its sublessees to carry bodily injury and property damage insurance, free of cost to LESSOR, to protect the parties of this Lease in keeping with and to the extent of the indemnity obligation stated herein, and in accordance with the minimum specifications set forth as follows:

(1) Commercial General Liability: \$1,000,000 combined single limit per occurrence at the Lease Premises for bodily injury, personal injury, and property damage with a \$2,000,000 aggregate limit. This coverage shall apply exclusively to the Lease Premises and the obligations assumed by LESSEE under this Lease;

(2) Commercial Automobile Liability: \$1,000,000 combined single limit per accident, for bodily injury and property damage and shall include ISO endorsement CA 99 48 or equivalent;

(3) Workers' Compensation and Employer's Liability: Workers'

Compensation limits as required by the Labor Code of the State of Louisiana and Employer's Liability coverage, except that Employer's liability limit is to be \$1,000,000 including all maritime exposure;

(4) Watercraft Liability (when applicable): \$5,000,000 for watercraft;

(5) Property Damage Insurance for the value of any improvements constructed by LESSOR or with the proceeds of bonds issued by LESSOR. This insurance shall cover any damage to such improvements, whether or not the damage is caused by acts or omissions of LESSOR, LESSEE, or any third party; and

(6) Environmental Impairment Liability: \$1,000,000 combined single limit per occurrence per location and \$2,000,000 aggregate covering on-site and off-site third party bodily injury and property damage including expenses for defense, corrective action for storage tank releases and tank clean-up for storage tank releases. This coverage shall also provide for pollution incidents that manifest damage from either sudden and accidental occurrences as well as the gradual escape of any pollutant.

All policies above shall be primary and noncontributory. The policies of insurance listed above shall name LESSOR and Indemnified Parties as additional insureds and shall provide full waiver of subrogation of any and all claims against LESSOR and/or Indemnified Parties. However, such naming as additional insureds and waiver(s) of subrogation shall be limited to the risk, indemnities and liabilities assumed by LESSEE pursuant to this Lease. Furthermore, all policies of insurance listed above shall be underwritten by insurers rated by Best's Insurance Reports as B+6 or better during the period of coverage and shall provide that there be no cancellation, termination, or reduction of coverage without providing thirty (30) days prior written notice to LESSOR and the Indemnified Parties.

Prior to performing any work on the Lease Premises, but no later than ten (10) days following the Effective Date, LESSEE shall furnish to LESSOR evidence of insurance that meets the minimum requirements specified above. LESSEE shall require its sublessees to furnish LESSOR with satisfactory evidence of such insurance prior to the execution of any sublease pursuant to the provisions hereof. Notwithstanding the foregoing, LESSEE shall

within ten (10) days following LESSOR's written request for same, provide LESSOR with a copy of any insurance policy required above certified by the issuing agent.

VII. ENVIRONMENTAL

LESSEE shall comply with and require all Related Parties on the Lease Premises to comply with the provisions of all federal, state, and local environmental, health and safety laws, codes and ordinances and all rules and regulations promulgated thereunder, now or in the future, including, without limitation, the Natural Gas Act (15 U.S.C. §717, *et seq.* the Clean Water Act (33 U.S.C. §1251, *et seq.*), the Resource Conservation and Recovery Act (42 U.S.C. §9601, *et seq.*), the Comprehensive Environmental Response Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986 (as amended), the Louisiana Department of Environmental Quality Act (30:2001, *et seq.*), the Louisiana Solid Waste Management and Resources Recovery Act (30:2151, *et seq.*), the Louisiana Hazardous Waste Control Law (30:2171, *et seq.*), the Louisiana Inactive and Abandoned Hazardous Waste Sites Law (30:2221, *et seq.*), and the Louisiana Waste Reduction Law (30:2291, *et seq.*), and Statewide Order 29-B of the Louisiana Office of Conservation (all such laws, codes and ordinances collectively referenced hereinafter as "Hazardous Substance Laws."). Any substance or other material regulated or which becomes regulated by any federal, state or local law, code or ordinance, including but not to the Hazardous Substance Laws, is referenced herein as a "Hazardous Substance."

With respect to use of the rights granted hereunder, LESSEE will obtain and maintain and require that Related Parties obtain and maintain all federal, state, and local permits, licenses, certificates, and approvals required by Hazardous Substance Laws or other applicable laws relating to LESSEE's operation on the Lease Premises, including, but not limited to, (i) air emissions, (ii) discharge to surface or ground water, (iii) noise emissions, (iv) wetlands, (v) solid or liquid waste disposal, (vi) underground and aboveground storage tanks, (vii) the use, generation, storage, transportation or disposal of toxic or hazardous substances, waste or contaminants (including, but not to be restricted to, any and all such material listed in any Hazardous Substance Laws, as toxic or hazardous), or (viii) other environmental, health or safety matters. All work, activities, dredging, construction and operations shall be conducted according to and in compliance with Hazardous Substance Laws.

