

# Biloxi Marsh Lands Corporation

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## Biloxi Marsh Land Corporation Announces Results for the Fourth Quarter of 2006, 12 Months ending December 31, 2006

Metairie, LA., February 23, 2007 (BUSINESS WIRE) – Biloxi Marsh Land Corporation (PINK SHEETS:BLMC) announces audited results for the fourth quarter of 2006, year ending December 31, 2006 and provides update. Total revenue for the three months ending December 31, 2006 was \$1,534,839 compared to \$3,178,394 for the fourth quarter of 2005. Meanwhile for the year, total revenue was \$14,979,801 compared to total revenue of \$22,512,638 in 2005. The annual revenue breakdown is as follows: 2006 revenue from oil and gas activity was \$14,040,006 compared to revenue of \$21,258,421 in 2005. It should be noted that 2006 included 14 monthly natural gas production payments as compared to the normal 12 monthly payments (5 payments received during Q1-2006; 3 payments received during Q2-2006; 3 payments received during Q3-2006; 3 payments received during Q4-2006). The increased number of payments received during Q1-2006 was due to a timing difference and was a one time event due to the Company taking its gas “in kind” as of December of 2005. Dividend and interest income for 2006 was \$814,173 compared to \$289,711 for 2005. In 2006 we incurred a loss from the sale of investment securities in the amount of \$59,088 as compared to a net gain of \$954,085 in 2005. Expenses for the fourth quarter of 2006 were \$551,667 compared to \$742,318 for the fourth quarter of 2005. Meanwhile for the year, total expenses were \$1,821,754 compared to \$1,567,184 for the prior year. The increase in expenses was mainly due to the contribution made to the Biloxi Marsh Disaster Relief Fund, the development of the *Biloxi Marsh Stabilization and Restoration Plan* and hurricane Katrina related expenses. For the fourth quarter of 2006 net earnings were \$728,063 or \$.26 per share compared to \$2,240,705 or \$.81 per share for the same period of 2005. Meanwhile, net earnings for the year were \$9,129,861 or \$3.31 per share compared to \$13,882,006 or \$5.04 per share in 2005.

We reported at the end of last year that the company had approximately 82,000 acres open and available for exploration and development. We also reported that the company was employing a marketing effort which it hoped would result in future oil, gas and mineral agreements. On December 15, 2006 we announced the formation of B & L Exploration, LLC (BLX) of which the company owns 75%. We also announced the placement of our first five well drilling package with the Manti Group. The Manti Group is obligated to drill at least three of the five prospects and hopes to commence drilling the first well located on company property by the end of March 2007. The agreement between the company and the Manti Group and the execution of two accompanying 400 acre oil, gas and mineral leases evidences the initial success of our marketing efforts. It should be noted the establishment of BLX signifies our more active management strategy employed in an effort to seek opportunities outside of the confines of our property’s physical boundaries. Our goal is to use all of our available assets to obtain revenue interests in newly drilled wells with minimal related cash expenditures.

On January 25, 2007 we announced the company’s and BLX’s participation in the NAPE Expo in Houston, Texas. We presented our acreage position showing deep regional Tuscaloosa exploration opportunities developed over the past 12 to 18 months using existing geological well control and 3D seismic data. We also presented additional prospects targeting the Tex W, Big Hum and Cris I sand intervals. We are pleased with the interest expressed during the NAPE Expo and are hopeful that our ongoing efforts will result in future oil, gas and mineral agreements.

At the end of last year we reported that The Meridian Resource and Exploration, LLC (TMR) had placed all of its wells back online that were shut-in as a result of hurricane Katrina with the exception of the BML 28-1 well. We are pleased to report that this well was placed back online on June 9, 2006. As of December 31, 2006 the combined gross daily production rate from 13 wells was approximately 22 million cubic feet (mmcf) with net daily production accruing to the Company of approximately 2.4 mmcf.

The year end reserve study commissioned by the Company and completed by an independent reservoir engineer estimates that as of December 31, 2006 the Company's "Developed Producing" proved reserves are 1.522 billion cubic feet (bcf) of natural gas and estimates that the "Developed Non-Producing" proved reserves are .643 bcf, with the "Proved Un-Developed" being .337 billion cubic feet, totaling 2.502 bcf of proved reserves. The same reserve study estimates the productive life of the wells ranges from one to seven years with slightly more than 31% of the proved reserves depleting prior to the end of 2007.

Prior to 2004, the Company has paid one dividend each year, during 2006 the Board of Directors paid two dividends totaling \$4.00 per share of outstanding common stock or \$11,017,712. Without the addition of reserves it is not realistic to expect that this payment level will be obtainable in 2007.

William B. Rudolf, President and CEO, commented: "We commented at the end of last year that our management would take appropriate steps to take advantage of any opportunities that we may identify. We believe that the establishment of BLX and the placement of our first five well drilling package illustrates our commitment to move the company forward. It is very important for all of our investors to understand that our ongoing strategy is to use all of our assets to obtain revenue interests in newly drilled wells with minimal related capital outlays. While we can not guarantee the success of each newly drilled well, our goal is to obtain an interest in multiple wells, on and off of our property, increasing our opportunity for success."

Beginning with the first quarter of 2007 the company will start reporting its financial statements using the accrual reporting method instead of the cash reporting method used currently.

