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No. 9, Original

Supreme Court, U.S. FILED

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Inthe Supreme Court of the United States

OCTOBER TERM, 1970

UNITED STATES OF AMERICA, PLAINTIFF

2.

STATE OF LOUISIANA, ET AL.

MOTION BY THE UNITED STATES FOR ENTRY OF SUPPLEMENTAL DECREE AS TO THE STATE OF LOUISIANA (No. 3),

PROPOSED SUPPLEMENTAL DECREE

and

MEMORANDUM IN SUPPORT OF MOTION

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Department of Justice, Washington, D. C. 20530



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Inthe Supreme Court of the United States

OCTOBER TERM, 1970

No. 9, Original

United States of America, plaintiff

v.

STATE OF LOUISIANA, ET AL.

MOTION BY THE UNITED STATES FOR ENTRY OF A SUPPLEMENTAL DECREE AS TO THE STATE OF LOUISIANA (NO. 3) ¹

The United States of America, by the Solicitor General, moves the Court as follows:

- 1. That the Court enter a supplemental decree as to the State of Louisiana, in the form submitted herewith, declaring the rights of the United States in the area of the continental shelf described in the proposed supplemental decree, and releasing to the United States, free of impoundment, all sums heretofore or hereafter derived from or attributable to leases of lands lying wholly within the area described.
- 2. That the State of Louisiana be required to respond to this motion within 60 days.

This motion is made on the following grounds:

1. Every ground asserted by Louisiana in support

¹ This motion is designated "No. 3" to differentiate it from similar motions filed by the United States on November 23, 1965, and on January 3, 1968, which were designated "No. 1" and "No. 2", respectively.

of its claim to rights in the described area was rejected by the Court in its opinion of March 3, 1969, 394 U.S. 11.

- 2. Louisiana's petition for rehearing was denied on April 21, 1969, 394 U.S. 994.
- 3. By order of May 19, 1969, 395 U.S. 901, the Court referred this case to Walter P. Armstrong, Jr., as Special Master, "to make a preliminary determination consistent with the opinion of this Court."
- 4. In the proceedings before the Special Master, Louisiana has admitted that no determination consistent with the Court's opinion could give Louisiana any rights in the described area, that Louisiana asserts no claim to the described area under the order of reference, and that no issue as to that area is pending before the Special Master.
- 5. A very large sum of money, now amounting to more than a billion dollars, has been derived from leases of lands lying wholly within the described area and is now held impounded by the United States pursuant to the parties' Interim Agreement of October 12, 1956, as amended, on file herein.
- 6. There is no reason why a decree should not be entered at this time, declaring the rights of the United States in the area described and terminating the impoundment as to sums derived from leases of lands lying wholly within that area, without waiting until a decree can be entered with respect to the areas in dispute before the Special Master.

Respectfully submitted.

ERWIN N. GRISWOLD, Solicitor General.

Inthe Supreme Court of the United States

OCTOBER TERM, 1970

No. 9, Original

UNITED STATES OF AMERICA, PLAINTIFF

v.

STATE OF LOUISIANA, ET AL.

PROPOSED SUPPLEMENTAL DECREE

It appearing to the Court that its opinion herein of March 3, 1969, 394 U.S. 11, rejected every ground asserted by the State of Louisiana in support of its claim to rights in the area of the continental shelf hereinafter described, and that no issue as to said area is now pending before the Special Master appointed herein by order of May 19, 1969, 395 U.S. 901; and

It further appearing that substantial revenues derived from lands lying wholly within said area are now being held impounded by the United States pursuant to the parties' Interim Agreement of October 12, 1956, as amended, on file herein, and that there is no reason why the Court should not at this time enter a supplemental decree declaring the rights of the United States in the described area and terminating the obligation of the United States to hold impounded the revenues heretofore or hereafter derived from leases of lands lying wholly within the described area:

IT IS ORDERED, ADJUDGED AND DECREED:

- 1. As against the defendant State of Louisiana and all persons claiming under it, the United States has exclusive rights to explore the area of the continental shelf lying more than one foot seaward of the line described in paragraph 3 hereof, and to exploit the natural resources of said area. The State of Louisiana is not entitled to any interest in such lands, minerals, or resources, and said State, its privies, assigns, lessees and other persons claiming under it are hereby enjoined from interfering with the rights of the United States in such lands, minerals and resources.
- 2. All sums now held impounded by the United States under the Interim Agreement of October 12, 1956, as amended, derived from leases of lands lying wholly within the area referred to in paragraph 1 hereof are hereby released to the United States absolutely, and the United States is hereby relieved of any obligation under said agreement to impound any sums hereafter received by it from leases of lands lying wholly within said area.
- 3. The line referred to in paragraph 1 hereof is described by coordinates in the Louisiana Plane Coordinate System, South Zone, as follows:

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BEGINNING AT	2769356.556	 575649.806	
BY STRAIGHT LINE TO	2790257.937	 526389.980	,
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BY STRAIGHT LINE TO	2795886.837	 520809.804	
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BY ARC CENTERED AT	2701773.000	. 118961.000	
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то	2714747.154	. 106033.830	
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BY ARC CENTERED AT	2700970.000	. 117990.000	
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BY ARC CENTERED AT	2699658.000	. 116782.000	
то	2699042.141	. 98551.807	
BY STRAIGHT LINE TO	2614267.867	. 73928.355	
BY ARC CENTERED AT	2609180.000	. 91445.000	
TO	2597415.825	77505.006	
BY STRAIGHT LINE TO	2595525.825	79100.006	
BY ARC CENTERED AT	2607290.000	. 93040.000	
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BY ARC CENTERED AT	2296041.000	138519.000
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BY ARC CENTERED AT	2294383.000	138846.000	
TO	2287412.160	121989.944	
BY STRAIGHT LINE TO	2284138.223	122399.427	
BY ARC CENTERED AT	2286402.000	140499.000	
TO	2283007.179	122577.102	
BY STRAIGHT LINE TO	2277807.179	123562.102	
BY ARC CENTERED AT	2281202.000	141484.000	
TO	2276614.048	123829.824	:
BY STRAIGHT LINE TO	2270161.048	125506.824	:
BY ARC CENTERED AT	2274749.000	143161.000	
TO	2267618.118	126372.023	
BY STRAIGHT LINE TO	2263074.118	128302.023	
BY ARC CENTERED AT	2270205.000	145091.000	
то			
BY STRAIGHT LINE TO	2256980.940	131032.715	
BY ARC CENTERED AT	2264450.000	147674.000)
TO	2255335.199	131874.012	
BY STRAIGHT LINE TO			
BY STRAIGHT LINE TO	2250291.214	134590.217	
BY STRAIGHT LINE TO	2229997.048	129637.207	
BY STRAIGHT LINE TO	2228299.063	128761.074	
BY ARC CENTERED AT	2219935.000	144971.000	
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BY ARC CENTERED AT	2218146.000	144160.000	
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BY STRAIGHT LINE TO	2156272.569	. 117354.955	
BY ARC CENTERED AT	2157920.000	. 135521.000	
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BY STRAIGHT LINE TO	2149319.763	. 118425.992	
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TO	2149162.352	. 118413.090	
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BY STRAIGHT LINE TO	2129668.620	. 119022.962	
BY ARC CENTERED AT	2133089.000	. 136940.000	
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BY STRAIGHT LINE TO	2122636.540	. 121514.043	
BY STRAIGHT LINE TO	2122090.600	. 121683.588	
BY STRAIGHT LINE TO	2118739.612	. 122394.088	
BY ARC CENTERED AT	2122523.000	. 140238.000	
TO	2114775.806	. 123724.363	
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BY STRAIGHT LINE TO	2051871.023	. 183006.136	
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TO	2050844.853	. 182991.054	

