

# Biloxi Marsh Lands Corporation

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## Biloxi Marsh Lands Corporation Announces Results for the Fourth Quarter of 2009, 12 Months ending December 31, 2009

Metairie, LA., March 5, 2010 (BUSINESS WIRE) – Biloxi Marsh Lands Corporation (PINK SHEETS:BLMC) announces results for the periods ending December 31, 2009 and provides update. Total revenue for the year ending December 31, 2009 was \$23,008,898 compared to total revenue of \$2,960,529 in 2008. The annual revenue breakdown is as follows: 2009 revenue from oil and gas activity was \$22,041,872 compared to revenue of \$3,247,721 in 2008. \$21,460,469 in revenue categorized as *Oil and Gas Royalty Settlement* and \$2,754,707 categorized as *Interest Income Settlement* were directly attributable to the settlement of the litigation pending since 2001 in the Louisiana State Court in St. Bernard Parish to determine the ownership of Sections 1, 2 and 3, Township 13 South, Range 16 East. It should be noted that the revenues received as the result of the settlement are onetime, non-recurring revenue items. During 2009 total revenues included a \$2,615,703 loss emanating from the *Gain (Loss) from Investment in Partnership* category which represents the Company's interest in B&L Exploration, LLC (BLX). This compares to a loss of \$613,015 in the same category for the prior year. It should be noted that BLX was able to expense Depreciation, Depletion, and Amortization. BLMC's share of this expense was \$591,409 for 2009 and \$855,599 for 2008. Dividend and interest income for 2009 was \$362,442 compared to \$330,394 for 2008. In 2009 we realized a cumulative gain from the sale of investment securities of \$122,461 as compared to a cumulative loss from the sale of investment securities in the amount of \$26,696 in 2008. Meanwhile, expenses for the year totaled \$2,139,318 compared to \$1,653,448 for the prior year. For the year, net earnings were \$13,722,625 or \$5.00 per share compared to \$1,076,816 or \$.39 per share in 2008.

The Company previously announced on July 14, 2009 that settlement agreements have been reached effective July 1, 2009 binding all of the parties to the litigation pending since 2001 in the Louisiana State Court in St. Bernard Parish to determine the ownership of Sections 1, 2 and 3, Township 13 South, Range 16 East. These settlement agreements have resulted in the dismissal of all litigation between the settling parties. In accordance with the settlement agreements, the Company received a onetime nonrecurring settlement payment of \$23,949,171. Also, under the terms and provisions of the settlement, in addition to receiving the settlement funds, the Company will remain the sole owner of the property and has the exclusive right to enter into oil, gas and mineral leases.

As a result of the receipt of the settlement funds and the end of the litigation, the Board of Directors declared a \$2.00 per share special dividend payable on Wednesday, July 29, 2009 to shareholders of record as of the close of business on Friday, July 24, 2009. The settlement funds were taxable income to the Company, as they represent proceeds paid on natural gas production attributable to the disputed tracts.

It should be noted that the announced settlement does not involve the disputes raised in the pending litigation in State Court in St. Bernard Parish with the State of Louisiana regarding the State's claims to certain waterbottoms owned by the Company. As of this time, there is approximately \$15mm deposited in the various concursus accounts established to hold the funds relating to these disputes between the Company and the State of Louisiana.

As of December 31, 2009 the combined gross daily production rate from 3 wells operated by the Company's mineral Lessees was approximately 6.7 million cubic feet (mmcf) of natural gas with net daily production accruing to the Company of approximately .68 mmcf. Combining this daily production with the Company's proportional share of the daily production from the B&L Exploration, LLC (BLX) wells makes the total net daily production accruing to the Company as of December 31, 2009 approximately 1.25 mmcf per day.

We previously announced that the BLX drilled and successfully completed the SL 19061 #1 Well. This well was placed on production January 8, 2010 and was producing at a rate of 2.75 mmcf per day as of March 1, 2010. BLX is the Operator of this well. In addition, we are pleased to announce that BLX participated in the drilling and completion of the Delacroix # 41 ST and the SL 1212 #1 in Plaquemines Parish, Louisiana. Each of these wells logged oil and gas pay within the UL-5 sand interval. BOPCO, L.P. is the Operator of these wells located within the Pointe A La Hache Field. BLX has a 25% working interest in each of these wells. Including these new discovery wells, as of March 1, 2010 the total net daily natural gas production accruing to the Company (Lessee wells on fee based lands and BLX wells) approximately 2.7 mmcf of natural and natural gas equivalents. BLMC owns a 75% interest in the BLX wells located in St. Bernard Parish and a 90% interest in the BLX wells located in Plaquemines, Parish. BLX's future plans include participating in the drilling of additional wells during 2010 as well as formulate strategies to focus on the mineral potential under our fee based lands.

