

SENATE BILL NO. 242 (Substitute of Senate Bill No. 179 by Senator Allain)

BY SENATOR ALLAIN AND REPRESENTATIVES BAGLEY, BARRAS, BOURRIAQUE, TERRY BROWN, CARMODY, CREWS, FOIL, HORTON, MCFARLAND, MCMAHEN, JIM MORRIS AND PYLANT

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AN ACT

To enact R.S. 30:127(H), relative to mineral royalties; to provide for mineral leases; to provide for authority of the State Mineral and Energy Board; to provide for security interests on royalties of oil and gas produced on state lands; to provide for terms, conditions, procedures, requirements, and effects; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 30:127(H) is hereby enacted to read as follows:

§127. Opening bids; minimum royalties; terms of lease; deposit; security

* * *

H. The board may 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. The board may 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. 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

1 proposed clause language to the House Committee on Natural Resources and
2 Environment and the Senate Committee on Natural Resources for review.

PRESIDENT OF THE SENATE

SPEAKER OF THE HOUSE OF REPRESENTATIVES

GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: _____