

2016 Second Extraordinary Session

SENATE RESOLUTION NO. 31

BY SENATOR CORTEZ

ENERGY PRODUCTION. Requests the Louisiana State Law Institute to study the implications of Act 743 of the 2012 Regular Session of the Legislature.

1 A RESOLUTION

2 To urge and request the Louisiana State Law Institute to study the implications of Act 743
3 of the 2012 Regular Session of the Legislature, and to submit a written report of its
4 findings with any recommendations.

5 WHEREAS, in 1984, R.S. 30:10 was amended by Act 345 to add statutory provisions
6 which, in the oil and gas industry, have been referred to as the "Louisiana Risk Fee Act"; and

7 WHEREAS, the purpose of this legislation was to incentivize a party to share in the
8 cost, risk, and expense of drilling a well in a compulsory unit created by the office of
9 conservation, and concomitantly, to compensate a party for the risk that it assumes in drilling
10 a well; and

11 WHEREAS, the drilling of oil and gas wells is an important sector of Louisiana's
12 economy, and the policy of this state is advanced when wells are drilled under circumstances
13 that the risk associated therewith is equitably shared by parties who would share in the
14 reward of such undertakings; and

15 WHEREAS, certain provisions of Act 743 of the 2012 Regular Session may frustrate
16 the original policy and purpose of the 1984 legislation, and may serve as a disincentive to
17 a party who does not share in the risk associated with the drilling of a well, and reward such
18 nonparticipating party for its failure to share in the risk associated with drilling a well; and

1 WHEREAS, certain provisions contained in Act 743 could lead to significant
2 uncertainty in relation to the rights and obligations of the parties to a drilling unit; and

3 WHEREAS, the oil and gas industry would benefit from a thoughtful examination
4 and study of the entirety of the Louisiana Risk Fee Act.

5 THEREFORE, BE IT RESOLVED that the Senate of the Legislature of Louisiana
6 does hereby urge and request the Louisiana State Law Institute to study the implications of
7 Act 743 of the 2012 Regular Session of the Legislature on the Louisiana Risk Fee Act.

8 BE IT FURTHER RESOLVED that the Louisiana State Law Institute shall submit
9 a written report of its findings, together with any recommendations in the form of proposed
10 legislation, to the Legislature of Louisiana no later than February 1, 2017.

11 BE IT FURTHER RESOLVED that a copy of this Resolution be transmitted to the
12 director of the Louisiana State Law Institute.

The original instrument and the following digest, which constitutes no part
of the legislative instrument, were prepared by Alan Miller.

DIGEST

SR 31 Original

2016 Second Extraordinary Session

Cortez

Requests the Louisiana State Law Institute to study the implications of Act 743 of the 2012
Regular Session of the Legislature on the Louisiana Risk Fee Act.