

Regular Session, 2012

SENATE BILL NO. 240

BY SENATOR MURRAY

MINERALS. Provides relative to certain mineral lease indemnification agreements. (8/1/12)

1 AN ACT

2 To amend and reenact R.S. 9:2780 (I) and to enact R.S. 9:2780 (J), relative to
3 indemnification agreements; to provide for certain mineral lease indemnification
4 agreements; to provide certain terms, conditions, procedures and requirements; and
5 to provide for related matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 9:2780(I) is hereby amended and reenacted and R.S. 9:2780(J) is
8 hereby enacted to read as follows:

9 §2780. Certain indemnification agreements invalid

10 * * *

11 **I. Any agreement between or among sublessors, sublessees, assignors or**
12 **assignees contained in, collateral to, or affecting a mineral lease, servitude or**
13 **royalty interest which purports to or does provide for a defense against or**
14 **indemnity for the indemnitee against liability for the obligation to restore the**
15 **environment on property subject to the mineral lease, servitude or royalty**
16 **interest to its original condition on any portion of the leased property on which**
17 **the indemnitor did not conduct mineral development activities or operations or**

1 **cause damages is void and unenforceable as contrary to public policy to the**
2 **extent that the leased property on which the indemnitee conducted such mineral**
3 **development activities or operations or caused damages to the environment is**
4 **not restored to its original condition.**

5 I.J. This Act shall apply to certain provisions contained in, collateral to or
6 affecting agreements in connection with the activities listed in Subsection C which
7 are designed to provide indemnity to the indemnitee for all work performed between
8 the indemnitor and the indemnitee in the future. This specifically includes what is
9 commonly referred to in the oil industry as master or general service agreements or
10 blanket contracts in whatever form and by whatever name. The provisions of this Act
11 shall not apply to a contract providing indemnity to the indemnitee when such
12 contract was executed before the effective date of this Act and which contract
13 governs a specific terminable performance of a specific job or activity listed in
14 Subsection C.

The original instrument and the following digest, which constitutes no part
of the legislative instrument, were prepared by Julie J. Baxter.

DIGEST

Proposed law provides that any agreement between sublessors, sublessees, assignors, or assignees affecting a mineral lease, servitude or royalty interest which provides for a defense or indemnity to an indemnitee against liability associated with the obligation to restore the leased property to its original condition, where indemnitor did not conduct mineral activities or operations or cause damage, is unenforceable and against the state's public policy.

Effective August 1, 2012.

(Amends R.S. 9:2780 (I); adds R.S. 9:2780 (J))