LESSOR may, but shall not be required to, engage such independent contractors as

LESSOR determines to be appropriate to perform at any time an audit, including environmental sampling and testing of (a) the Lease Premises, the surrounding soil and any adjacent areas, and any ground water located under or adjacent to the Lease Premises and/or any adjoining property, (b) LESSEE's compliance with any provision of this Lease, and (c) the provision made by LESSEE for carrying out any Remedial Action that may be required by reason of the nature of LESSEE's business and its operations on the Lease Premises (an "Environmental Audit"). LESSEE shall also have the right, at its expense, to engage a second independent contractor to perform an Environmental Audit, in the event it disagrees with LESSOR's Environmental Audit.

All costs and expenses incurred by LESSOR in connection with any such Environmental Audit shall be paid by LESSOR, except that if any such Environmental Audit shows that LESSEE has failed to comply with the provision of this Lease and that the Lease Premises or surrounding soil or any underlying or adjacent groundwater have become contaminated due to the operations or activities of LESSEE such that clean up by LESSEE would be required in accordance with the terms and conditions of this Lease, then all reasonable costs and expenses of such audit shall be paid or, if already paid by LESSOR, reimbursed by LESSEE provided however that LESSEE shall not be liable for any costs and expenses for any clean up based on any activity which occurred prior to the commencement of this Lease.

Each Environmental Audit shall be conducted (a) only after advance notice thereof has been provided to LESSEE at least seven (7) days prior to the date of such audit, and (b) in a manner reasonably designed to minimize the interruption of LESSEE's operations upon and use of the Lease Premises. LESSOR shall at its sole cost and expense repair any damages to the Lease Premises or to LESSEE's property that is caused by such Environmental Audit.

For purposes of this section of the Lease, "Remediation" shall refer to the repair, closure, detoxification, decontamination, or other clean up of the Lease Premises required by any governmental authority having jurisdiction over the result of the presence or effects of any contamination on or about the Lease Premises.

If any Environmental Audit of the Lease Premises reveals that Remediation of the Lease Premises by LESSEE is necessary, then LESSOR shall provide LESSEE with a copy of such Environmental Audit and a written explanation of the reasons why it is believed that

LESSEE is responsible for conducting the Remediation identified therein.

If, within thirty (30) days after receiving a copy of such Environmental Audit and such written statement, and provided LESSEE's Environmental Audit does not disagree with LESSOR's Environmental Audit, LESSEE fails to commence such Remediation and thereafter diligently proceed to completion with such Remediation as promptly as practicable, then the LESSOR shall be entitled to provide a copy of the Environmental Audit to any cognizant federal, state, or local governmental agency having jurisdiction over the Lease Premises or the substance causing the contamination. This provision shall prohibit LESSOR from submitting said Environmental Audit to the appropriate regulatory authority earlier when same is required by law.

Notwithstanding any other provision of the Lease to the contrary, if the Environmental Audit reveals a situation which constitutes an emergency under any applicable Environmental Laws, then LESSOR shall have the right, but not the obligation, to carry out any Remediation required by any cognizant federal, state, or local governmental agency having jurisdiction over the Lease Premises or the substance causing the contamination.

If LESSEE is responsible for the Remediation, LESSOR shall provide written notice thereof to LESSEE who shall carry out and complete said Remediation. Should LESSEE fail to implement and diligently pursue any such Remediation promptly upon receipt of notice thereof, then LESSOR shall have the right but not the obligation to carry out such Remediation and to recover all of the costs and expenses thereof from LESSEE in the form of additional rent. Any such cost and expense not received by LESSOR within thirty (30) days following LESSEE's receipt of a fully supported invoice of same shall bear interest at the Prime Rate plus five percent per annum.

Prior to expiration or earlier termination of the term of the Lease, LESSEE shall (a) cause all Hazardous Substances or contaminants previously owned, stored, or used by LESSEE to be removed from the Lease Premises and disposed of in accordance with applicable provisions of any local, state or federal law, code, rule and/or regulation; (b) remove any above ground or underground storage tanks or other container installed by LESSEE to store any Hazardous Substances or contaminants on the Lease Premises, and repair any damage to the Lease Premises caused by such removal, (c) perform any Remediation required by the terms of this Lease.

Should any such Remediation for which LESSEE is responsible not be completed prior to the expiration or sooner termination of this Lease, including any extensions thereof, the Lease shall be extended until such time as the Remediation has been sufficiently completed.