We remind our shareholders and interested parties that St. Bernard Parish, Louisiana, the Parish where our property is located, was indescribably devastated by Hurricane Katrina. To assist in the Parish's rebuilding the Company has established and funded the Biloxi Marsh Disaster Relief Fund Corporation. Detailed information about the fund is available on its website [www.selarelief.com](http://www.selarelief.com). During 2006 the fund applied for and received IRS 501 (c) (3) tax exempt status making all contributions to the fund tax deductible. Those living outside the hurricane affected zone and all interested parties are asked to remember the people of St. Bernard Parish, Louisiana by donating to the Biloxi Marsh Disaster Relief Fund Corporation. You may send a check to the fund at the company's address or contribute using a credit card on the Fund's website: [www.selarelief.com](http://www.selarelief.com)

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 and general information about the company.

Biloxi Marsh Lands Corporation owns approximately 90,000 acres of marsh lands located in St. Bernard Parish, Louisiana. As the landowner, it derives the vast majority of its revenue from oil and gas exploration and production activities that take place on or near the company's land. The company also derives 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”, “Statement of Revenues and Expenses and Retained Earnings” and “Statement of Cash Flows” have been derived from audited financial statements, but do not include the information and footnotes that are an integral part of the complete financial statements. A complete copy of the “Financial Statements and Additional Information, Years Ended December 31, 2006 and 2005” along with the 2007 *President’s Report to shareholders*, and the Company’s *Proxy Statement* dated March 16, 2007, will be available through contacting the Company via email, [csbiloxi@bellsouth.net](mailto:csbiloxi@bellsouth.net), or in writing, Attention: Investor Relations, Biloxi Marsh Lands Corporation, 1605 Airline Drive, Suite 103, Metairie, LA 70001.

**BILOXI MARSH LANDS CORPORATION**

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

December 31, 2006 and 2005

<b>Assets</b>	<b>2006</b>	<b>2005</b>
Current assets:		
Cash and cash equivalents	\$ 1,232,847	\$ 3,545,301
Marketable debt securities - at cost	4,732,349	8,633,691
Total current assets	5,965,196	12,178,992
Investments:		
Other investments	1,775,995	-
Marketable debt and equity securities - at cost	7,183,412	6,661,708
Land - at cost	234,939	234,939
	9,194,346	6,896,647
Property:		
Levees and office furniture and equipment (net of accumulated depreciation of \$205,004 (\$173,497 at 2005))	-	-
Total assets	\$ 15,159,542	\$ 19,075,639
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Federal income taxes payable	\$ 697,035	\$ 2,395,312
State income taxes payable	34,132	375,289
Payroll taxes payable	33,326	22,138
Total current liabilities	764,493	2,792,739
Stockholders' equity:		
Common stock, par value \$.001 - 20,000,000 shares authorized, 2,851,196 shares issued, 2,754,428 shares outstanding	47,520	47,520
Retained earnings	14,422,344	16,310,195
	14,469,864	16,357,715
Less cost of treasury stock - 96,768 shares	(74,815)	(74,815)
	14,395,049	16,282,900
Total liabilities and stockholders' equity	\$ 15,159,542	\$ 19,075,639

**BILOXI MARSH LANDS CORPORATION**  
**Statements of Revenues and Expenses and Retained Earnings**  
**December 31, 2006 and 2005**

	<u>3 Months Ended</u> <u>December 31</u>		<u>12 Months Ended</u> <u>December 31</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Revenues:				
Oil and Gas				
Lease bonuses and delayed rentals	\$ 99,000	\$ 541,496	\$ 314,121	\$ 1,943,308
Pipeline right of ways	25,000	-	25,000	104,660
Royalties (net of production taxes)	1,098,220	2,528,262	13,700,885	19,210,457
Total Oil and Gas	<u>1,222,220</u>	<u>3,069,758</u>	<u>14,040,006</u>	<u>21,258,425</u>
Other:				
Partnership income	169,659	-	169,659	-
Dividends and interest	133,419	41,421	814,173	289,711
Gain on sale of securities	-	65,466	(59,088)	954,085
Surface rentals	9,541	(799)	15,051	7,869
Other	-	2,548	-	2,548
Total other revenue	<u>312,619</u>	<u>108,636</u>	<u>939,795</u>	<u>1,254,213</u>
Total revenue	<u>1,534,839</u>	<u>3,178,394</u>	<u>14,979,801</u>	<u>22,512,638</u>
Expenses				
Total expenses	<u>551,667</u>	<u>742,318</u>	<u>1,821,754</u>	<u>1,567,184</u>
Net income before provision for income taxes	<u>983,172</u>	<u>2,436,076</u>	<u>13,158,047</u>	<u>20,945,454</u>
Income taxes				
Provision for income taxes	<u>255,109</u>	<u>195,371</u>	<u>4,028,186</u>	<u>7,063,448</u>
Net Income	728,063	2,240,705	9,129,861	13,882,006
Retained earnings-beginning of period	<u>19,203,137</u>	<u>14,062,752</u>	<u>16,310,195</u>	<u>11,380,080</u>
	19,931,200	16,303,457	25,440,056	25,262,086
Dividends	<u>5,508,856</u>	<u>(6,738)</u>	<u>11,017,712</u>	<u>8,951,891</u>
Retained earnings-end of year	<u>\$ 14,422,344</u>	<u>\$ 16,310,195</u>	<u>\$ 14,422,344</u>	<u>\$ 16,310,195</u>
Net Income Per Share	<u>\$ 0.26</u>	<u>\$ 0.81</u>	<u>\$ 3.31</u>	<u>\$ 5.04</u>