Regular Session, 2013

HOUSE BILL NO. 223

BY REPRESENTATIVE HENRY BURNS

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana. MINERALS: Provides relative to the timely payment of royalties to a mineral lessor

1	AN ACT
2	To amend and reenact R.S. 31:137, relative to the payment of royalties; to provide for the
3	timely payment of royalties; and to provide for related matters.
4	Be it enacted by the Legislature of Louisiana:
5	Section 1. R.S. 31:137 is hereby amended and reenacted to read as follows:
6	§137. Nonpayment of royalties; notice prerequisite to judicial demand
7	A. If a mineral lessor seeks relief for the failure of his lessee to make timely
8	or proper payment of royalties, he must shall give his lessee written notice of such
9	failure as a prerequisite to a judicial demand for damages or dissolution of the lease.
10	B. Subject to the delays provided by R.S. 31:212.32 and unless otherwise
11	provided by the mineral lease, timely payment of royalties shall mean payment of
12	royalties from the proceeds from the sale of oil or gas production from an oil or gas
13	well to persons legally entitled to payment commencing not later than six months
14	after the date of the first sale, and thereafter, subsequent royalties shall be paid no
15	later than:
16	(1) Sixty days after the end of the calendar month in which subsequent oil
17	production is sold.
18	(2) Ninety days after the end of the calendar month in which subsequent gas
19	production is sold.

CODING: Words in struck through type are deletions from existing law; words <u>underscored</u> are additions.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

Henry Burns

HB No. 223

Abstract: Defines "timely payment" relative to the payment of royalties.

<u>Present law</u> provides that if a mineral lessor seeks relief for the failure of his lessee to make timely or proper payment of royalties, he must give his lessee written notice of such failure as a prerequisite to a judicial demand for damages or dissolution of the lease.

<u>Proposed law</u> defines "timely payment" as, subject to other delays contained in <u>present law</u> and unless otherwise provided by the mineral lease, the payment of royalties from the proceeds from the sale of oil or gas production from an oil or gas well to persons legally entitled to payment commencing not later than six months after the date of the first sale, and thereafter, subsequent royalties shall be paid no later than:

- (1) 60 days after the end of the calendar month in which subsequent oil production is sold.
- (2) 90 days after the end of the calendar month in which subsequent gas production is sold.

(Amends R.S. 31:137)