VIII. DEFAULT

In the event that (i) default be made by LESSEE at any time in the due payment of any rental hereunder and such default continue for a period of thirty (30) days after written notice of default is given by LESSOR to LESSEE or (ii) default be made by LESSEE at any time in the due payment of any other sum payable by LESSEE to LESSOR hereunder and such defaults continue for a period of thirty (30) days after written notice of default is given by LESSOR to LESSEE, or (iii) default be made by LESSEE in the due observance and performance of any other covenant, condition, or stipulation herein agreed by LESSEE to be by it observed and performed and such default continue for a period of thirty (30) days after written notice of default is given by LESSOR to LESSEE, LESSOR shall, on notice to LESSEE, have the right to (a) cancel this Lease effective immediately or as of any date which LESSOR may select, (b) to proceed one or more times, without canceling this Lease, for past due rents, taxes, assessments, charges, liens, penalties, and damages, without prejudicing the right to proceed later for remaining rents, taxes, assessments, charges, liens, penalties, and damages, or to exercise any other remedy, or (c) to have recourse to any other remedy or mode of redress to which LESSOR may be entitled by law. In the event LESSOR exercises the right to cancel this Lease then (i) LESSOR shall have the right, as soon as said cancellation is effective, to re-enter the Lease Premises and re-let same without notice or other proceedings, LESSEE hereby assenting thereto and expressly waiving the necessity of any notice to vacate, and (ii) LESSEE shall be and remain liable not only for all rent payable to the date the cancellation becomes effective but also for all damages or losses suffered by LESSOR. Any default (except as to payment of any rentals or any other sum due hereunder) shall be deemed cured if LESSEE in good faith commences performances requisite to cure same within thirty (30) days after notice of default is given as hereinabove provided, and thereafter continuously and with reasonable diligence proceeds to complete the performance required to cure such default.

IX. TERMINATION

Upon expiration, termination, or cancellation of this Lease or any portion thereof by

default, forfeiture, lapse of time, or any other cause, LESSEE shall be required to remove, remediate and clean up, at its sole risk, cost and expense, any contamination which was spilled on or discharged on or which settled on or threatens to settle on the surface of the Lease Premises, other of LESSOR's lands and any other affected property (whether or not owned by LESSEE or a third party) as a result of LESSEE's operations hereunder, in accordance with applicable federal and state laws and regulations.

X. IMPROVEMENTS

(A) All improvements constructed or placed upon, in, under, over, or through the Lease Premises by LESSEE, shall remain the property of LESSEE and may be removed by LESSEE at any time prior to expiration or termination of this Lease. Upon the expiration or termination of this Lease, LESSOR may elect, in its sole discretion, by delivery to LESSEE of written notice thereof (a "Surrender Election Notice"), to require LESSEE to either (i) surrender possession of the improvements that are permanently attached to the ground upon the Lease Premises (collectively, "Permanent Facilities"), at no cost to LESSOR, in which case such Permanent Facilities shall be surrendered to LESSOR in their "as-is, where-is" condition, with all defects) or (ii) remove the Permanent Facilities (provided, however, that in no event shall LESSEE be required to remove any docks, berths, wharves, electrical interconnection infrastructure, roadways, rail lines, underground pipelines, fill materials, foundations, or other underground Facilities, all of which may be abandoned in place in accordance with applicable laws). With respect to any scheduled expiration of this Lease, LESSOR shall deliver the Surrender Election Notice to LESSEE not less than six (6) months prior to scheduled expiration. With respect to any earlier termination of this Lease, LESSOR shall deliver the Surrender Election Notice to LESSEE as soon as reasonably practicable, but not more than ten (10) business days after the effective date of such termination (the "Early Termination Date"). If LESSOR elects to require removal of the Permanent Improvements, then LESSEE shall have an additional period of up to six (6) months after the scheduled expiration of this Lease or the Early Termination Date, as applicable (the "Removal Period"), to complete such removal in accordance with this paragraph, in which case the terms and conditions of this Lease shall continue to apply during such Removal Period, except that LESSEE shall not be obligated to pay Rent or Additional Rent during the Removal Period and LESSEE may not use the Leased Premises for any purpose other than removal of the Permanent Improvements.

(C) With respect all furniture, equipment, machinery, trade fixtures, tools, signage, and other personal property (collectively, "Trade Fixtures") that may from time to time be placed or installed on the Lease Premises by LESSEE and improvements that are not Permanent Facilities, LESSEE shall remove such Trade Fixtures and improvements not later than forty-five (45) days after the scheduled expiration of this Lease or the Early Termination Date, as applicable. Such Trade Fixtures and improvements that are not removed by the time fixed for such removal in this paragraph shall be irrevocably deemed to be abandoned by LESSEE, and LESSOR may elect, in its sole discretion, to remove such Trade Fixtures and/or improvements from the Lease Premises at LESSEE's sole cost (less any salvage value received by LESSOR) and may dispose of such Trade Fixtures and/or improvements without notice or liability to LESSEE, provided, however, that title to any such Trade Fixtures and/or improvements that LESSOR does not remove from the Lease Premises shall automatically pass to LESSOR.

(D) If the LESSEE holds over after the expiration or termination of this Lease, with or without the consent of the LESSOR, such tenancy shall be from month-to-month only. Such month-to-month tenancy, whether with or without the LESSOR's consent, shall be subject to every other term, covenant, and agreement contained herein, and shall not constitute a renewal or extension of the term of this Lease. LESSOR shall not be responsible for any loss or damage occurring to any improvements owned, leased, or operated by the LESSEE, its agents, or employees, prior to or subsequent to the termination of this Lease, other than, to the extent permitted by law, for such loss or damage occurring as a result of the negligent conduct or the willful misconduct of the LESSOR, its officers, representatives, agents, contractors or employees or the LESSOR's misrepresentations or its breach of or default under this Lease.