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то	2048033,279	183053,706
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BY ARC CENTERED AT	2042475.000	201660.000
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BY STRAIGHT LINE TO	2033138.620	185354.743
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BY STRAIGHT LINE TO	2027400.979	187003.902
BY ARC CENTERED AT	2033385.000	204235.000
то	2026833.971	187211.391
BY STRAIGHT LINE TO	2023509.988	188490.527
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BY ARC CENTERED AT	2026640.000	206660.000
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BY STRAIGHT LINE TO	2015795.894	191414 427
BY ARC CENTERED AT	2021155.000	208850.000
то	2013823.478	192147.664
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BY ARC CENTERED AT	2017453.000	210475.000
то	2007660.073	195086.114
BY STRAIGHT LINE TO	2006450 073	195856 114
BY ARC CENTERED AT	2016243.000	211245.000
TO	2002812 039	198902.856
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то	1895099.636	 257588.381	
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то	1867537.422	 259884.472	
BY ARC CENTERED AT	1872418.000	 277460.000	
то	1858533.650	 265630.205	
BY ARC CENTERED AT	1843467,000	 275912.000	
то	1848728.806	 258446.816	
BY ARC CENTERED AT	1835344.000	 270839.000	
TO	1842206.261	 253938.450	
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TO	1815531.092	 274400.671	
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то	1808996.684	 278064.144	
BY ARC CENTERED AT	1809845.000	 296285.000	
TO	1792971.196	289357.232	
BY ARC CENTERED AT	1791584.000	 307545.000	
TO	1773422 454	305848 689	
BY ARC CENTERED AT	1783067.000	 321331.000	
TO	1771283.720	 307407.152	
BY ARC CENTERED AT	1782391.000	 321876.000	
TO		309156.470	
BY ARC CENTERED AT	1778769.000	 324757.000	
TO	1763171.778	 315299.416	
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BY ARC CENTERED AT	1703080.000	316885.000
TO	1706764.569	299020.421
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BY ARC CENTERED AT	1700680.000	316390.000
TO	1702465.472	298237.002
BY STRAIGHT LINE TO	1698144.472	297812.002
BY ARC CENTERED AT	1696359.000	315965.000
то	1696238.714	297724.804
BY STRAIGHT LINE TO	1692447.714	297749.804
BY ARC CENTERED AT	1692568.000	315990.000
TO	1691302.392	297793.367
BY STRAIGHT LINE TO	1688714.392	297973.367
BY ARC CENTERED AT	1689980.000	316170.000
TO	1687709.313	298071.292
BY STRAIGHT LINE TO	1684999.313	298411.292
BY ARC CENTERED AT	1687270.000	316510.000
TO	1683392.698	298686.259
BY ARC CENTERED AT	1674667.698	300584.259
TO	1078040.000	318408.000
BY STRAIGHT LINE TO	1670002 060	300696.825
BY ARC CENTERED AT	1675246 000	301484.825
то	1670479 206	201619 527
BY STRAIGHT LINE TO	1666144 396	302818 537
BY ARC CENTERED AT	1671018 000	320396.000
то	1665216 208	303102 694
BY STRAIGHT LINE TO	1663698.256	303611.957
BY STRAIGHT LINE TO	1662427.081	303960.024
BY STRAIGHT LINE TO	1661678.585	304151.016
BY STRAIGHT LINE TO	1659494.422	304615.679
BY ARC CENTERED AT	1663290.000	322457.000
TO	1659476.114	304619.584
BY STRAIGHT LINE TO	1658119.984	304909.541
BY ARC CENTERED AT		
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то		
BY STRAIGHT LINE TO	1636292.049	308606.828
BY STRAIGHT LINE TO	1627130.174	309806.774
BY STRAIGHT LINE TO	1620756.645	310390.406
BY ARC CENTERED AT	1622420.000	328555.000
то	1619894.970	310490.021
BY STRAIGHT LINE TO	1614564.970	311235.021
BY ARC CENTERED AT	1617090.000	329300.000
TO	1613147.762	311490.508
BY STRAIGHT LINE TO	1611814.388	311591.352
BY ARC CENTERED AT	1613190.000	329780.000
то	1609959.518	311827.752
BY STRAIGHT LINE TO	1606069.518	312527.752
BY ARC CENTERED AT	1609300,000	330480.000
TO	1604701.693	312828.518
BY STRAIGHT LINE TO	1604290.346	312866.444
BY ARC CENTERED AT	1605965.000	331030.000
TO	1601324.800	313389.485
BY STRAIGHT LINE TO	1601195,452	313403.353
BY ARC CENTERED AT	1603140,000	331540.000
TO	1598672.218	313855.030
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BY STRAIGHT LINE TO	1596179.536	314483.099
BY STRAIGHT LINE TO	1592424.426	315063.358
BY ARC CENTERED AT	1595210.000	333090.000
TO	1591478.647	315235.134
BY ARC CENTERED AT	1594075.000	333290,000
TO	1589693.705	315583.406
BY ARC CENTERED AT	1593010.000	333520.000
TO	1589432.725	315633.627
BY STRAIGHT LINE TO	1588107.725	315898.627
BY ARC CENTERED AT	1591685.000	333785.000
TO	1585928.488	316476.568
BY STRAIGHT LINE TO	1584286.461	317022.681
BY ARC CENTERED AT	1582201.158	317563.459
TO	1586780.000	335220.000
BY STRAIGHT LINE TO	1576965 896	317731.616
BY ARC CENTERED AT	1570205.020	336800 000
то	1575260 420	319605.920
BY STRAIGHT LINE TO	1570000.430	321475.920
BY ARC CENTERED AT	1576170 000	228670.000
то		
BY STRAIGHT LINE TO	1505005.400	202000.746
BY ARC CENTERED AT	1571690 000	240295 000
TO	1562590 464	0±0000,000 292001 704
BY STRAIGHT LINE TO	1569104.470	549891.184 204000420
BY STRAIGHT LINE TO	1561079 450	024202.400 204002.604
BY ARC CENTERED AT	156760# 000	241000 000
TO		
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BY STRAIGHT LINE TO	1558878.845	326020.658
BY ARC CENTERED AT		
TO	1556225,264	327055.652
BY STRAIGHT LINE TO	1556065.664	327132.756
BY STRAIGHT LINE TO	1553511.012	327893.991
BY ARC CENTERED AT		
TO	1551769.032	328510.740
BY STRAIGHT LINE TO	1549575.133	329415.002
BY ARC CENTERED AT		
то	1546080.537	330642,124
BY STRAIGHT LINE TO		
BY ARC CENTERED AT		
то		
BY STRAIGHT LINE TO		
BY ARC CENTERED AT	1546740.000	350600.000
TO		
BY STRAIGHT LINE TO	1531757.270	337418.384
BY ARC CENTERED AT	1539270.000	354040.000
TO	1530263.411	338178.077
BY STRAIGHT LINE TO	1527498.411	339748.077
BY ARC CENTERED AT	1536505.000	355610.000
TO		340350.748
BY STRAIGHT LINE TO	1526495.252	340356.351
BY ARC CENTERED AT	1532515.000	357575.000
то	1523958.793	341465.669
BY ARC CENTERED AT	1531240.000	358190.000
то	1522812.853	342012.780
BY STRAIGHT LINE TO	1516478.301	345312.618
BY STRAIGHT LINE TO		
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TO	1504778.049	350791.968
BY STRAIGHT LINE TO	1493968.049	356486.968
BY ARC CENTERED AT	1502470.000	372625.000
TO	1493740.316	.356609.013
BY STRAIGHT LINE TO	1488240.052	359606.990
BY ARC CENTERED AT	1483834.387	351809.134
TO	1492040.000	378110.000
BY STRAIGHT LINE TO	1405540.005	262000,100
BY STRAIGHT LINE TO	1401403./1/	267291 406
BY STRAIGHT LINE TO	1464621664	970900 555
BY ARC CENTERED AT	1471940 000	207200.000
TO	1471240,000	00/090.000
BY STRAIGHT LINE TO		
BY STRAIGHT LINE TO	1401307.007	3/1/UU.413
BY STRAIGHT LINE TO		
BY ARC CENTERED AT		
TO		
BY STRAIGHT LINE TO		
BY ARC CENTERED AT	1449935.000	394700.000

