

SENATE RESOLUTION NO. 31

BY SENATOR CORTEZ

A RESOLUTION

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

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

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

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

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

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

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

THEREFORE, BE IT RESOLVED that the Senate of the Legislature of Louisiana does hereby urge and request 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.

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

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

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PRESIDENT OF THE SENATE