XI. MAINTENANCE

LESSEE accepts the Lease Premises in its present condition and agrees to maintain the entire Lease Premises in a good, safe condition throughout the duration of this Lease. LESSEE shall notify LESSOR immediately upon discovering any damage to or condition of the Lease Premises or any improvement(s) thereon which appears to be either unsafe or beyond normal wear and tear.

During the term of this Lease, LESSOR shall have the right to enter and inspect the Lease Premises at reasonable times and with reasonable advance written notice to LESSEE as

often as it deems necessary, provided such inspection does not unreasonably disrupt LESSEE's operations. Said inspection shall include all of the grounds, permanent structures, improvements, and appurtenances on the Lease Premises. Should any of the grounds, structures, improvements, or appurtenances, in the reasonable opinion of LESSOR, be damaged beyond normal wear and tear or not maintained properly, LESSOR shall forthwith send LESSEE a list of the items damaged or improperly maintained and the repairs necessary to correct the situation. LESSEE shall then have fifteen (15) days from receipt of the aforementioned list to respond to LESSOR'S allegations. Should LESSEE agree to the responsibility for the damage and the method of repair, then LESSEE agrees to design repairs within thirty (30) days from receipt of LESSOR'S list. Repairs will have to be completed within one hundred eighty (180) days, subject to *Force Majeure*.

An extension may be granted by written consent from LESSOR upon demonstration of need by LESSEE.

Should LESSEE disagree with the claim of LESSOR, LESSEE shall so state in writing to LESSOR within fifteen (15) days from receipt of LESSOR'S list. If agreement is not reached between LESSEE and LESSOR within fifteen (15) days, LESSOR may pursue a suit for damages and/or specific performance.

If it is ultimately determined that LESSOR'S requests were unreasonable, LESSEE shall be entitled to pursue LESSOR for damages, expenses, and attorneys' fees. If it is ultimately determined that LESSEE's refusal or failure to comply with LESSOR'S requests was unreasonable, LESSOR shall be entitled to pursue LESSEE for damages, expenses, and reasonable attorney's fees.

XII. ASSIGNMENT & SUBLEASE

(A) LESSEE shall not assign this Lease nor sublease the Lease Premises, in whole or in part, to anyone without in each case obtaining the prior written consent of LESSOR, which consent shall not be unreasonably withheld. LESSEE shall not permit any transfer by operation of law of any of LESSEE's interest in the Lease Premises.

(B) "Assignment" of this Lease shall include, but not be limited to, the following actions:

- (i) A transfer by LESSEE of substantially all of its assets, or
- (ii) A merger of LESSEE with another entity, or

(iii) A transfer of a controlling interest in the stock of LESSEE

(C) Any agreement under which LESSEE grants use of the Lease Premises, or a portion thereof, to a third party tenant ("TENANT") and which meets the following conditions shall be considered a "tenancy," NOT a "sublease" hereunder and accordingly shall NOT require prior written approval of LESSOR:

(i) LESSEE maintains an operational presence on and oversight of the Lease Premises; and

(ii) A portion of the consideration paid by the TENANT is directly attributable to services provided by LESSEE on the Lease Premises and/or use of improvements constructed by LESSEE on the Lease Premises;

(D) LESSEE, in case of assignment or sublease with permission of LESSOR, shall remain at all times primarily liable for the prompt payment of all rent or other amounts due from LESSEE under the terms hereof and for the prompt performance of all covenants on LESSEE's part herein agreed to be performed. LESSOR's consent to an assignment or sublease does not modify the requirement for LESSOR's consent to any subsequent assignment or sublease.

(E) No sublease will be entered for any operation that would constitute a nuisance. Additionally, any assignment or sublease of the Lease Premises made by LESSEE in whole or in part shall be subject to the restrictions and limitations provided in the terms and conditions of this Lease.

(F) The operations of sublessee shall be and at all times shall remain consistent with the proposal and information submitted to LESSOR for consideration prior to granting the sublease. If at any time sublessee's operations are determined by LESSOR to be inconsistent with the proposal it had approved, LESSOR shall have the right, but not the obligation, either to demand the immediate termination of said sublease or to pursue any other remedy that LESSOR determines is necessary and proper.

XIII. TAXES & FEES

LESSEE shall pay and discharge any tax, fee, or assessment of any nature levied upon or against the Leasehold estate created hereunder and LESSEE'S or sub lessee's interest in any Leasehold improvements. LESSEE shall pay or reimburse LESSOR for any increase in ad valorem tax assessments levied upon or against the Lease Premises by virtue of or resulting

from the operations, business, and equipment upon, and any improvements to, the Lease Premises by LESSEE and/or its sub lessees, with the following exception: LESSOR agrees to pay and discharge any taxes levied upon the Leasehold estate for improvements made by LESSOR.

XIV. ATTORNEY FEES

Should any valid claim for rentals due or for any other money claimed under this Lease arise in favor of LESSOR and against LESSEE, and should such claim be placed in the hands of an attorney for collection or other action after maturity, and to protect the rights of LESSOR herein, an additional amount of fifteen percent (15%) of the amount of principal and interest due shall be paid by LESSEE as attorney's fees, together with all costs, charges, and other expenses incurred by LESSOR in collecting such claim, subject to the grace periods granted to LESSEE and to other provisions of this Lease.

