

CONFERENCE COMMITTEE REPORT

SB 242

2019 Regular Session

Allain

June 5, 2019

To the Honorable President and Members of the Senate and to the Honorable Speaker and Members of the House of Representatives.

Ladies and Gentlemen:

We, the conferees appointed to confer over the disagreement between the two houses concerning Senate Bill No. 242 by Senator Allain, recommend the following concerning the Engrossed bill:

1. That the House Committee Amendments No. 1 and 2 proposed by the House Committee on Natural Resources and Environment and adopted by the House of Representatives on May 23, 2019, be adopted.
2. That the House Floor Amendment (#3156) No. 1 proposed by Representative Jim Morris and adopted by the House of Representatives on May 30, 2019, be adopted.
3. That the House Floor Amendment (#3349) No. 1 proposed by Representative Jim Morris and adopted by the House of Representatives on May 30, 2019, be rejected.
4. That the following amendment to the engrossed bill be adopted:

AMENDMENT NO. 1

On page 2, at the end of line 2, insert the following:

"However, no less than thirty days prior to entering into the first lease that contains a clause granting a continuing security interest under the provisions of this Section, the board shall submit the proposed clause language to the House Committee on Natural Resources and Environment and the Senate Committee on Natural Resources for review."

Respectfully submitted,

Senators:

Representatives:

Senator R.L. Bret Allain, II

Representative Stuart Bishop

Senator Norby Chabert

Representative Clay Schexnayder

Senator Sharon Hewitt

Representative James Morris

The legislative instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Alan Miller.

CONFERENCE COMMITTEE REPORT DIGEST

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Keyword and summary of the bill as proposed by the Conference Committee

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

Report adopts House amendments to:

1. Remove 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. Allow the State Mineral and Energy Board to subordinate a certain amount of the state's continuing security interest.

Report rejects House amendments which would have:

1. Required 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.

Report amends the bill to:

1. Require the board to submit the proposed clause language to the House Committee on Natural Resources and Environment and the Senate Committee on Natural Resources for review, no less than thirty days prior to entering into the first lease that contains a clause granting a continuing security interest.

Digest of the bill as proposed by the Conference Committee

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 requires the board to submit the proposed clause language to the House Committee on Natural Resources and Environment and the Senate Committee on Natural Resources for review, no less than thirty days prior to entering into the first lease that contains a clause granting a continuing security interest.

Effective August 1, 2019.

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