

2021 Regular Session

SENATE CONCURRENT RESOLUTION NO. 56

BY SENATOR HENSGENS

MINERALS. Creates the Risk Charge Task Force to study current law and consider making recommendations regarding the costs and risks in drilling a well in a unit.

1 A CONCURRENT RESOLUTION

2 To create the Risk Charge Task Force to study and make recommendations regarding the
3 costs and risks in drilling a well in a compulsory unit created by the office of
4 conservation.

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

9 WHEREAS, in 1984, R.S. 30:10 was enacted by Act No. 345 to add statutory
10 provisions which in the oil and gas industry have been referred to as the "Louisiana Risk Fee
11 Act"; and

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

15 WHEREAS, when the Louisiana Risk Fee Act was amended by Act No. 743 of the
16 2012 Regular Session, many raised concerns that those provisions may serve as a
17 disincentive to participate in the risk in drilling a unit well; and

18 WHEREAS, Senate Resolution No. 31 of The 2016 Second Extraordinary Session

1 in response to those concerns urged and requested the Louisiana State Law Institute to
2 propose legislation regarding the issue, the substance of which is contained in Senate Bill
3 No. 59 filed this session; and

4 WHEREAS, with remaining concerns of stakeholders that include costs and risks of
5 subsequent operations, notices, and unleased interests it is imperative that experts and
6 representatives of stakeholders be convened to conduct a thorough analysis of the entirety
7 of the Louisiana Risk Fee Act before a comprehensive solution to these issues can be
8 considered by the Louisiana Legislature.

9 THEREFORE, BE IT RESOLVED that the Legislature of Louisiana does hereby
10 create the Risk Charge Task Force to study current R.S. 30:10 relative to risks and cost of
11 drilling in a compulsory unit created by the office of conservation and the changes proposed
12 in response to Senate Resolution No. 31 of the 2016 Second Extraordinary Session, to
13 conduct public meetings, receive public comments and input of interested parties, and to
14 submit recommendations to the Senate Committee on Natural Resources and the House
15 Committee on Natural Resources and Environment no later than February 4, 2022. The task
16 force shall terminate upon the date of submission of the report or February 4, 2022,
17 whichever occurs first.

18 BE IT FURTHER RESOLVED that the task force created shall consist of the
19 following members:

20 (1) One member appointed by the President of the Senate.

21 (2) One member appointed by the Speaker of the House of Representatives.

22 (3) One member appointed by the Chairman of the Senate Committee on Natural
23 Resources who represents mineral owners.

24 (4) One member appointed by the Chairman of the House Committee on Natural
25 Resources and Environment who represents operators.

26 (5) The secretary of the Department of Natural Resources, or his designee.

27 (6) The commissioner of conservation, or his designee.

28 (7) One member appointed by the Louisiana State Law Institute.

29 (8) One member appointed by the Louisiana Landowners Association.

30 (9) One member appointed by the Louisiana Oil and Gas Association.

1 (10) One member appointed by the Louisiana Mid-Continent Oil and Gas
2 Association.

3 (11) One member appointed by the Louisiana chapter of the National Association of
4 Royalty Owners.

5 (12) One member appointed by the Louisiana Association of Business and Industry.

6 BE IT FURTHER RESOLVED that the task force shall elect a chair at its first
7 meeting. A majority of the members of the task force shall constitute a quorum for the
8 purpose of taking any action. The members of the task force shall receive no compensation
9 for their service to the state, except per diem or expenses reimbursement to which they may
10 be individually entitled as members of the constituent organizations.

11 BE IT FURTHER RESOLVED that a copy of this Resolution be transmitted to the
12 secretary of the Department of Natural Resources, the commissioner of conservation, the
13 Louisiana State Law Institute, the executive director of the Louisiana Landowners
14 Association, president of the Louisiana Oil and Gas Association, president of the Louisiana
15 Mid-Continent Oil and Gas Association, and the president of Louisiana chapter of the
16 National Association of Royalty Owners.

The original instrument and the following digest, which constitutes no part
of the legislative instrument, were prepared by Tyler S. McCloud.

	DIGEST	
SCR 56 Original	2021 Regular Session	Hensgens

Creates the Risk Charge Task Force to study current R.S. 30:10, relative to risks and cost of drilling in a compulsory unit and to submit recommendations to the Senate Committee on Natural Resources and the House Committee on Natural Resources and Environment no later than February 4, 2022. The task force terminates upon the date of submission of such report or February 4, 2022, whichever occurs first.

The membership consists of the following:

- (1) One member appointed by the President of the Senate.
- (2) One member appointed by the Speaker of the House of Representatives.
- (3) One member appointed by the Chairman of the Senate Committee on Natural Resources who represents mineral owners.
- (4) One member appointed by the Chairman of the House Committee on Natural Resources and Environment who represents operators.
- (5) The secretary of the Department of Natural Resources, or his designee.

- (6) The commissioner of conservation, or his designee.
- (7) One member appointed by the Louisiana State Law Institute.
- (8) One member appointed by the Louisiana Landowners Association.
- (9) One member appointed by the Louisiana Oil and Gas Association.
- (10) One member appointed by the Louisiana Mid-Continent Oil and Gas Association.
- (11) One member appointed by the Louisiana chapter of the National Association of Royalty Owners.
- (12) One member appointed by the Louisiana Association of Business and Industry.

Specifies that members of the task force receive no compensation for their service to the state, except per diem or expenses reimbursement to which they may be individually entitled as members of the constituent organizations.