

Regular Session, 2011

HOUSE BILL NO. 547

BY REPRESENTATIVE BURFORD

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

MINERALS: Provides for time periods for royalty payments 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 time
3 limits within which to make royalty payments; to provide for notice of delayed
4 payment; and to provide for related matters.

5 Be it enacted by the Legislature of Louisiana:

6 Section 1. R.S. 31:137 is hereby amended and reenacted to read as follows:

7 §137. Nonpayment of royalties; notice prerequisite to judicial demand

8 A. If a mineral lessor seeks relief for the failure of his lessee to make timely
9 or proper payment of royalties, he ~~must~~ shall give his lessee written notice of such
10 failure as a prerequisite to a judicial demand for damages or dissolution of the lease.

11 B. For purposes of this Section and unless otherwise provided by the mineral
12 lease, "timely payment" means payment within the delays required by R.S.
13 31:212.32, or payment within one hundred eighty days of the date actual production
14 of minerals begins for proceeds totaling one hundred dollars or more annually.

15 C. If the lessee is unable to make timely payments as provided in Subsection
16 B of this Section, the lessee shall mail a notice to all affected lessors of the inability
17 to make timely payment. The notice shall include the reason for failure to make
18 timely payment and an estimate of when payment is expected to be made.

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)]

Burford

HB No. 547

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

Present law 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.

Proposed law retains present law but defines "timely payment" as payment within the delays provided by present law (R.S. 31:212.32) or payment within 180 days of production for proceeds totaling \$100 or more annually, unless otherwise provided by the mineral lease.

Proposed law provides that if the lessee is unable to make timely payments as provided in proposed law, the lessee shall mail a notice to all affected lessors of the inability to make timely payment. Requires the notice to include the reason for failure to make timely payment and an estimate of when payment is expected to be made.

(Amends R.S. 31:137)