

2019 Regular Session

SENATE BILL NO. 179

BY SENATOR ALLAIN

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

MINERALS. Provides how mineral royalties are classified and creates a lien for mineral royalties due to the state. (8/1/19)

1 AN ACT

2 To amend and reenact R.S. 31:123 and 146 and to enact R.S. 31:146.1, relative to mineral
3 royalties; to provide relative to rent; to provide that the royalties paid to a lessor or
4 the in-kind royalty portion or monetary equivalent due to the state is not rent; to
5 provide for a lessor's privilege; to create a lien on oil and gas produced on state
6 lands; to provide terms, conditions, procedures, requirements, and effects; and to
7 provide for related matters.

8 Be it enacted by the Legislature of Louisiana:

9 Section 1. R.S. 31:123 and 146 are hereby amended and reenacted and R.S. 31:146.1
10 is hereby enacted to read as follows:

11 §123. Rent and the obligation to make timely payment thereof

12 Payments to the lessor for the maintenance of a mineral lease without drilling
13 or mining operations or production, or for the maintenance of a lease during the
14 presence on the lease or any land unitized therewith of a well capable of production
15 in paying quantities, ~~and royalties paid to the lessor on production~~ are rent. **The**
16 **royalties paid to the lessor on production and the state's in-kind royalty portion**
17 **or monetary equivalent is not rent.** A mineral lessee is obligated to make timely

1 payment of rent according to the terms of the contract or the custom of the mining
2 industry in question if the contract is silent.

3 * * *

4 §146. Lessor's privilege

5 The lessor of a mineral lease has, for the payment of his rent, and other
6 obligations of the lease **including royalties**, a right of pledge on all equipment,
7 machinery, and other property of the lessee on or attached to the property leased. The
8 right also extends to property of others on or attached to the property leased by their
9 express or implied consent in connection with or contemplation of operations on the
10 lease or land unitized therewith.

11 **§146.1. State's lien or privilege; oil and gas**

12 **The state has a statutory lien or privilege on all oil and gas produced on**
13 **any lands belonging to the state which have been leased by the State Mineral**
14 **and Energy Board in order to secure payment of royalties and other obligations**
15 **of the lease. The lien or privilege may be perfected by filing a notice of lien,**
16 **containing the name of the current operator and the legal description of the**
17 **leased property, in the mortgage records of the parish in which the leased**
18 **property is located.**

The original instrument and the following digest, which constitutes no part
of the legislative instrument, were prepared by J. W. Wiley.

DIGEST

SB 179 Original

2019 Regular Session

Allain

Present law provides that royalties paid to the lessor on production are rent.

Proposed law provides that royalties paid to the lessor on production and the state's in-kind royalty portion or monetary equivalent are not rent.

Present law provides the lessor of a mineral lease has, for the payment of his rent and other obligations of the lease, a right of pledge on all equipment, machinery, and other property of the lessee on or attached to the property leased.

Proposed law retains present law and includes royalties as an obligation of the lease.

Proposed law authorizes the state to have a lien or privilege on all oil and gas produced on any lands belonging to the state which have been leased by the State Mineral and Energy Board in order to secure payment of royalties and other obligations of the lease.

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ORIGINAL
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Effective August 1, 2019.

(Amends R.S. 31:123 and 146; adds R.S. 31:146.1)