XV. WARRANTY

This instrument is executed by LESSOR without any warranty whatsoever, not even for the return of the rentals paid, and is made expressly subject to and shall at all times be held by LESSEE subordinate and inferior to any existing recorded servitudes, pipeline and canal permits, rights of way, oil, gas and other mineral Leases, trapping Leases, and any other recorded contract presently affecting the Lease Premises.

XVI. NOTICE

Any notice required or permitted by this Lease shall be sent by certified United States mail, postage prepaid, to the addresses listed herein below and shall be deemed given as of the postmark appearing thereon:

**GREATER LAFOURCHE PORT COMMISSION
P. O. BOX 490
GALLIANO, LA 70354**

**ENERGY WORLD (USA), INC.
STE. 603 TIMBER RIDGE OFFICES
32731 EGYPT LANE
MAGNOLIA, TX 77354**

XVII. MISCELLANEOUS

(A) All of the provisions hereof shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, administrators, executors, successors and assigns.

(B) Should any term or provision of this Lease be declared illegal, invalid or unenforceable by any court of competent jurisdiction and if such term or provision cannot be

modified to be enforceable, such term or provision shall immediately become null and void, leaving the remainder of this Lease in full force and effect. The language of all parts of this Lease in all cases shall be construed as a whole, according to its fair meaning, and not strictly for or against any of the Parties.

(C) This Agreement may be executed with counterpart signature pages and in duplicate originals, each of which shall be deemed an original, and all of which together shall constitute a single instrument.

(D) This Lease shall be governed by and interpreted in accordance with the laws of the State of Louisiana, excluding conflicts of laws principles. If the parties are unable to resolve amicably any dispute arising out of or in connection with this Lease, they agree that, if permitted under applicable laws, such dispute shall be resolved in the state court located in Thibodaux, Louisiana.


IN WITNESS WHEREOF, this Lease has been executed in quadruplicate originals as of the 21st day of **October, 2016** ("Effective Date"), in the presence of the respective undersigned competent witnesses and Notaries Public.

WITNESSES:

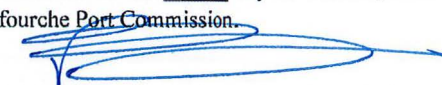

Print: Heidi Mercer

**GREATER LAFOURCHE PORT
COMMISSION**



PERRY J. GISCLAIR, PRESIDENT


Print: Joni L. Tuck

This *Contract of Lease* was signed before me on the 21st day of October, 2016 by Perry J. Gisclair, President of the Greater Lafourche Port Commission.


Bryce Autin, Notary No. 80169
My Commission is for Life.

WITNESSES:


Print: DENISE WARE

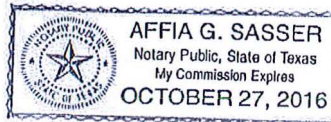
ENERGY WORLD (USA), INC.


KEVIN J. BLOUNT, PRESIDENT


Print: FRASER MSPOWELL

This *Contract of Lease* was signed before me on the 19th day of October, 2016 by Kevin J. Blount, President of Energy World (USA), Inc.