	X	Y
TO	1442769.075	377925.950
BY STRAIGHT LINE TO	1437906.346	380003.323
BY STRAIGHT LINE TO		
BY STRAIGHT LINE TO	1431147.160	382502.176
BY ARC CENTERED AT		
TO	1426148.360	383291.431
BY STRAIGHT LINE TO	1423703.360	384036.431
BY ARC CENTERED AT	1429020.000	401485.000
TO	1421665.109	384792.942
BY STRAIGHT LINE TO	1421218.470	384903.464
BY ARC CENTERED AT		402610.000
TO	1417427.962	386302.424
BY STRAIGHT LINE TO		388053.764
BY STRAIGHT LINE TO		
BY STRAIGHT LINE TO		
BY STRAIGHT LINE TO		
BY STRAIGHT LINE TO		390971.488
BY ARC CENTERED AT		409180.000
то		390995.170
BY STRAIGHT LINE TO		390976.807
BY STRAIGHT LINE TO		
BY STRAIGHT LINE TO		390515.548
BY ARC CENTERED AT		408500.000
TO		390444.486
BY STRAIGHT LINE TO		390114.809
BY STRAIGHT LINE TO		
BY ARC CENTERED AT		397870.000
TO		379651.426
BY STRAIGHT LINE TO		379603.426
BY ARC CENTERED AT		397822.000
TO		386618.846
BY STRAIGHT LINE TO		386685.385
BY STRAIGHT LINE TO		
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BY STRAIGHT LINE TO		388886.344 388897.040
BY STRAIGHT LINE TO		388813.567
BY STRAIGHT LINE TO		388548.345
BY STRAIGHT LINE TO		388113.641
BY STRAIGHT LINE TO		
BY STRAIGHT LINE TO		386188.550
BY ARC CENTERED AT		404205,000
TO		386141.401
BY STRAIGHT LINE TO		385403.401
BY ARC CENTERED AT		403467.000
	·	385349.949
TO		
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BY ARC CENTERED AT		
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BY STRAIGHT LINE TO	12/7049.094	384203.200

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BY ARC CENTERED AT	 1275467.000	 402375.000	
TO	 1276973.676	 384196.739	
BY STRAIGHT LINE TO	 1266567.571	 383334.246	
BY STRAIGHT LINE TO	 1261753.853	 382854.687	
BY STRAIGHT LINE TO	 1256844.970	 382176.061	
BY STRAIGHT LINE TO	 1252081.894	 381444.329	
BY STRAIGHT LINE TO	 1247119.827	 380488.609	
BY ARC CENTERED AT	 1243670.000	 398400.000	
TO	 1246625.928	 380400.508	
BY STRAIGHT LINE TO	 1243865.458	 379947.175	
BY STRAIGHT LINE TO	 1240510.889	 379144.329	
BY STRAIGHT LINE TO	 1238894.264	 378640.306	
BY STRAIGHT LINE TO	 1234691.701	 377218.487	
BY ARC CENTERED AT	 1228846.000	 394497.000	
TO	 1233981.468	 376994.252	
BY ARC CENTERED AT	 1225768.000	 393281.000	
TO	 1230677.055	 375713.405	
BY STRAIGHT LINE TO	 1229077.217	 374979.877	
BY ARC CENTERED AT	 1219065.000	 390227.000	
TO	 1227370.800	 373987.144	
BY STRAIGHT LINE TO	 1226184.927	 373380.635	
BY STRAIGHT LINE TO	 1227213.819	 367277.089	
BY ARC CENTERED AT	 1209227.000	 364245.000	
то	 1214917.815	 346914.857	
BY STRAIGHT LINE TO	 1213303.815	 346384.857	

- 4. Pending further order of the Court or agreement of the parties, leases of lands lying partly within the area above described and partly landward of that area shall be in no way affected by anything contained in this decree, and revenues derived from such leases shall remain subject to impoundment under the Interim Agreement of October 12, 1956, as amended, in the same manner as heretofore.
- 5. The Court retains jurisdiction to entertain such further proceedings, enter such orders and issue such writs as may from time to time be deemed necessary or advisable to give proper force and effect to its previous orders or decrees herein or to this decree or to effectuate the rights of the parties in the premises.

Inthe Supreme Court of the United States

OCTOBER TERM, 1970

No. 9, Original

UNITED STATES OF AMERICA, PLAINTIFF

v.

STATE OF LOUISIANA, ET AL.

MEMORANDUM IN SUPPORT OF THE UNITED STATES'
MOTION FOR ENTRY OF A SUPPLEMENTAL DECREE
AS TO THE STATE OF LOUISIANA (NO. 3)

STATEMENT

On March 26, 1956, the Court allowed the United States to file this suit to define the seaward limit of the area given to Louisiana by the Submerged Lands Act, 67 Stat. 29, 43 U.S.C. 1301-1315. United States v. Louisiana, 350 U.S. 990. Thereafter difficulties arose over administration of the disputed area pendente lite, and on June 11, 1956, the Court enjoined further leasing or drilling by either party unless done pursuant to an agreement to be filed with the Court. United States v. Louisiana, 351 U.S. 978. Such an agreement was executed and filed on October 12, 1956, and leasing in

the disputed area has subsequently been conducted in accordance with it. That agreement is set out in Appendix "A", infra, pp. 29-51.

The agreement authorizes leasing in the disputed area, chiefly by the United States, and requires proceeds derived therefrom by either party to be held impounded "until title to the area affected is determined" (Paragraph 9). Upon such determination as to any area, either party holding impounded proceeds of an area awarded to the other party is required to pay those proceeds to the other party (Paragraph 9), and the agreement terminates as to that area (Paragraph 15).

On May 31, 1960, the Court held that the Submerged Lands Act gave Louisiana only three miles from the coastline, rather than three leagues as claimed by the State. United States v. Louisiana, 363 U.S. 1. On May 17, 1965, in United States v. California, 381 U.S. 139, the Court decided various questions regarding the effect of the Submerged Lands Act. In the light of those decisions the United States, after consultation with counsel for Louisiana, moved the Court on November 23, 1965, for entry of a supplemental decree awarding to each of the parties certain areas as to which no further claim could be asserted by the other consistently with the decisions referred to. Louisiana answered but did not oppose that motion, and the proposed decree was entered on December 13, 1965. United

¹ Various modifications of the agreement have been executed and filed with the Court, but are not material to the present question.

