

## RÉSUMÉ DIGEST

**ACT 403 (SB 242)**

**2019 Regular Session**

**Allain**

New 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.

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.

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))