NOTARY PUBLIC



ENERGY WORLD (USA) INC.
ON A.J. ESTAY ROAD

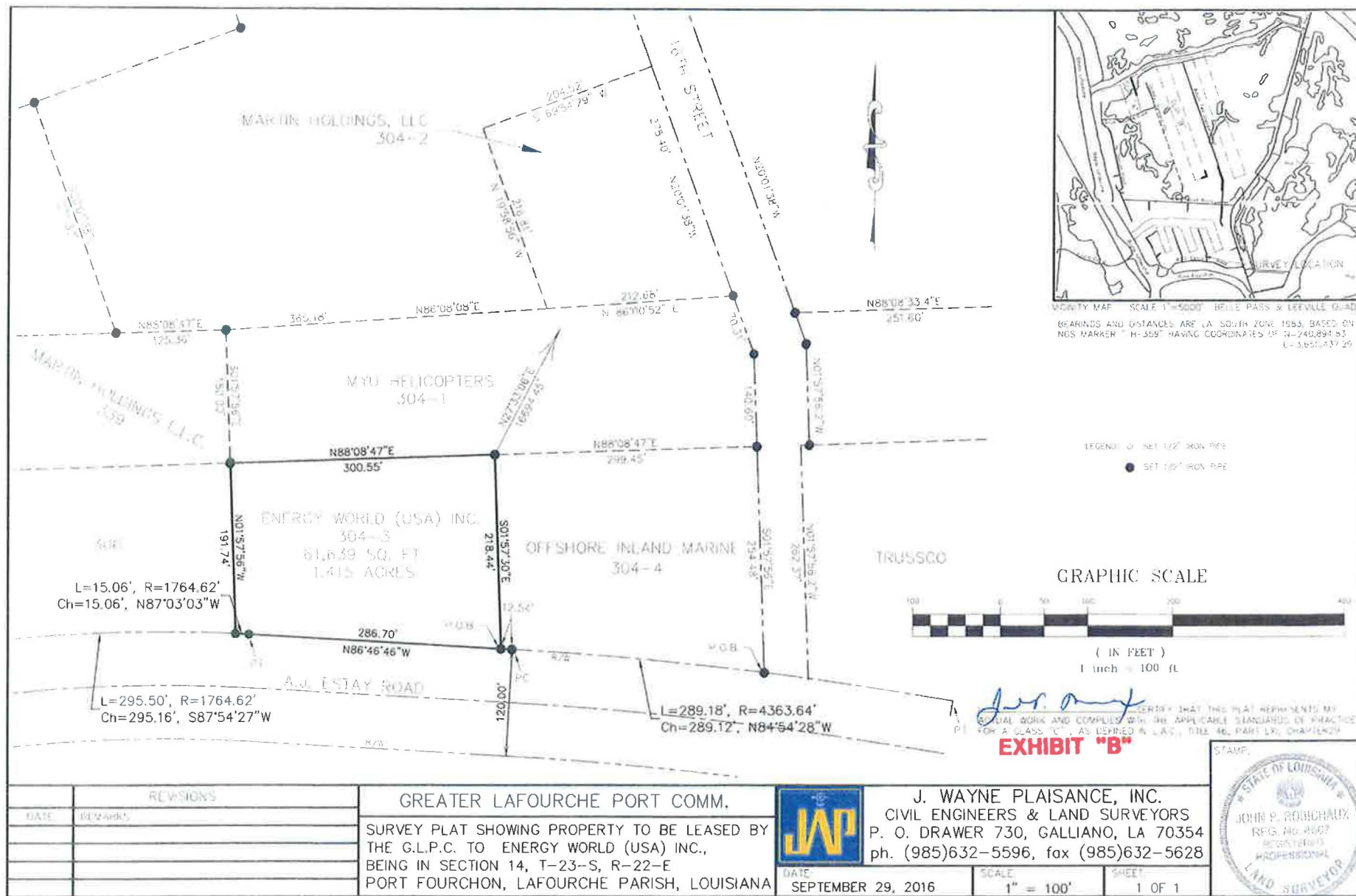
A certain tract of land located at Port Fourchon, Louisiana, along the northern right of way of A.J. Estay Road, in section 14, T-23-S, R-22-E.

Commencing at a 1/2" iron pipe on the northern right-of-way of A.J. Estay Road at the southwest corner of property leased to MAD Trucking, said point being to POINT OF BEGINNING, thence at a bearing of N 86°46'46" W for a distance of 286.70' to a 1/2" iron pipe on the northern right-of-way of A.J. Estay Road; thence along a curve to the left having a radius of 1764.62, a chord bearing of N 87°03'03" W for a chord distance of 15.06' to a 1/2" iron pipe; thence at a bearing of N 01°57'56" W for a distance of 191.74' to a 1/2" iron pipe along the southern property line of MYU Helicopters; thence at a bearing of N 88°08'47" E for a distance of 300.55' to a 1/2" iron pipe on the property line of Mad Trucking, L.L.C., thence along said property line at a bearing of S 01°57'30" E for a distance of 218.44' to the POINT OF BEGINNING.

Said tract of land is shown on a map entitled "SURVEY PLAT SHOWING PROPERTY TO BE LEASED BY THE G.L.P.C. TO ENERGY WORLD (USA) BEING IN SECTION 14, T-23-S, R-22-E, PORT FOURCHON, LAFOURCHE PARISH, LOUISIANA" dated September 29, 2016. Said tract of land contains 61,639 square feet or 1.415 acres.



EXHIBIT "A"



**STATE OF LOUISIANA
PARISH OF LAFOURCHE**

THIS RIGHT OF FIRST REFUSAL is made and entered into this ____ day of the month of **October, 2016**, by and between **GREATER LAFOURCHE PORT COMMISSION**, a body corporate and a political subdivision of the State of Louisiana, herein represented by its Vice President, duly authorized hereunto by resolution of its Board of Commissioners, a certified copy of which is attached hereto and forms part hereof (hereinafter referred to as "The Port Commission" or GRANTOR);

AND

ENERGY WORLD (USA), INC., a foreign business corporation registered to conduct business in the State of Louisiana domiciled at Ste. 603 Timber Ridge Offices, 23731 Egypt Lane, Magnolia, TX 77354 and represented herein by its President, Kevin J. Blount, duly authorized hereunto by attached corporate resolution (hereinafter referred to as GRANTEE):

W I T N E S S E T H:

For and in consideration of the Right of First Refusal Payments tendered by GRANTEE hereunder, but subject to the terms and conditions hereunder set forth, GRANTOR does hereby grant the following rights unto GRANTEE:

I.

Subject Premises. Subject to the following conditions, GRANTEE shall hold a right of first refusal to lease the 102.4 acres measuring roughly Three Thousand Two Hundred (3,200) waterfront feet along the western bank of Bayou Lafourche, said property referenced herein as "SUBJECT PREMISES" is identified on Exhibit "A" (the "Subject Premises") said right being hereinafter referenced as "Right of First Refusal."