States v. Louisiana, 382 U.S. 288. That decree provided that each party holding impounded funds derived from an area awarded to the other party should account for and pay over those funds to the other, and that each party holding impounded funds derived from an area awarded to itself could release those funds to itself free of impoundment.

On cross motions for entry of a further supplemental decree to establish the precise limit of the State's submerged lands, the Court issued an opinion on March 3, 1969, deciding many of the legal questions, but without attempting to relate them to any precise line. United States v. Louisiana, 394 U.S. 11. Louisiana's petition for rehearing was denied on April 21, 1969, United States v. Louisiana, 394 U.S. 994, and on May 19, 1969, the case was referred to Walter P. Armstrong, Jr., as Special Master, to consider the remaining legal and factual issues and report recommendations consistent with the Court's opinion. United States v. Louisiana, 395 U.S. 901. The Special Master has held several weeks of hearings for the taking of evidence. The final hearings for that purpose are scheduled to begin on April 26, 1971, and are expected to take about a week. Briefing and argument of legal contentions before the Special Master thereafter have not yet been scheduled.

In the proceedings before the Special Master, in response to interrogatories and requests for admissions served by the United States, Louisiana has submitted a description of a line, seaward of which it admits that it can make no claim consistent with the Court's opinion of March 3, 1969. That description is set out in para-

graph 3 of the proposed supplemental decree, supra, pp. 4-17.² The description was submitted under protest, based in part on the State's intention to ask for reconsideration of the opinion of March 3, 1969, and in part on the contention that it is legally improper to describe a line three miles from the coast by coordinates of points on the line, since those coordinates must always be computed from the coordinates of points on the coastline, and those computations cannot be exact but must always be rounded off at some point.³ In Louisiana's description, the coordinate values are rounded off to the nearest one-thousandth of a foot.

Meanwhile, the United States holds impounded a large and growing amount of money derived from mineral leases of submerged lands situated wholly more than one foot seaward of the line described by Louisiana as the outermost limit of its possible claims under

² As submitted by Louisiana, the description was accompanied by a fourth column of information, of which Louisiana's letter of transmittal said:

The fourth column of information is irrelevant to the description. Its purpose is merely to serve as a coded record of lines of input data from which the output of each line in the description was derived. This is also for convenience in describing the particular lines of output data. The coded designations may become important for my people to conduct double checks in ironing out discrepancies, if any, between State and Federal positions.

We have not reproduced that information since, as pointed out by Louisiana, it is irrelevant to the description.

³ Louisiana's solution to the problem would be to describe the line simply as a line, every point of which is three geographical miles seaward from the nearest point on a described coastline, omitting any computation of where such a three-mile line would be.

the Court's opinion of March 3, 1969. The amount so held is now more than one billion dollars.

ARGUMENT

1. The United States is entitled to the relief sought at this time.—The purpose of this motion is to secure a decree adjudicating the rights of the United States in an area of the continental shelf as to which Louisiana admits that it can make no claim consistent with the Court's opinion of March 3, 1969, 394 U.S. 11, and to terminate the impoundment of revenues derived from leases of lands lying wholly within that area. Since this motion seeks essentially interim relief, in advance of a complete and final determination of the case, we should hesitate to impose it on the Court in the absence of compelling reasons, or if we thought it raised any serious issues, a consideration of which should be deferred until decision of the case as a whole. We present the matter to the Court now for reasons that we find compelling, and because we believe that the motion raises no truly debatable issue of law or fact.

Our reason for seeking relief at this time is that the United States now holds impounded, under the Interim Agreement of October 12, 1956, more than one billion dollars derived from lands lying wholly within an area to which Louisiana admittedly can make no claim under the Court's opinion of March 3, 1969. We cannot reasonably anticipate that the hearings, brief-

⁴ In accordance with Paragraph 8 of the Interim Agreement, the United States gives Louisiana monthly reports of the amount held impounded, derived from each lease that is subject to impoundment by the United States.

ing, and argument before the Special Master on the numerous remaining legal and factual issues, submission of his report to the Court, filing of exceptions thereto by one or both parties, briefing and argument thereon, and decision and entry of a decree by the Court can be completed before June 1973 at the earliest. We consider it to be against public policy to require that so large a sum of public money be held sequestered for so long a time after every legal and factual question regarding that sum has been decided.

We believe that our motion presents no debatable issue of law or fact, since it is limited to sums derived from leases of lands lying wholly within that part of the continental shelf to which Louisiana admits that it can make no claim under the Court's opinion of March 3, 1969. We do not seek any relief at this time as to revenues derived from so-called split leases—that is, leases lying partly in an area to which Louisiana can and does assert a claim under the Court's opinion and partly in an area as to which it cannot. We should hesitate to burden the Court with the problems involved in splitting leases, prior to a final decision as to where the leases are to be split or whether they are to be split at all.

No such problems arise as to the leases which are the subject of this motion. As to them, the only question is whether the Court will reconsider its opinion of March 3, 1969. The Court has denied Louisiana's petition for a rehearing, 394 U.S. 994, and has referred the case to a Special Master to make a preliminary determination consistent with its opinion, 395 U.S. 901. There have been numerous conferences between the

parties and the Special Master, and many weeks of hearings involving months of preparation, pursuant to the reference. Those hearings are still continuing. In these circumstances, we suppose that the Court will not be disposed to upset its opinion of March 3, 1969, unless for the most urgent and unexpected reasons. We know of no reasons that have been or could be advanced that have not already been considered and rejected by the Court. Accordingly, we conclude that we impose only a minimal burden on the Court in asking it to effectuate what Louisiana admits to be the consequence of the Court's opinion of March 3, 1969.

Louisiana has sometimes suggested that the Court's reference to a Special Master in the case of United States v. Maine, et al., No. 35, Original, 398 U.S. 947, presages a general re-examination of all this Court's previous decisions regarding relative state and federal rights in the seabed. However, we think Louisiana overlooks the fact that the order in No. 35, Original, was made in response to the protestations of Maine and the other defendant States in that case that they had never had their day in court, and that they should have an opportunity to prove their cases independently, without being foreclosed by decisions made in cases to which they were not parties. Louisiana, on the other hand, has had many days in court. United States v. Louisiana, 339 U.S. 699; Id., 340 U.S. 856; Id., 340 U.S. 899; Id., 340 U.S. 907; Id., 340 U.S. 939; Id., 363 U.S. 1; Id., 364 U.S. 856; Id., 364 U.S. 502; Id., 394 U.S. 11; Id., 394 U.S. 994. We see little reason to anticipate that the Court will reconsider now the questions thoroughly and so recently canvassed by it in this and the predecessor case between the United States and Louisiana.

Another objection raised by the State has been that such a description, necessarily derived by computation from the coordinates of the shore points from which the three-mile limit is measured, must be inaccurate because the computations, in most instances, lead to decimal fractions that could be extended to an indefinite degree of refinement, without ever producing an exact figure. The figures given by the State have been computed to the nearest one-thousandth of a foot. Thus, any error of the sort mentioned could not exceed half of one one-thousandth of a foot, that is, five ten-thousandths of a foot. To avoid at this time any problem over the theoretical inexactitude of such measurements, we are limiting our present motion to the area lying more than one foot seaward from the line described by Louisiana. The one-foot margin thus provided is 2000 times wider than the possible seaward range of the errors of which the State complains. At a later stage of the case, when a definitive dividing line must be drawn, we shall deal with Louisiana's objection.

