

SENATE SUMMARY OF HOUSE AMENDMENTS

SB 242

2019 Regular Session

Allain

KEYWORD AND SUMMARY AS RETURNED TO THE SENATE

MINERALS. Provides for a continuing security interest clause in mineral leases. (8/1/19)

SUMMARY OF HOUSE AMENDMENTS TO THE SENATE BILL

1. Removes the provision that made the bill applicable to leases that are subsequently assigned, amended, or modified by agreement of the parties after July 31, 2019.
2. Allows the State Mineral and Energy Board to subordinate a certain amount of the state's continuing security interest.
3. Provides for the Senate Committee on Natural Resources and the House Committee on Natural Resources and Environment to approve the continuing security interest clause in a mineral lease.

DIGEST OF THE SENATE BILL AS RETURNED TO THE SENATE

DIGEST

SB 242 Engrossed

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Proposed law authorizes the State Mineral and Energy Board (board) to include in any lease entered into by the state, any state agency, or any political subdivision after July 31, 2019, a clause which grants a continuing security interest in and to all as-extracted collateral attributable to, produced, or to be produced, from the leased premises or from lands pooled or unitized therewith, as security for the prompt and complete payment and performance of the lessee's obligation to pay royalties or other sums of money that may become due under the lease, as contemplated by the Uniform Commercial Code.

Proposed law allows the board to subordinate the state's security interest in any amounts in excess of the royalties and other sums due to the state, to the security interest of one or more lenders.

Proposed law provides that prior to entering into any lease containing a clause that grants a continuing security interest under the provisions of proposed law, the board must submit the clause to the Senate Committee on Natural Resources and the House Committee on Natural Resources and Environment for approval by both committees. Further provides that if either or both of the committees fail to take action within 30 days after the clause is submitted, the board may proceed with entering into such lease.

Effective August 1, 2019.

(Adds R.S. 30:127(H))

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