
DIGEST

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HB 590 Original

2023 Regular Session

Bagley

Abstract: Specifies that where owners in a drilling unit choose not to participate in the costs of a unit well, royalty payments must be paid directly from the drilling owner to the royalty owner.

Present law provides that in a drilling unit, during the period of recoupment of costs and the risk charge, the drilling owner shall pay to the nonparticipating owners for the benefit of their lessor royalty and overriding royalty owners, the amount of royalties due under a lease or other agreement between the nonparticipating owner and its lessor royalty and/or overriding royalty owners. Specifies that the nonparticipating owner is supposed to then pay the royalties due in accordance with the lease or other agreement creating the royalty interest.

Proposed law requires that, during the recoupment of costs and risk charge, the drilling owner must make these royalty payments directly to the lessor royalty owner and overriding royalty owner instead of through the nonparticipating owner.

Present law imposes a requirement that the nonparticipating owner provide certain information to the drilling owner regarding royalties. Proposed law retains present law.

Present law provides that the nonparticipating owner is not relieved of any obligation to pay any lessor royalty and overriding royalty during or after the recoupment of recoverable costs and the risk charge. Proposed law retains present law.

(Amends R.S. 30:10(A)(2)(a)(ii) and (b)(i), (ii)(aa) through (cc) and (ee) through (jj), and (iii))