We have made no attempt here to burden the Court or complicate the proposed decree with an enumeration of the leases that will be affected. In this respect we have followed the precedent of paragraph 5 of the supplemental decree that was entered herein without opposition on December 13, 1965, 382 U.S. 288, 292. Since the United States itself holds the impounded receipts, it is possible now, as it was then, simply to authorize it to identify the affected receipts and release them to itself. The identification of the leases is purely

mechanical, and no disagreement is reasonably to be anticipated.

2. This motion is properly addressed to the Court rather than to the Special Master.—We believe that this motion is properly addressed to the Court directly. Giving full effect to all the reservations expressed by Louisiana in submitting its description, the fact remains that Louisiana admits that no area seaward of the described line is in dispute before the Special Master under the terms of the reference to him. We do not believe that there is any procedural necessity for us to seek from him a recommendation regarding an area that is not in issue before him.

As a practical matter, application to the Special Master would be at best a useless formality. The order of reference to him calls for a recommendation consistent with the Court's opinion; the question whether that opinion should be reconsidered is not before him. Thus, the only question that could be presented to him on the present motion would be the maximum extent of the claim now made by Louisiana under the Court's opinion; and Louisiana itself is surely in the best position to know what it claims. A report from the Special Master could do no more than repeat Louisiana's own statement as we have done in the proposed decree. An application to the Special Master would merely interject an additional and meaningless step in the procedure, taking his time and that of the parties to no purpose, and further delaying release of the impounded funds.

3. Louisiana should be required to respond to this motion within 60 days.—Under Rule 6(d) of the Fed-

eral Rules of Civil Procedure, a motion is normally to be heard not less than five days after service. Having in mind the character of this case and the fact that Louisiana is now preoccupied with preparations for presentation of its rebuttal evidence before the Special Master from April 26 through April 30, 1971, we do not suggest that Louisiana be required to answer before completion of that hearing. We submit the motion now only so that Louisiana can consider it in the interim to whatever extent it may find opportunity to do so. To allow 60 days after service will give the State at least six weeks after the close of the forthcoming hearings, which seems to us adequate for the purpose. The motion raises no issue of law or fact, but only the question whether the Court will require a very large sum of public money to be held impounded, after every question bearing on its ownership has been decided, simply on the chance that the decision may be reconsidered at some future time. We believe that extended briefing by either side is unnecessary and could add little to the considerations of judicial policy by which such a question must be answered.

CONCLUSION

For the foregoing reasons, the United States asks that the Court require Louisiana to respond to this motion within 60 days, and that the Court enter a supplemental decree in the form submitted herewith.

Respectfully submitted.

ERWIN N. GRISWOLD,

Solicitor General.

Shiro Kashiwa,

Assistant Attorney General.

GEORGE S. SWARTH,
JONATHAN I. CHARNEY,
Attorneys.

APRIL 1971.

APPENDIX "A"

AGREEMENT BETWEEN UNITED STATES OF AMERICA AND STATE OF LOUISIANA PURSUANT TO SECTION 7 OF THE OUTER CONTINENTAL SHELF LANDS ACT AND ACT 38 OF THE LOUISIANA LEGISLATURE OF 1956

Whereas, there is a controversy between the United States of America, hereinafter referred to as the United States, and the State of Louisiana, hereinafter referred to as the State, as to whether certain submerged lands in the Gulf of Mexico are owned by the State of Louisiana or whether such submerged lands are owned by the United States; and

Whereas, on June 11, 1956, the Supreme Court of the United States issued an order in the case entitled United States of America v. State of Louisiana, Original No. 15, October Term 1955, which provided among other things as follows:

"It is further ordered that the State of Louisiana and the United States of America are enjoined from leasing or beginning the drilling of new wells in the disputed tidelands area pending further order of this court unless by agreement of the parties filed here."

and,

Whereas, Section 7 of the Outer Continental Shelf Lands Act of August 7, 1953 (67 Stat. 462), hereinafter referred to as the Act, authorizes the Secretary of the Interior, with the concurrence of the Attorney General of the United States, to negotiate and enter into agreements with the States respecting operations under existing mineral leases and payment and impounding of rents, royalties and other sums payable thereunder, and respecting the issuance or non-issuance of new mineral leases pending the settlement or adjudication of the controversy; and

WHEREAS, the State of Louisiana, in Act 38 of the Louisiana Legislature of 1956, in recognition of the existence of the aforesaid controversy and of the said action of the Supreme Court of the United States, confers authority on the State Mineral Board, with the concurrence of the Attorney General of Louisiana, to negotiate and enter into agreements or stipulations for and on behalf of the State with the United States, respecting operations under any present or future mineral leases on the area in controversy, or the deposit in escrow or impounding of bonuses, rents, royalties and other sums payable thereunder pending the settlement or adjudication of the controversy; said act also providing for the ratification by the State of Louisiana of any mineral lease covered by any agreement entered into pursuant to its provisions, subject to compliance with its requirements; and

WHEREAS, the parties hereto agree that it is to the best interest of the United States and the State of Louisiana that the drilling of new wells be commenced and that, in certain instances, provision for leasing be made in the disputed area; and

Whereas, the United States of America and the State of Louisiana desire to provide for the impoundment of certain bonuses, rentals, royalties and other sums

heretofore or hereafter payable under mineral leases in the disputed area, pending the final settlement or adjudication of the said controversy, and thereafter for the validation or recognition of outstanding leases issued by either party,

Now, Therefore, the United States of America and the State of Louisiana, by and through the Secretary of the Interior and the State Mineral Board, respectively, and with the concurrence of the Attorneys General of the United States and of the State of Louisiana, stipulate and agree as follows:

1

No definition, agreement or provision hereof shall be construed to waive or prejudice in any way any right or claim which either party now has or may hereafter be determined to have in and to any or all of the area referred to herein as the area in dispute, nor shall any provision hereof be the basis for questioning, prejudicing or waiving in any manner any right, interest, claim or demand whatsoever of either party now pending in the proceedings above referred to, or otherwise; and as to the State of Louisiana, nothing herein contained shall be construed in any manner as affecting the claim of the State of Louisiana to its historic boundaries as redefined in Act 33 of the Louisiana Legislature of 1954, or as otherwise fixed or defined, or the claim of the State of Louisiana to property and mineral rights within its historic boundaries.

2

The submerged lands in the Gulf of Mexico are divided for the purposes hereof into four zones as

shown on the plat annexed hereto as Exhibit "A", which reflects as a base line the so-called "Chapman-Line". No inference or conclusion of fact or law from the said use of the so-called "Chapman-Line" or any other boundary of said zones is to be drawn to the benefit or prejudice of any party hereto or of any third party. It is recognized that the so-called "Chapman-Line" has not been actually surveyed and that while the limits of each zone as reflected on the annexed Exhibit "A" shall be binding upon the parties for the purposes hereof, said specific limits remain to be finally fixed and determined either by agreement of the parties or otherwise. The aforesaid zones are as follows:

- (a) Zone No. 1 comprises the area lying seaward of and within three (3) geographical miles of the so-called "Chapman-Line".
- (b) Zone No. 2 comprises the area which is bounded landward by the seaward boundary of Zone No. 1 and which is bounded seaward by a line three (3) Marine Leagues from the so-called "Chapman-Line".
- (c) Zone No. 3 comprises the area bounded landward by the seaward boundary of Zone No. 2 and bounded seaward by the seaward boundary line of the State of Louisiana as fixed and redefined by Act 33 of the Louisiana Legislature of 1954.
- (d) Zone No. 4 comprises all that portion of the Continental Shelf lying seaward from the seaward line of Zone No. 3.