The parties agree that the property subject to this Right of First Refusal will be promptly surveyed by GRANTOR at GRANTOR's expense. Should the survey result in a discrepancy with Exhibit "A," GRANTOR and GRANTEE agree to negotiate in good faith an amendment to the Right of First Refusal incorporating a revised Exhibit "A" and property description as Exhibit "B" consistent with the results of said survey. Should there be no discrepancy between the results of the survey and Exhibit "A," GRANTOR and GRANTEE agree to annex a property description completed by GRANTOR's surveyor and consistent with Exhibit "A" as Exhibit "B" to this Right of First Refusal.

II.

Right of First Refusal Term. The Right of First Refusal shall remain in effect for a term of one (1) year from November 1, 2016 (the "Primary Term"). GRANTEE shall have the right and option to renew and extend this Right of First Refusal for five (5) additional periods of one (1) year each (each individually, "Extension Term" or, collectively, "Extension Terms") each upon the terms and conditions contained herein. Said renewals and extensions shall take effect automatically unless GRANTEE provides written notice of cancellation to GRANTOR not less than ninety (90) days prior to the expiration of the Primary Term or prior to the expiration of any Extension Term.

III.

Right of First Refusal Payment. In consideration for the Right of First Refusal, GRANTEE shall annually pay GRANTOR the sum of [REDACTED] (hereinafter, "Right of First Refusal Payment"), an amount equivalent to one month's expected Basic Rent of the Subject Premises. The Right of First Refusal Payments shall be paid annually in advance of, on or before the fifteenth day of each November.

In the event the Right of First Refusal is exercised or if GRANTEE otherwise leases the entire Subject Premises from GRANTOR prior to the termination or expiration of this agreement, GRANTEE will receive a credit, in the amount of one (1) Right of First Refusal Payment [REDACTED] towards future rental under the newly entered lease of the Subject Premises.

IV.

Exercise of Right. The Right of First Refusal will apply only to a bona fide written offer to lease that GRANTOR is willing to accept ("Bona Fide Offer"). A Bona Fide Offer must set forth relevant terms and conditions of the proposed lease from a third party who is ready, willing and able to commensurate the lease (hereinafter, "OFFEROR"). Once a Bona Fide Offer is made to GRANTOR, GRANTEE will be provided with a written Notice of Offer setting forth the terms, provisions and conditions of the Bona Fide Offer and distinguishing between the Bona Fide Offer's rent proposed on account of raw land ("Basic Rent") and on account of any improvements to be constructed thereon by GRANTOR ("Improvement Rent"). GRANTEE shall have thirty (30) days from receipt of the Notice of Offer to provide to GRANTOR a written response

to the Notice of Offer setting forth its decision on whether or not to exercise the Right of First Refusal and lease the Subject Premises at the same Basic Rent and Improvement Rent.

V.

Lease. In the event GRANTEE exercises the Right of First Refusal, a formal lease ("Lease") of the Subject Premises will be entered between GRANTOR and GRANTEE incorporating GRANTOR's standard lease provisions and, at GRANTOR's option, any terms, provisions, or conditions of the Bona Fide Offer.

VI.

Termination. Upon Termination of the Right of First Refusal, the Right of First Refusal Payments shall be nonrefundable and retained by GRANTOR, and the Subject Premises shall no longer be burdened by the Right of First Refusal. The Right of First Refusal shall automatically terminate upon the earliest occurrence of either:

(A) failure of GRANTEE to properly exercise the Right of First Refusal by timely written response to a Notice of Offer; or

(B) entry into a lease between GRANTOR and GRANTEE covering the Subject Premises (in which case, one Right of First Refusal Payment shall be credited towards future rental); or

(C) failure of GRANTEE to make timely payment of a Right of First Refusal Payment; or

(D) 5:00 PM Central Standard Time on October 31, 2022.

VII.

Nature of Right. This Right of First Refusal is personal to GRANTEE and is neither assignable nor transferable.

VIII.

Mineral Rights. This Right of First Refusal and any Lease ultimately entered covering the Subject Premises shall be subordinate to all rights to minerals underlying the Subject Premises.

IX.

Notice. Any notice required under this agreement shall be sent by certified United States mail, postage prepaid, to the addresses listed herein below and shall be deemed given as of the postmark appearing thereon:

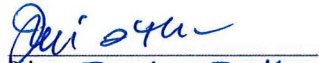
**GREATER LAFOURCHE PORT COMMISSION
P. O. BOX 490
GALLIANO, LA 70354**

**ENERGY WORLD (USA), INC.
STE. 603 TIMBER RIDGE OFFICES
32731 EGYPT LANE
MAGNOLIA, TX 77354**

IN WITNESS WHEREOF, this Right of First Refusal has been executed in quadruplicate originals as of the 21st day of **October, 2016** ("Effective Date"), in the presence of the respective undersigned competent witnesses and Notaries Public.

