

2024 Third Extraordinary Session

HOUSE BILL NO. 24

BY REPRESENTATIVES GEYMANN AND ROMERO AND SENATOR HENSGENS

1 AN ACT

2 To amend and reenact R.S. 30:124(B), 125, 126(A), 127(A)(introductory paragraph),
3 (B)(introductory paragraph), (C), (E), and (H), 128(A), 129(B)(3), 148.3, and
4 209(4)(b) and to enact R.S. 30:124(G) and 148.10, relative to leasing of state
5 property for energy-related purposes; to provide for the authority of the State
6 Mineral and Energy Board; to classify lease payments for purposes of federal estate
7 law; to increase fees and deposits collected by the State Mineral and Energy Board
8 and the office of mineral resources; to provide relative to applications for the lease
9 of state property; to provide for the transfer or assignment of leases; to provide for
10 limitations of acreage on state property for lease; to provide for minimum royalty,
11 continuing security, and Pugh clauses in mineral leases on state property; to provide
12 for applicability of laws regarding the lease of state property for storage and
13 transportation facilities; to provide for the distribution of revenue collected by the
14 office of mineral resources under operating agreements; to provide an effective date;
15 and to provide for related matters.

16 Be it enacted by the Legislature of Louisiana:

17 Section 1. R.S. 30:124(B), 125, 126(A), 127(A)(introductory paragraph),
18 (B)(introductory paragraph), (C), (E), and (H), 128(A), 129(B)(3), 148.3, and 209(4)(b) are
19 hereby amended and reenacted and R.S. 30:124(G) and 148.10 are hereby enacted to read
20 as follows:

21 §124. Board may lease public lands; fee

22 * * *

23 B. The State Mineral and Energy Board, hereinafter referred to as the
24 "board", has authority to lease ~~for the development and production of minerals, oil,~~
25 ~~gas, or alternative energy sources,~~ any lands belonging to the state, or the title to

1 which is in the public, including road beds, water bottoms, vacant state lands, and
 2 lands adjudicated to the state at tax sale, for the development and production of
 3 minerals, oil, gas, or alternative energy sources and for the purposes set forth in R.S.
 4 30:148.2. The board, in consultation with the Department of Transportation and
 5 Development, shall adopt rules and regulations in accordance with the
 6 Administrative Procedure Act to implement the provisions of this Subpart.

7 * * *

8 G. Payments due to the state pursuant to leases under this Section shall be
 9 considered a tax for the purposes of collection under 11 U.S.C. 503(b)(1)(B) and not
 10 rent.

11 §125. Application for lease; fee

12 ~~A.~~ All proposals for mineral leases under this ~~Section and R.S. 30:126~~
 13 Subpart shall be submitted to and examined by the assistant secretary of the office
 14 of mineral resources who shall transmit them to the board for its action. All
 15 proposals shall be submitted by application as provided herein in the form required
 16 by the office of mineral resources, giving the description of the land, including a
 17 map, and submission of ~~four~~ six hundred dollars, payable to the office of mineral
 18 resources, to satisfy the cost of processing the application. The fee shall not be
 19 returned, even in the event of a bid.

20 §126. Inspection; quantity of land; advertisements for bids; fees

21 A. Upon receipt of an application accompanied by the nonrefundable fee, the
 22 State Mineral and Energy Board may cause an inspection of the land to be made,
 23 including geophysical and geological surveys. After receiving the report of the
 24 inspection, the board may offer for lease all or part of the lands described in the
 25 application. However, no mineral lease shall contain more than five thousand acres.
 26 The board shall publish in the official journal of the state, and in the official journal
 27 of the parish where the lands are located, an advertisement which must appear in
 28 these journals not more than sixty days prior to the date for the opening of bids. The
 29 board may, at its discretion, publish other such advertisements. This advertisement
 30 shall contain a description of the land proposed to be leased, the time when and place

1 where sealed bids shall be received and publicly opened, a statement that the bid may
 2 be for the whole or any particularly described portion of the land advertised, and any
 3 other information that the board may consider necessary, and the royalty to be
 4 demanded should the board deem it to be in the interest of the state to call for bids
 5 on the basis of a royalty fixed by it. If the lands are situated in two or more parishes,
 6 the advertisement shall appear in the official journals of all the parishes where the
 7 lands may be partly located. This advertisement and any other published by the
 8 board shall constitute judicial advertisement and legal notice within the
 9 contemplation of Chapter 5 of Title 43 of the Louisiana Revised Statutes of 1950.
 10 When requested to furnish proof of publication, the board may charge a fee of ~~twenty~~
 11 thirty-five dollars to furnish the proof of publication.

