Regular Session, 2013

HOUSE CONCURRENT RESOLUTION NO. 73

BY REPRESENTATIVE HENRY BURNS

MINERALS/RIGHTS-ROYALTY: Requests the Louisiana Mineral Law Institute to study and make recommendations relative to timely payment of mineral royalties

1	A CONCURRENT RESOLUTION
2	To urge and request the Louisiana Mineral Law Institute to study and make specific
3	recommendations relative to legislation to define "timely payment" of mineral
4	royalties and to establish parameters as to what constitutes "reasonable cause" for
5	untimely or nonpayment of mineral royalties.
6	WHEREAS, pursuant to R.S. 31:137, a mineral lessee is required to make timely and
7	proper payment of royalties; and
8	WHEREAS, present law provides remedies for a lessor who has not been paid timely
9	or properly, and present law also provides that the mineral lessee shall not be subject to
10	penalties, provided that the mineral lessee has reasonable cause for nonpayment; and
11	WHEREAS, the terms, "timely payment" and "reasonable cause" are not statutorily
12	defined, and no parameters have been provided by statutory law as to what constitutes timely
13	payment or what constitutes reasonable cause for failing to make timely payment; and
14	WHEREAS, House Bill No. 223 of the 2013 Regular Session was introduced to
15	define or provide some parameters as to what constitutes timely payment; and
16	WHEREAS, while most mineral lessees make a good faith effort to timely and
17	properly pay mineral royalties to their lessors, there are lessees who take advantage of the
18	lack of specificity in the law as to what constitutes timely payment, particularly when
19	dealing with mineral owners of small tracts of land and who are less knowledgeable of the
20	Mineral Code; and

1 WHEREAS, mineral lessees frequently raise the inability to complete property title 2 work as a reasonable cause for nonpayment; and

3 WHEREAS, since there is no statutory law establishing any time parameters in 4 which to complete such title work, it is most frequently raised as a reasonable cause for nonpayment, and may at times be applied to all owners within a unit when it does not 5 6 necessarily affect the calculation of royalties to all owners within the unit; and

7 WHEREAS, some states with a very strong oil and gas industry, such as Oklahoma, 8 have enacted laws which are more specific when addressing the issues of timeliness of 9 royalty payments and marketability of title; and

10 WHEREAS, with the increased activity and complexity with oil and gas exploration 11 and production in Louisiana over the past several years, there is a growing need to amend 12 the laws relative to defining "timely payment" and as to what constitutes a "reasonable 13 cause" for late payment or nonpayment.

14 THEREFORE, BE IT RESOLVED that the Legislature of Louisiana does hereby 15 urge and request the Louisiana Mineral Law Institute to study and make specific 16 recommendations relative to legislation to define "timely payment" of mineral royalties and 17 to establish parameters as to what constitutes "reasonable cause" for untimely or nonpayment 18 of mineral royalties.

19 BE IT FURTHER RESOLVED that a suitable copy of this Resolution be transmitted

20 to Mr. Keith B. Hall, the director of the Louisiana Mineral Law Institute.

21 BE IT FURTHER RESOLVED the Louisiana Mineral Law Institute report its

22 findings and recommendations in the form of specific proposed legislation to the Legislature

23 of Louisiana on or before January 1, 2014.

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

HCR No. 73

Requests the Louisiana Mineral Law Institute to study and make specific recommendations relative to legislation to define "timely payment" of mineral royalties and to establish parameters as to what constitutes "reasonable cause" for untimely or nonpayment of mineral royalties, and to report its findings and recommendations on or before January 1, 2014.