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## DIGEST

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HB 24 Engrossed

2024 Third Extraordinary Session

Geymann

**Abstract:** Provides for the authority of the State Mineral and Energy Board relative to leasing state property for energy-related purposes, increases fees and deposits related to the lease of state property, clarifies that certain provisions of law apply to mineral leases on state property, and provides for the distribution of revenue collected by the office of mineral resources pursuant to operating agreements.

Present law authorizes the State Mineral and Energy Board to lease state lands, water bodies, and water bottoms for the development and production of oil, gas, and alternative energy sources (R.S. 30:124(B)) and for injection, storage, transportation, shipment, and withdrawal of oil, natural gas, liquid hydrocarbons, and carbon dioxide in underground reservoirs, the construction and use of related surface facilities and tanks, and for the use of caverns in salt domes for the injection, storage, transportation, shipment, and withdrawal of oil, natural gas, liquid hydrocarbons, and carbon dioxide and for the construction and use of related surface facilities (R.S. 30:148.2).

Proposed law retains present law and references to the board's authority to reflect present law. (R.S. 30:124(B))

Proposed law classifies payments due for the lease of public lands as taxes rather than rent for purposes of calculating estate expenses under federal law. (R.S. 30:124(G))

Present law requires the payment of a \$400 fee for applications to the office of mineral resources proposing the lease of public lands. (R.S. 30:125(A))

Proposed law increases this fee from \$400 to \$600. (R.S. 30:125)

Present law prohibits the State Mineral and Energy Board from offering for lease an area greater than 5,000 acres. (R.S. 30:126(A))

Proposed law limits this prohibition to mineral leases only. (R.S. 30:126(A))

Present law requires that, if the State Mineral and Energy Board decides to offer particular public property for lease, the board must advertise the offer prior to the opening of bids. (R.S. 30:126(A))

Proposed law retains present law.

Present law authorizes the State Mineral and Energy Board to charge a fee of \$20 when a proof of

publication is requested. (R.S. 30:126(A))

Proposed law increases this fee from \$20 to \$35. (R.S. 30:126(A))

Present law establishes minimum royalties to be stipulated in any lease executed by or on behalf of any school board, and minimum royalties to be stipulated in any other lease by the State Mineral and Energy Board. (R.S. 30:127(A) and (B))

Proposed law limits the present law minimum royalty requirements to mineral leases only. (R.S. 30:127(A) and (B))

Present law requires that each lease include a clear description of the leased property and contain a clause allowing the state to collect its royalty in kind. (R.S. 30:127(C))

Proposed law limits these requirements to mineral leases only. (R.S. 30:127(C))

Present law provides a process that authorizes the board to immediately offer a lease for competitive bidding. Specifies the board retains the right to reject bids. Prohibits any lease in excess of 5,000 acres, except wind energy production leases which cannot exceed 25,000 acres. (R.S. 30:127(E))

Proposed law retains present law and adds an exception to limit solar energy production leases to 35 acres. (R.S. 30:127(E))

Present law allows the State Mineral and Energy Board to include a clause in any lease that grants a continuing security interest in as-extracted collateral attributable to the leased premises to secure payment of the lessee's obligations to pay royalties and other sums due under the lease. (R.S. 30:127(H))

Proposed law authorizes this clause for continuing security on any collateral rather than just as-extracted collateral. (R.S. 30:127(H))

Present law authorizes the State Mineral and Energy Board to charge a fee of \$100 for the assignment or transfer of a lease granted by the board. (R.S. 30:128(A))

Proposed law increases this fee from \$100 to \$175. (R.S. 30:128(A))

Present law requires leases entered into by the State Mineral and Energy Board to contain a "Pugh clause". (R.S. 30:129(B)(3))

Proposed law limits this requirement to mineral leases only. (R.S. 30:129(B)(3))

Present law requires a cash deposit of \$50 to accompany any application for the lease of public lands with the right to erect storage and transportation facilities, which is returned to the applicant, minus the cost of advertising, if they are unsuccessful at auction. (R.S. 30:148.3)

Proposed law increases the required cash deposit from \$50 to \$100. (R.S. 30:148.3)

Present law establishes the information that must be provided in an application for the lease of public lands with the right to erect storage and transportation facilities. (R.S. 30:148.3)

Proposed law retains present law and adds that the applicant must also provide all other information required by the lessor. (R.S. 30:148.3)

Proposed law establishes that the provisions of Subpart A-2 of Part II of Chapter 2 of Title 30, regarding leases with the right to erect storage and transportation facilities, do apply to leases by the State Mineral and Energy Board for the injection, storage, transportation, shipment, and withdrawal of oil, natural gas, liquid hydrocarbons, and carbon dioxide in underground reservoirs; the construction and use of related surface facilities and tanks; the use of caverns in salt domes for the injection, storage, transportation, shipment, and withdrawal of oil, natural gas, liquid hydrocarbons, and carbon dioxide; and the construction and use of related surface facilities (R.S. 30:148.2). (R.S. 30:148.10)

Present law requires that all production payments received by the office of mineral resources pursuant to an operating agreement be deposited into the Bond Security and Redemption Fund and thereafter that 25% of all such production payments be credited to the Mineral and Energy Operation Fund for appropriation to the Dept. of Energy and Natural Resources. (R.S. 30:209)

Proposed law changes these requirements to apply to all revenues collected by the office of mineral resources pursuant to operating agreements, rather than to production payments alone. (R.S. 30:209)

Effective January 1, 2025.

(Amends R.S. 30:124(B), 125, 126(A), 127(A)(intro. para.), (B)(intro. para.), (C), (E), and (H), 128(A), 129(B)(3), 148.3, and 209(4)(b); Adds R.S. 30:124(G) and 148.10)

#### Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Natural Resources and Environment to the original bill:

1. Add an exception to limit solar energy production leases to 35 acres.
2. Make technical changes.