12 * * *

13 §127. Opening bids; minimum royalties; terms of lease; deposit; security

14 A. Only those bidders who are registered prospective leaseholders with the
 15 office of mineral resources, or those who register within two business days after the
 16 lease sale at which the bid is opened and prior to the conditional issuance of the
 17 lease, shall be allowed to obtain a mineral lease from the state of Louisiana. Any
 18 bidder who is not properly registered with the office of mineral resources at the time
 19 bids are opened, but whose bid is otherwise acceptable, shall have until the end of
 20 the second business day following the date on which the bid was conditionally
 21 accepted by the State Mineral and Energy Board to become properly registered with
 22 the office of mineral resources. If ~~said~~ the bidder remains unregistered by the close
 23 of business of the second business day following the day the mineral lease sale at
 24 which the bid was conditionally accepted, the conditionally accepted bid shall be
 25 deemed rejected. The provisions of this Subsection shall also apply in cases where
 26 there is no more than one bid made by unregistered prospective leaseholders. Bids
 27 may be for the whole or any particularly described portion of land advertised. At the
 28 time and place mentioned in the advertisement for the consideration of bids, they
 29 shall be publicly opened. Bids received by the mineral board shall be opened at any
 30 state-owned buildings situated in the city in which the capitol is located. The

1 mineral board has authority to accept the bid most advantageous to the state and may
2 lease upon whatever terms it considers proper. However, the minimum royalties to
3 be stipulated in any mineral lease, other than a mineral lease executed by or on
4 behalf of a school board, shall be:

5 * * *

6 B. The minimum royalties to be stipulated in any mineral lease executed by
7 or on behalf of any school board shall be:

8 * * *

9 C. Each mineral lease where ascertainable shall clearly describe the land
10 leased by section, township, and range, or where authorized by the office of mineral
11 resources, by points along the lease boundary delineated by Lambert X,Y
12 coordinates connected by lines having distances and bearing, or in any other manner
13 authorized by the office of mineral resources, and shall contain a provision
14 permitting the state, at its option, to take in kind the portion due it as royalty of any
15 minerals produced and saved from the leased premises. The office of mineral
16 resources may collect a fee of five dollars each to furnish a proof of lease.

17 * * *

18 E. If all written bids are rejected, the board may immediately offer for
19 competitive bidding a lease upon all or any designated part of the land advertised,
20 upon terms appearing most advantageous to the state. This offering shall be subject
21 to the board's right to reject any and all bids. No lease shall be for more than five
22 thousand acres, except leases for wind energy production which shall not exceed
23 twenty-five thousand acres. No lease for solar energy production shall exceed thirty-
24 five acres, except upon approval by the Senate Committee on Natural Resources and
25 the House Committee on Natural Resources and Environment such lease may exceed
26 thirty-five acres up to a maximum of five thousand acres. Where a lease provides
27 for delay rental, the annual rental shall not be for less than one-half the cash bonus.
28 All lands shall be accurately described in a lease.

29 * * *

30 H. The board may include in any lease entered into by the state, any state
31 agency, or any political subdivision after July 31, 2019, a clause which grants a

1 continuing security interest in and to all ~~as-extracted~~ collateral attributable to,
 2 produced, or to be produced, from the leased premises or from lands pooled or
 3 unitized therewith, as security for the prompt and complete payment and
 4 performance of the lessee's obligation to pay royalties or other sums of money that
 5 may become due under the lease, as contemplated by the Uniform Commercial Code.
 6 The board may subordinate the state's security interest in any amounts in excess of
 7 the royalties and other sums due to the state, to the security interest of one or more
 8 lenders. However, no less than thirty days prior to entering into the first lease that
 9 contains a clause granting a continuing security interest under the provisions of this
 10 Section, the board shall submit the proposed clause language to the House
 11 Committee on Natural Resources and Environment and the Senate Committee on
 12 Natural Resources for review.