Notwithstanding the existence of a dispute or controversy as to any other area, the disputed area as here-

inafter referred to, sometimes referred to as the disputed tidelands area, or the area affected by the aforesaid controversy, is defined, for the purposes of this agreement, to be the area comprising Zones 2 and 3, as above defined and shown on the Exhibit "A".

4

As to any leases heretofore granted by either party, this agreement shall be applicable only to any oil, gas or other mineral lease which was on June 11, 1956, and is on the effective date hereof in full force and effect, either by virtue of its terms or as the result of a suspension or extension as hereinafter referred to in Paragraph 11(b)(1) and (3), either as to the United States, the State, or both, as to oil, gas or other minerals, insofar as any such lease relates to lands within the disputed area. This agreement shall also be applicable to any lease as to which, on the effective date hereof, all requirements for the validation thereof under Section 6 of the Act have been complied with, but which has not yet been validated under said Section 6.

5

The United States and the State of Louisiana hereby consent to the drilling of new wells in the disputed area on any lease or part thereof to which this agreement is applicable, by the lessee or approved operator of such leases, provided that the lessee shall have complied with the following requirements:

(a) Such lessee shall have executed the waiver and consent agreement annexed hereto as Exhibit "B",

in which it shall waive (under certain conditions set forth therein) as to such lease or part thereof, any claim based on ownership of the leased area by the State of Louisiana to a refund of any sums impounded by the United States under Paragraph 7 hereof, which it has or may have during the life of this agreement against the United States under Section 10 of the Act, or under any agreement entered into under Section 7 of the Act, and in which such lessee consents to the provisions of this agreement with respect to the impoundment and release of impounded funds.

(b) Such lessee shall also have entered into a separate agreement with the State of Louisiana on one of the six forms annexed hereto as Exhibits "C", "D", "E", "F", "G" and "H". Exhibit "C" is applicable to any producing lease or lease containing shut-in wells granted originally by the State and validated under Section 6 of the Act. Exhibit "D" is applicable to any of the same type of producing and shut-in well leases granted by the United States under Section 8 of the Act. Exhibit "E" is applicable to any non-productive lease granted originally by the State of Louisiana and validated under Section 6 of the Act. Exhibit "F" is applicable to any non-productive lease granted originally by the United States under Section 8 of the Act. Exhibit "G" is applicable to any of the leases granted by the State since May 22, 1953. Exhibit "H" is applicable to any lease granted originally by the State of Louisiana under which payments have been made both to the United States and the State of Louisiana, so as to maintain the lease in effect as to both parties. If there is a need for variation to meet a factual situation

relating to any lease which, in the opinion of both the State of Louisiana and the lessee, requires the insertion of special provisions in the form of agreement otherwise applicable to said lease, such special provisions may be inserted in said agreement by mutual consent of the State and the lessee; provided that said agreement otherwise incorporates the same basic requirements of the lessee. As to the leases affected by the two unitization agreements specifically listed in paragraph 12(b) and as to the leases affected by the agreements referred to in paragraph 11(b)(3), the form of agreement otherwise applicable to such leases shall be amended so as to refer specifically to such agreement and give recognition thereto.

The waiver and consent agreement and executed copies of the separate agreement with the State of Louisiana shall be filed in duplicate with the United States Oil and Gas Supervisor, United States Geological Survey, in New Orleans, Louisiana, and in duplicate with the Secretary of the State Mineral Board, State Capitol, Baton Rouge, Louisiana; and upon such filing, the consent to drill herein granted shall, without further action by any of the parties be effective. However, the consent to the drilling of new wells contained in this Paragraph 5 shall not relieve any lessee of the obligation to comply with all regulatory provisions relating to drilling and production.

The drilling of any wells on a unitized area will not be permitted until the waiver and consent agreement and a separate agreement with the State, as hereinabove provided for, shall have been executed by the lessee for each lease committed to that unit. Notwithstanding any adverse claims by the other party hereto, the State of Louisiana as to any area in Zone No. 1, and the United States as to any area in Zone No. 4, shall have exclusive supervision and administration, and may issue new leases and authorize the drilling of new wells and other operations without notice to or obtaining the consent of the other party.

7

- (a) Subject to the exclusions of subparagraph (d) hereof, the United States agrees to impound in a separate fund in the Treasury of the United States a sum equal to all bonuses, rentals, royalties and other payments heretofore or hereafter paid to it for and on account of each lease, or part thereof, in Zones 2 and 3, being the disputed area, if, as and when each such lease is made subject to the provisions of this agreement by the lessee thereof complying with the provisions of Paragraph 5 hereof.
- (b) The State of Louisiana, since May 22, 1953, has granted certain mineral leases which affect submerged lands located in the disputed area. The parties take cognizance that, under the laws of the State of Louisiana, the State of Louisiana cannot impound sums heretofore paid to it with respect to such leases. Accordingly, in order that any lessee desirous of obtaining consent for the drilling of a well on any such lease may satisfy the requirement of the United States that such payments be impounded, the State of Louisiana agrees, with respect to any such lease, and as provided

in Exhibit G hereof, (1) to require of any lessee seeking a drilling permit to drill any portion of the leased premises lying within the disputed area to deposit in a separate fund for impoundment in the Treasury of the State of Louisiana a sum equal to all bonuses, rentals, royalties and other payments applicable to the disputed area theretofore paid to the State by the lessee, and to hold the amount so deposited as an impounded fund in its treasury, subject to the provisions hereof, and (2) to impound all payments hereafter received by it from the lessees of any of the said leases issued by the State in the disputed area since May 22, 1953, which are made subject to this agreement.

(c) As to any lease granted originally by the State of Louisiana under which payments have been made both to the United States and the State of Louisiana, so as to maintain the lease in effect as to both parties, it is agreed that (a) as to any such lease which is not now producing oil, gas or other minerals, lessee shall be required to continue, until further agreement of the parties, or until the final settlement or adjudication of the controversy, to make such dual rental payments, including payments based on shut-in wells; but in the event production of minerals is commenced, lessee shall deposit single royalty payments based upon such production for impoundment as provided for in subparagraph (e) hereof; (b) with respect to any well or wells now producing minerals from any such lease with respect to which royalty has been paid both to the State of Louisiana and to the United States, the lessee shall be required to continue, until further agreement of the parties, or until final settlement or adjudication of the controversy, to make such dual royalty payments under the terms of the applicable leases, subject to the provisions of any applicable agreement heretofore entered into between such lessee and the State of Louisiana, or between such lessee and the United States. No such royalty paid to the State of Louisiana on oil, gas and other minerals produced from any such well shall be subject to impoundment as herein provided for. However, in the event production is obtained from any additional well or wells which are not now producing minerals, single royalty payments based upon the production from any such well or wells shall be deposited for impoundment as provided for in sub-paragraph (e) hereof.

- (d) There shall be excluded from the obligations of the parties in this paragraph 7 to impound separately (1) the dual rental payments, including payments based on shut-in wells, and dual royalty payments referred to in sub-paragraph (c) hereof, made under any lease, including such dual payments made under any agreement entered into under Section 7 of the Act, and (2) any rentals paid to the United States for that portion of the submerged lands affected by any lease granted originally by and valid as to the State of Louisiana extending into the disputed area when production is being obtained from that portion of the leased premises lying in Zone No. 1.
- (e) All sums subject to impoundment which are payable hereafter under the terms of the leases granted by the State of Louisiana, as referred to in sub-paragraph (b) hereof, shall be paid by the lessee to the State of Louisiana for impoundment as hereinabove provided.

