

**Jesse Coates - Breton Sound Resources, L.L.C.**

I'm Jesse Coates. First of all, thank you very much for your concern for us and we certainly appreciate the things you've already done. I came from the chemical business. I've been in insurance, real estate and now I'm in the oil and gas business which I love. The roller coaster ride's something else. When I looked at this industry the first time, the first thing I thought of was - this is the only thing I've ever seen with a gross profits tax and I wondered, what is the history of this? Why do we have a gross profits tax on this industry? And it had to be because it was a huge pie, at one time, to divide up and everybody grabbed what they could. The trouble is the pie is pretty much gone. So my suggestion to you is that the whole tax structure on the oil and gas business and this whole idea of taxing 12-1/2% just because there's only one of these things to harvest, needs to be re-looked at. What I would propose to you is that L.S.U. and the Mineral Board and all the other great minds that we have, look at this whole system of taxation and see if there isn't a way that we can all profit from a more progressive, and not in the traditional sense of the word progressive, but a more intelligent way of taxing the industry; one that's good for the State and one that's good for the industry at the same time. So that's what I came here to urge you to do is take a look and let's redo the whole - let's get out of the box and think about the whole thing instead of just trying to fix and tinker with these individual little things. And the second thing has to do with your ownership of the land for the people. When we have a problem with other landowners we can go to them and renegotiate. We can say "we're not making a profit; we can either plug and abandon this well or something's got to give". We can't do that with the State. Somehow or another we need to be able to come to you and renegotiate when things get bad. When the flow rate of the well is way down, we need to be able to look at it, somehow or another. My suggestion right off the bat would be - would let us re-nominate our own property for a state lease sale. These are some complex things to get to but can we do that? Can we figure out a way where we can come back and say "we need to do lower royalties and let everybody bid on it". I know that's complex because of all the equipment that's out there. These are the two suggestions that I had and I thank you.