* * *

§128. Transfers; approval by board; fees; penalties

15 A. No transfer or assignment in relation to any lease granted by the State
 16 Mineral and Energy Board of minerals or mineral rights on lands, the bodies of any
 17 lakes, bays or coves, the sea, arms of the sea, or other navigable waters and the beds
 18 thereof owned by the state shall be valid unless approved by the State Mineral and
 19 Energy Board. The mineral board may charge a fee of one hundred seventy-five
 20 dollars to cover the cost of preparing and docketing transfers or assignments of such
 21 leases ~~of mineral or mineral rights~~. All parties to transfers or assignments in relation
 22 to any such lease ~~of mineral or mineral rights from the state~~ shall be registered
 23 prospective leaseholders with the office of mineral resources. Transfers or
 24 assignments shall not be granted to prospective leaseholders that are not currently
 25 registered with the office of mineral resources.

* * *

§129. Powers, duties, and authority of board; pooling agreements; operating units;
fees

* * *

B.

* * *

(3) However, each ~~contract of lease~~ mineral lease contract entered into by the board after August 1, 1991, shall contain a clause, commonly referred to as a "Pugh clause", which shall provide that the commencement of operations for the drilling of a well, the conducting of reworking operations, or production of minerals, on any portion of a unit which embraces all or any part of the property covered by such lease shall maintain the lease in effect under the terms of the lease only as to the part of the leased property embraced by the unit. The clause may provide that the acreage outside the unit(s) may be maintained by any means covered by the lease, but if by rental payments, then such payment may be reduced proportionately to the amount of acreage included in the unit as it bears to the total acreage in the lease, provided that the rental per acre on the outside acreage shall not be less than one-half of the cash payment paid for the lease per acre nor shall the lease on the non-unitized acreage be extended more than two years beyond the primary term.

* * *

§148.3. Application for lease

Any person, firm, or corporation desiring to lease any land or bodies of any lakes, bays or coves, sea, arms of the sea, or other navigable waters and beds thereof under the provisions of this Subpart shall present to the lessor a written application, together with a cash deposit of ~~fifty~~ one hundred dollars. The application shall set forth the name, current physical address, telephone number, e-mail address, and contact person of the applicant, a reasonably definite legal description of the location in the form required by the lessor, the amount of acreage that the applicant desires to lease, ~~and~~ a request that the acreage described therein be leased to the applicant under the provisions of this Subpart, and all other information required by the lessor. The application shall be held confidential by the lessor until advertisement. Applications shall be mailed or delivered to the lessor at its official office or business domicile or submitted by such other means as may be authorized by the lessor. The deposit of ~~fifty~~ one hundred dollars shall be returned to the applicant if he makes an unsuccessful bid after a sum sufficient to pay the advertising costs have been deducted.

* * *

1 §148.10. Applicability

2 Notwithstanding any provision to the contrary contained in Subpart A of this
3 Part, the provisions of this Subpart shall apply to leases by the State Mineral and
4 Energy Board for the purposes set forth in R.S. 30:148.2.

5 * * *

6 §209. State Mineral and Energy Board; authority

7 In order to carry out the provisions of R.S. 30:208, the State Mineral and
8 Energy Board may:

9 * * *

10 (4)

11 * * *

12 (b) The office of mineral resources, on behalf of the mineral board, shall
13 administer all operating agreements. After deposit of all ~~production payments~~
14 revenues collected to the Bond Security and Redemption Fund, an amount equal to
15 twenty-five percent of the ~~production payments~~ revenues collected from any
16 operating agreement entered into after August 15, 1997, shall be credited to the
17 Mineral and Energy Operation Fund for appropriation to the Department of Energy
18 and Natural Resources.

19 * * *

20 Section 2. This Act shall become effective January 1, 2025.

SPEAKER OF THE HOUSE OF REPRESENTATIVES

PRESIDENT OF THE SENATE

GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: _____