All sums subject to impoundment which may hereafter be payable by any lessee under the terms of any other lease made subject to the provisions hereof shall be paid by the lessee to the United States for impoundment as herein provided for.

Such payments to the State of Louisiana shall be made to the Register, State Land Office, or the official or agency then designated by Louisiana law to receive such payments, and deposited in a separate fund for impoundment in the Treasury of the State of Louisiana.

Such payments to the United States shall be made to the Oil and Gas Supervisor, United States Geological Survey, New Orleans, Louisiana, or the official or agency then designated by the law of the United States to receive such payments, for impoundment in a separate fund in the Treasury of the United States.

- (f) In the event that only a part of a lease is within the disputed area, the sums to be impounded under this paragraph 7 shall be determined on a pro-rata basis as hereinafter provided for in Paragraph 10.
- (g) The United States and the State of Louisiana agree that all such payments made pursuant to subparagraph (e) above, if otherwise made in accordance with the provisions of each such lease and this agreement, shall, subject to the provisions of Paragraph 11(a) hereof, be considered as payments in compliance with the lease affected.

8

Each of the parties, promptly after the effective date hereof, and in any event within 90 days from such effective date, shall furnish to the other party a statement of all sums which are subject to impoundment by each party under the terms hereof. Such statement shall be made separately with respect to each lease or portion thereof within the disputed area and shall reflect the amounts theretofore received and the nature and source of the funds so received. Thereafter the parties shall cooperate in making available to each other on a monthly basis a statement with respect to each such lease, so that each party shall have a current record of the amounts received with respect to each such lease and the nature and source thereof.

9

Except as to claims under Section 10 of the Act with respect to sums which would not be due to the State of Louisiana even if the question of ownership of the leased land is determined in the State's favor, the impounded funds provided for herein shall be held intact, in a separate account for each lease or portion thereof affected, by each party until title to the area affected is determined. Whereupon, except as otherwise herein provided:

- (a) Any funds derived from an area finally determined to be the property of the United States shall be taken from the separate and impounded fund in the Treasury of Louisiana provided for herein and paid to and received in the Treasury of the United States as provided by law.
- (b) Any funds derived from an area finally determined to be owned by the State of Louisiana (except the funds referred to in sub-paragraph (c) hereof) shall be taken from the separate and impounded fund

in the Treasury of the United States provided for herein, paid to the Register, State Land Office, State of Louisiana, or the official or agency then designated by Louisiana law to receive such payments, and shall thereafter be received in the Treasury of the State of Louisiana, as provided by law.

If, with respect to any lease, the lessee shall have paid the State of Louisiana all or any part of the amount of the impounded fund, prior to the payment of such impounded fund to the State of Louisiana by the United States, the amount of such payment so made by the lessee shall not be paid to the State, but shall be subject to the provisions of sub-paragraph (d) hereof.

(c) Any funds representing additional royalty paid to the United States under Section 6(a)(9) of the Act which are impounded pursuant to Paragraph 7(a) hereof, shall, on determination that such funds are derived from an area determined to be owned by the State of Louisiana, be taken from the separate and impounded fund in the Treasury of the United States provided for herein and paid to the Collector of Revenue of the State of Louisiana, or the official or agency then designated by Louisiana law to receive such payments, and shall be credited by the State only against taxes which may be due and payable and not theretofore paid to the State under the terms of the agreement between the State and the lessee of such lease or leases from which such funds were derived; and any of such funds in excess of the credit required to make the State whole in respect to such taxes shall be released by the State to such lessee or lessees.

- (d) In these cases (1) where the lessees have not complied with Paragraph 5 of this agreement, or (2) where dual payments have been made both to the United States and the State of Louisiana, including such dual payments made under any agreement entered into under Section 7 of the Act, or (3) where the lessee shall have made payments to the State of Louisiana under any lease of all or any part of the impounded funds prior to the time that the impounded funds are paid by the United States to the State of Louisiana, or (4) where rentals have been paid to the United States during the period that production is being obtained on that part of the same lease granted by and valid as to the State of Louisiana, and lying in Zone No. 1, or (5) finally as to any lease or part thereof determined to be owned by the United States, where sums have been paid for impoundment in excess of the amount that lessee was lawfully required to pay under such lease, refunds, if any, from the United States shall be made to the lessees pursuant to applicable law.
- (e) Payments of impounded funds hereunder shall be made in full within seventy-five (75) days after the date of the applicable determination, unless by agreement of the parties a later date is specified.
- (f) The provisions of this paragraph shall apply separately to each lease or that portion thereof in the disputed area.

10

In the event only a portion of the area affected by any lease lies within the disputed area, then until the final settlement or adjudication of the controversy, all sums which are to be impounded by any party under the terms hereof shall be pro-rated on an acreage basis as to bonuses and rentals; and as to royalties, the amount shall be computed by attributing to the area in dispute royalties from each well bottomed under the area in dispute. If, however, in connection with royalty payments, any well or wells are bottomed under a unit theretofore validly established which includes submerged lands lying within the area of dispute, the royalty from such well or wells shall be allocated to each lease or portion thereof lying within the area of dispute, in the proportion that the number of acres covered by such lease and participating in the production from any such well or wells, in accordance with the terms of the unit agreement, bears to the total number of acres so participating in such production.

However, as to the unit for oil and gas dated October 27, 1954, approved December 22, 1954, of which Continental Oil Company is the operator, comprising 51,579.78 acres, including Blocks 38 through 41, 46 through 49, 51, 52, and the west half of 53 in the Grand Isle area, and the unit for oil and gas dated November 21, 1955, approved January 16, 1956, of which Continental Oil Company is the operator, comprising 27,-997.605 acres, including Blocks 42, 43, the north half of 44, the south half of 32, 69, 70, the south half of 67, and the south half of 68, in the West Delta-Grand Isle area, until such time as the United States and the State shall agree on another method of allocation, the allocation provisions of the two said unit agreements shall be disregarded, and there shall be attributed to each lease or portion thereof in the disputed area the royalties from the well or wells bottomed under such lease or portion thereof.

In the event of a final determination that either party hereto owns only a portion of the area affected by any lease or leases, the impounded funds shall be prorated on the same basis as just hereinabove provided for, and payments shall be made accordingly.

11

- (a) Upon the final settlement or adjudication of the aforesaid controversy, as to any area affected by a lease or portion thereof to which this agreement is applicable, the successful party, upon receipt of the impounded funds, shall validate and give recognition to such lease or portion thereof, and shall grant to the lessee all of the rights authorized or provided for by the laws of the successful party. It is provided, however, that the ratification and validation of any lease by the State of Louisiana shall be subject to the full compliance by the lessee under said lease with Act 38 of the Louisiana Legislature of 1956, and shall be in accordance with and subject to compliance with the terms of the separate agreement to be made by such lessee with the State of Louisiana as herein provided for.
- (b) Nothing herein contained shall obligate the United States or the State to recognize or give effect to any conventional agreement executed, or any order, determination or regulation issued by the other subsequent to June 11, 1956, amending, modifying, or otherwise changing any lease subject to the provisions of this agreement, except that the successful party in the controversy shall recognize and give effect to the

following, even though subsequent to June 11, 1956:

- (1) An agreement, order or determination recognizing that the running of the period during which any lease may be maintained in effect without drilling or producing operations or without payment of shut-in rental or royalty on the basis of a well capable of producing oil, gas or other minerals, insofar as it relates to land affected by the aforesaid controversy, has been and shall be suspended during the period or periods of time that the right to drill has been enjoined by order of court;
- (2) The pooling and unitization agreements as provided for and as described in paragraph 12(b) hereof;
- (3) The suspension or extension of the necessity for producing from oil or gas wells, and the recognition of the continuance of the leases affected during such suspension or extension, provided such suspension or extension is on any one of the following bases: (a) An extension of the period formerly provided within which to make payments of shut-in gas rental or royalty; (b) The shutting in of a well when necessary or desirable for the prevention of waste, or as a matter of operational safety, such as during the drilling of another well from the same platform; (c) The shutting in of a well for such period or periods as may be reasonably necessary to permit installation of producing and transporting facilities; (d) Under Section 12 of the Act.