The end of the year proved reserve study commissioned by the Company and completed by an independent reservoir engineer estimates that as of December 31, 2009 the BLMC's "Developed Producing" (PDP) reserves were .613 billion cubic feet (BCF) of natural gas and estimates that the "Developed Non-Producing" (PDNP) reserves were .762 BCF, with the "Proved Un-Developed" (PUD) reserves being .576 BCF, totaling 1.951 BCF of estimated proved natural gas reserves. This represents a decline in our fee based land reserves of approximately .54 BCF. Additionally, this reserve study estimates that slightly more than 23% of the proved reserves will deplete by the end of 2010. In addition to the foregoing estimated proved reserves, another reserve study completed by the same independent reservoir engineer estimates that BLX's proved reserves as of December 31, 2009 were 2.2 billion cubic feet (BCF) of natural gas and 27 thousand barrels of oil (MBBL) compared to 1.436 BCF at the end of 2008. Based upon the Company's proportional ownership in the BLX wells, as of December 31, 2009 the portion of the estimated reserves allocated to the Company was 1.762 BCF of natural gas and 24.3 MBBL of oil. Combining the Company's portion of the proved reserves in both studies makes the estimated proved reserves accruing to the Company to 3.712 BCF of natural gas and 24.3 MBBL of oil, equating to 3.955 BCFE or natural gas equivalents (10:1 ratio). This compares to total proved reserves allocated to the Company as December 31, 2008 of 3.57 BCF, an increase year over year of .385 BCFE. The proved reserve studies referenced above include explanatory notes that are an integral part of each study. A copy of the 2010 *President's Report to Shareholders* that includes these notes will be available on the Company's website after March 26, 2010. We recommend that all interested parties refer to our website to view these notes and other relevant information: [www.biloximarshlandscorp.com](http://www.biloximarshlandscorp.com) .

Three years ago, the Company returned to its custom of paying one dividend per calendar year. However, due to the settlement of the litigation we paid two dividends during 2009. On July 29, 2009 the Company paid a dividend of \$2.00 per share and again on December 30, 2009 the Company paid an additional dividend of \$1.00 per share, totaling \$3.00 per share or \$8,224,284. It is anticipated that the custom of paying one dividend per calendar year will be followed in 2010. Since 2002, the Company has paid slightly more than \$47,000,000 in total dividends.

William B. Rudolf, President and CEO, commented: "Due to the one time nonrecurring influx of cash from the settlement of the litigation, we decided to accelerate BLX's drilling program during the third and fourth quarters of 2009. With our fee based land production declining, we are pleased with the results of BLX's drilling program. Not only has the drilling program more than replaced our proved reserves and kept our daily production steady, it has diversified our proved reserve base by the addition of oil production as well as expanding geographic area from which our production emanates. During 2010 we plan to continue to attempt to increase our proved reserves through our investment in BLX, while developing strategies that hopefully will increase drilling activity on our fee based lands."

The Company maintains a website; [www.biloximarshlandscorp.com](http://www.biloximarshlandscorp.com) and we strongly recommend that all investors and interested parties visit the website to view historical press releases, historical financial statements including *President's Report to Shareholders* and general information about the Company. During January 2008 we moved our office to One Galleria Blvd., Suite #902. Complete and updated contact information is available on the Company's website: [www.biloximarshlandscorp.com](http://www.biloximarshlandscorp.com).

Biloxi Marsh Lands Corporation owns approximately 90,000 acres of marsh lands located in St. Bernard Parish, Louisiana. As the landowner, it derives revenues from oil and gas exploration and production activities that take place on or near the company's land. The company also derives revenues from its ownership interest in B&L Exploration, LLC and minimal revenues from surface rentals.

This news release contains forward-looking statements regarding oil and gas discoveries, oil and gas exploration, development and production activities and reserves. Accuracy of the forward-looking statements depends on assumptions about events that change over time and is thus susceptible to periodic change based on actual experience and new developments. The Company cautions readers that it assumes no obligation to update or publicly release any revisions to the forward-looking statements in this report. Important factors that might cause future results to differ from these forward-looking statements include: variations in the market prices of oil and natural gas; drilling results; unanticipated fluctuations in flow rates of producing wells; oil and natural gas reserves expectations; the ability to satisfy future cash obligations and environmental costs; and general exploration and development risks and hazards. Readers are cautioned not to place undue reliance on forward-looking statements made by or on behalf of the Company. Each such statement speaks only as of the day it was made. The factors described above cannot be controlled by the Company. When used in this report, the words "believes", "estimates", "plans", "expects", "should", "outlook", and "anticipates" and similar expressions as they relate to the Company or its management are intended to identify forward-looking statements.