WITNESSES:

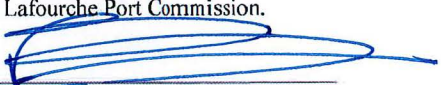

Print: Heidi Mercer


Print: Joni L. Tuck

**GREATER LAFOURCHE PORT
COMMISSION**


PERRY J. GISCLAIR, PRESIDENT

This *Right of First Refusal* was signed before me on the 21st day of October, 2016 by Perry J. Gisclair, President of the Greater Lafourche Port Commission.


Bryce Autin, Notary No. 80169
My Commission is for Life.

WITNESSES:


Print: DENISE LUCAS

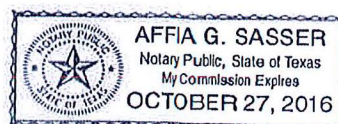

Print: FRASER McDONNELL

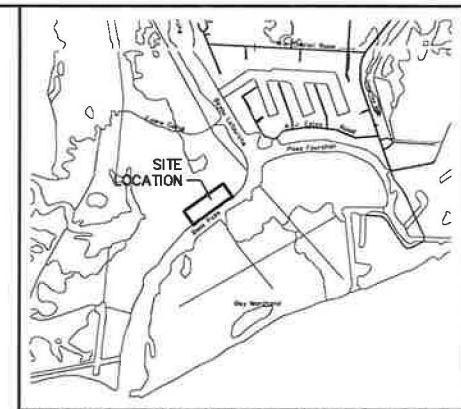
ENERGY WORLD (USA), INC.


KEVIN J. BLOUNT, PRESIDENT

This *Right of First Refusal* was signed before me on the 19th day of October, 2016 by Kevin J. Blount, President of Energy World (USA), Inc.


NOTARY PUBLIC





REF. MAP:

NOTE:

STATION NUMBERS SHOWN ARE FROM REFERENCE MAP

ACREAGE SHOWN IS TO FORESHORE PROTECTION (ROCKS)

SURVEYOR WAS NOT PROVIDED WITH AN ABSTRACT OF PROPERTY, THEREFORE
ALL SERVITUDES AND RIGHTS OF WAYS MAY NOT BE SHOWN.

THIS MAP DOES NOT PURPORT TO SHOW ALL SERVITUDES, RIGHTS-OF-WAY,
EASEMENTS OR OTHER PHYSICAL OBJECTS THAT MAY AFFECT THE TRACT.
SOME PHYSICAL FEATURES THAT WERE LOCATED ARE SHOWN.



PRELIMINARY

NOT TO BE USED FOR
CONSTRUCTION, BIDDING,
RECORDATION,
CONVEYANCE, SALES, OR
AS THE BASIS FOR THE
ISSUANCE OF A PERMIT

	REVISIONS	GREATER LAFOURCHE PORT COMMISSION
DATE	REMARKS	PLAT SHOWING LEASE PREMISES AND SUBJECT PREMISES TO BE ACQUIRED BY ENERGY WORLD USA INC. BEING IN T-23-S, R-22-E, SEC 14, 15, 22, & 23 PORT FOURCHON, LAFOURCHE PARISH, LOUISIANA



J. WAYNE PLAISANCE, INC.
CIVIL ENGINEERS & LAND SURVEYORS
P. O. DRAWER 730, GALLIANO, LA 70354
ph. (985)632-5596, fax (985)632-5628

DATE: OCTOBER 20, 2016

SCALE:
1" = 600'

SHEET:
1 OF 1

GREATER LAFOURCHE PORT COMMISSION
ENERGY WORLD USA INC.
WEST OF BELLE PASS SUBJECT PREMISES

A certain tract of land on the west side of Belle Pass, immediately south of the Evans Canal, located in T-23-S, R-22-E, section 14, 15, 22 and 23, at Port Fourchon, Louisiana.

Commencing at a point having Lambert coordinates of N=226,187.55 and E=3,639,019.40, being on the centerline of the channel of Bayou Lafourche at Station #110+82.42; thence at a bearing of S 56°59'36" W for a distance of 1334.28' to an existing ½" iron pipe on the south bank of the Evans Canal, said point being the POINT OF BEGINNING. Thence at a bearing of S 23°00'29" W for a distance of 3462.36' to a set ½" iron pipe; thence at a bearing of N 54°19'56" E for a distance of 2458.41' to a set ½" iron pipe; thence at a bearing of S 39°10'00" E for a distance of 724.56' to the foreshore protection (rocks) along Belle Pass; thence northeasterly along to low water mark (foreshore protection) of Bayou Lafourche for a distance of +/- 3265' to a point on the south bank of the Evans Canal; thence at a bearing of S 56°59'36" W for a distance of 464.53' along the south bank of the Evans Canal to the POINT OF BEGINNING.

Said tract of land is more fully shown on a map entitled "PLAT SHOWING LEASE PREMISES AND SUBJECT PREMISES TO BE ACQUIRED BY ENERGY WORLD USA INC., BEING IN T-23-S, R-22-E, SECTIONS 14, 15, 22 AND 23, PORT FOURCHON, LAFOURCHE PARISH, LOUISIANA" by J. Wayne Plaisance, Inc., dated October 20, 2016. Said tract of land contains 102.4 acres and has +/-3730' of water frontage along the west side of Belle Pass and the south bank of the Evans Canal.