Neither party shall, without the consent of the other, enter into any agreement reducing rentals or royalties payable under any lease made subject to the terms hereof.

- (c) Any lessee shall have the right to elect not to maintain in force and effect any lease brought under the terms hereof, but any such election or any failure of a lessee to maintain a lease in effect shall not relieve that lessee of the obligation to pay to the State of Louisiana or to the United States, with respect to such lease, all bonuses, rentals, royalties and other considerations (and with respect to the State of Louisiana all licenses, taxes and fees) which have become due prior to the termination or forfeiture of said lease. Also, this agreement as between the United States and the State of Louisiana, shall continue in effect as to the payments made with respect to such lease.
- (d) The provisions of this Paragraph 11 shall apply separately to each lease or that portion thereof in the disputed area.

12

- (a) The parties hereto agree to consult and cooperate with respect to the approval of pooling or drilling agreements relating to leases lying partly within and partly without the disputed area.
- (b) It is agreed that, for the purpose of ratification and validation of each separate lease or portion thereof included therein, as provided for in Paragraph 11(a) above, any unit validly established by agreement of either party prior to June 11, 1956, shall be given effect in accordance with its terms and the law, regulation or order under which it was established; provided that neither this provision nor any other provision of this agreement, or of the unit agreement, shall limit the right of the party finally determined to own the

area or portion thereof affected by such unit, if not the party by whom or with whose consent such unit was established, from taking, subsequent to such final determination, such action with respect to any such unit as may be authorized by and consistent with its then laws or policies. Any lessee affected by such action shall be given a reasonable time within which to comply with the then laws or policies and to safeguard the terms of its lease. Notwithstanding their establishment subsequent to June 11, 1956, the provisions of this paragraph 12(b) shall also be applicable to the following described unitized areas and unit agreements in the same manner as though they had been established prior to June 11, 1956, same being all such which were approved subsequent to said date and prior to October 9, 1956:

- 1. The unit for oil and gas dated December 9, 1955, and approved June 29, 1956, of which Magnolia Petroleum Company is the operator, comprising 17,250 acres in the Ship Shoal Area, lying in Block 63, west half of 64, west half of 71, 72, east half of 73, and north half of 87.
- 2. The oil and gas unit dated May 25, 1956, which was approved on June 28, 1956, of which Kerr-McGee Oil Industries, Inc. is the operator, comprising 30,000 acres in the Ship Shoal Area lying in Blocks 27, 28, 29, 34, 35 and 36.

13

No new leases shall be granted by either party in that part of the disputed area lying in Zone No. 2, except that when the Secretary of the Interior and the State Mineral Board of Louisiana shall jointly determine new leases are necessary to prevent drainage of unleased lands, the Secretary of the Interior may grant such new leases which shall be subject to the terms of this agreement. Otherwise, the injunction against new leasing shall continue to be effective as to that area.

Beginning one year from the effective date hereof, the Secretary of the Interior, or his delegate, may grant new mineral leases in Zone No. 3, being the remainder of the disputed area.

All leasing pursuant to this Paragraph 13 shall be done by the Department of the Interior in accordance with and subject to its then regulations and practices under the Act, including the determination of when lease sales shall be held and what land shall be offered, the method of advertising, the date and time of the opening of bids, and the awarding, execution and form of leases, Provided that the minimum royalty, bonus and rental for any such lease shall not be less than the minimums provided in the proposed letting of May 15, 1956, and the maximum acreage in any lease and the term thereof shall be as provided for in said proposed letting; Provided, further, that there shall be a joint committee of six, three members of which shall be designated or appointed by the Secretary of the Interior or his delegate, and three members of which shall be designated or appointed by the State Mineral Board of the State of Louisiana, whose duties and functions shall relate solely to a consideration of adequacy of the bids. The Director of the Bureau of Land Management shall promptly furnish to this committee full information as to all bids received, designating specifically these which he proposes to accept or reject. The committee shall accept the decision of the Director with respect to the bid or bids on any block, tract or portion thereof unless four members thereof shall cast an opposing vote in which case the decision of the committee shall prevail and the Director shall act in accordance with such recommendation. The committee shall be allowed no more than 10 days within which to consider and act on the information submitted to it.

All sums payable under the terms of any lease granted pursuant to this Paragraph 13 shall, notwith-standing any other provision of this agreement, be paid to the United States for impoundment and release as provided for in Paragraphs 7 and 9 above, and any such lease shall be subject to all of the terms and provisions of this agreement, including, but not limited to the consent to drill and the validation provisions hereof.

14

Any sums required to be impounded by either party hereto, or to be paid over or released to the other party by any party hereto, shall be impounded, paid or released without reference to, limitation by, or offset against any claim against or liability or obligation of the other party, but nothing herein contained shall limit such right as either party may have to assert separately any other claim which it may have against the other party, or any third party.

This stipulation and agreement shall terminate as to any area, upon the final settlement or determination of the aforesaid controversy with respect to such area; and thereafter the successful party shall have exclusive jurisdiction and control over the area so determined to be owned by it to the extent fixed by the decision in the final adjudication. In the event of the final settlement or determination of the controversy, with respect to a part or parts of the disputed area, leaving another part or other parts still in dispute, this agreement shall be deemed to continue to apply to all areas still in dispute; and if the area still in dispute divides a lease now lying wholly within the disputed area, or divides a portion of a lease lying within the disputed area, this agreement shall continue to apply to that portion of such divided lease lying within the area still in dispute. It is provided, however, that notwithstanding the termination of this stipulation as to any area, the parties shall nevertheless comply with all of the provisions hereof relating to the payment or release of impounded funds and the validation or ratification of the lease or leases affected by such termination.

Upon the final settlement or adjudication of the controversy as to all of the submerged lands within the disputed area, this stipulation shall finally terminate, subject only to the release of payments and the validation and ratification requirements hereof.

Annexed hereto as Exhibits I and II, respectively, are certified copies of Act 38 of the Louisiana Legislature of 1956 and Act 33 of the Louisiana Legislature of 1954, hereinabove referred to.

THUS MADE AND EXECUTED effective this 12th day of October, 1956.

UNITED STATES OF AMERICA

By (Sgd) Fred A. Seaton Secretary of the Interior

Concurred in by:

(Sgd) Herbert Brownell, Jr.

Attorney General of the United States

State Mineral Board on Behalf of the

State of Louisiana

By (Sgd) William G. Helis, Jr.

Chairman

Concurred in by:

(Sgd) Jack P. F. Gremillion

Attorney General of the State of

Louisiana

