

Regular Session, 2013

HOUSE CONCURRENT RESOLUTION NO. 73

BY REPRESENTATIVE HENRY BURNS

A CONCURRENT RESOLUTION

To urge and request 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.

WHEREAS, pursuant to R.S. 31:137, a mineral lessee is required to make timely and proper payment of royalties; and

WHEREAS, present law provides remedies for a lessor who has not been paid timely or properly, and present law also provides that the mineral lessee shall not be subject to penalties, provided that the mineral lessee has reasonable cause for nonpayment; and

WHEREAS, the terms, "timely payment" and "reasonable cause" are not statutorily defined, and no parameters have been provided by statutory law as to what constitutes timely payment or what constitutes reasonable cause for failing to make timely payment; and

WHEREAS, House Bill No. 223 of the 2013 Regular Session was introduced to define or provide some parameters as to what constitutes timely payment; and

WHEREAS, while most mineral lessees make a good faith effort to timely and properly pay mineral royalties to their lessors, there are lessees who take advantage of the lack of specificity in the law as to what constitutes timely payment, particularly when dealing with mineral owners of small tracts of land and who are less knowledgeable of the Mineral Code; and

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

WHEREAS, since there is no statutory law establishing any time parameters in 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 necessarily affect the calculation of royalties to all owners within the unit; and

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

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

THEREFORE, BE IT RESOLVED that the Legislature of Louisiana does hereby urge and request 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.

BE IT FURTHER RESOLVED that a suitable copy of this Resolution be transmitted to Mr. Keith B. Hall, the director of the Louisiana Mineral Law Institute.

BE IT FURTHER RESOLVED the Louisiana Mineral Law Institute report its findings and recommendations in the form of specific proposed legislation to the Legislature of Louisiana on or before January 1, 2014.

---

SPEAKER OF THE HOUSE OF REPRESENTATIVES

---

PRESIDENT OF THE SENATE