The following *Statements of Assets, Liabilities and Stockholders' Equity* and *Statement of Revenues and Expenses* have been derived from our end of the year financial statements, but do not include the information and footnotes that are an integral part of a complete financial statement. A complete copy of the audited *Financial Statements and Schedule, Years Ended December 31, 2009 and 2008* along with the *2010 President's Report to Shareholders* and the Company's *Proxy Statement* will be available after March 26, 2010 on our website [www.biloximarshlandscorp.com](http://www.biloximarshlandscorp.com) or through requesting a copy in writing; from the Company - Attention: Investor Relations, Biloxi Marsh Lands Corporation, One Galleria Blvd., Suite #902, Metairie, LA 70001.

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## BILOXI MARSH LANDS CORPORATION

### Statements of Assets, Liabilities, and Stockholders' Equity-Income Tax Basis

December 31, 2009 and 2008

Assets	<u>2009</u>	<u>2008</u>
Current assets:		
Cash and cash equivalents	\$ 6,611,227	5,249,590
Accounts receivable	148,996	271,005
Accrued interest receivable	69,571	53,763
Federal income taxes receivable	244,918	322,578
Payroll taxes receivable	—	2,068
Prepaid expenses	37,327	36,926
State income taxes receivable	80,803	62,731
Other assets	3,830	3,830
Total current assets	<u>7,196,672</u>	<u>6,002,491</u>
Investment in partnership	2,822,918	938,621
Marketable debt and equity securities - at cost	7,679,804	5,346,972
Land	234,939	234,939
Levees and office furniture and equipment	251,332	187,972
Accumulated depreciation	<u>(251,332)</u>	<u>(187,972)</u>
Total assets	<u>\$ 17,934,333</u>	<u>12,523,023</u>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accrued expenses	\$ 21,747	42,778
Due to shareholder	<u>2,520</u>	<u>2,520</u>
Total current liabilities	24,267	45,298
Stockholders' equity:		
Common stock, \$0.001 par value. Authorized 20,000,000 shares; issued 2,851,196 shares; outstanding 2,741,428 shares in 2009 and 2,749,428 in 2008	47,520	47,520
Retained earnings	18,045,611	12,547,270
Treasury Stock, 109,768 and 101,768 shares in 2009 and 2008, respectively, at cost	<u>(183,065)</u>	<u>(117,065)</u>
Total liabilities and stockholders' equity	<u>\$ 17,934,333</u>	<u>12,523,023</u>



**BILOXI MARSH LANDS CORPORATION**  
 Statements of Revenues and Expenses - Income Tax Basis  
 Years ended December 31, 2009 and 2008

	3 Months Ended December 31		12 Months Ended December 31	
	2009	2008	2009	2008
<b>Revenues:</b>				
Lease bonuses and delay rentals	\$ 45,000	\$ 196,469	\$ 45,000	\$ 221,500
Pipeline right of ways	5,000	30,031	5,000	30,031
Oil and gas royalties	411,834	678,756	1,341,856	3,099,224
Oil and gas royalties settlement	(130,973)	-	21,460,469	-
Severance taxes	(29,291)	(30,023)	(810,453)	(103,034)
<b>Total oil and gas revenues</b>	<b>301,570</b>	<b>875,233</b>	<b>22,041,872</b>	<b>3,247,721</b>
<b>Other Income:</b>				
Gain (loss) from investment in partnership	(2,257,270)	(775,016)	(2,615,703)	(613,015)
Dividends and interest income	112,192	84,805	362,442	330,394
Interest income on oil and gas royalties settlement	(196,021)	-	2,754,707	-
Gain (loss) on sale of securities	-	(547,811)	122,461	(26,696)
Surface rentals	3,575	10,857	16,125	22,125
Other	326,994	-	326,994	-
<b>Total other revenues</b>	<b>(2,010,530)</b>	<b>(1,227,165)</b>	<b>967,026</b>	<b>(287,192)</b>
<b>Total revenue</b>	<b>(1,708,960)</b>	<b>(351,932)</b>	<b>23,008,898</b>	<b>2,960,529</b>
<b>Expenses</b>				
<b>Total expenses</b>	<b>1,072,706</b>	<b>721,605</b>	<b>2,139,318</b>	<b>1,653,448</b>
<b>Net Income before income taxes</b>	<b>(2,781,666)</b>	<b>(1,073,537)</b>	<b>20,869,580</b>	<b>1,307,081</b>
<b>Income taxes</b>				
Provision for income taxes	(918,002)	(435,771)	7,146,955	230,265
<b>Net Income</b>	<b>(1,863,664)</b>	<b>(637,766)</b>	<b>13,722,625</b>	<b>1,076,816</b>
<b>Net income per share</b>	<b>\$ (0.68)</b>	<b>\$ (0.23)</b>	<b>\$ 5.00</b>	<b>\$ 0.39</b>