

RÉSUMÉ DIGEST

ACT 17 (HB 24)

2024 Third Extraordinary Session

Geymann

New 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; 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)

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

New 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))

Prior law required 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))

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

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

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

Existing 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))

New law retains existing law.

Prior law authorized the State Mineral and Energy Board to charge a fee of \$20 when a proof of publication is requested. (R.S. 30:126(A))

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

Existing 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))

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

Existing 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))

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

Existing 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))

New law retains existing law and adds an exception to limit solar energy production leases to 35 acres, except upon approval of the Senate Committee on Natural Resources and the House Committee on Natural Resources and Environment which can authorize up to 5,000 acres. (R.S. 30:127(E))

Existing 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))

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

Existing 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))

New 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))

New law limits this requirement to mineral lease contracts only. (R.S. 30:129(B)(3))

Existing 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)

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

Existing 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)

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

New 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)

Prior law required 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)

New 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)