

2021 Regular Session

SENATE CONCURRENT RESOLUTION NO. 44

BY SENATOR HENSGENS

MINERALS. Creates the Risk Charge Commission to study current law and consider making recommendations regarding the costs and risks in drilling a well in a unit.

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A CONCURRENT RESOLUTION

To create the Risk Charge Commission to study and make recommendations regarding the costs and risks in drilling a well in a compulsory unit created by the office of conservation.

WHEREAS, the drilling of oil and gas wells is an important sector of Louisiana's economy, and the policy of this state is advanced when wells are drilled under circumstances that the associated risk is equitably shared by parties who would share in the reward of such undertakings; and

WHEREAS, in 1984, R.S. 30:10 was enacted by Act No. 345 to add statutory provisions which in the oil and gas industry have been referred to as the "Louisiana Risk Fee Act"; and

WHEREAS, the purpose of this legislation was to incentivize a party to share in the cost and risk of drilling a well in a compulsory unit created by the office of conservation, and concomitantly, to compensate a party for the risk that it assumes in drilling a well; and

WHEREAS, when the Louisiana Risk Fee Act was amended by Act No. 743 of the 2012 Regular Session, many raised concerns that those provisions may serve as a disincentive to participate in the risk in drilling a unit well; and

WHEREAS, Senate Resolution No. 31 of The 2016 Second Extraordinary Session

1 in response to those concerns urged and requested the Louisiana State Law Institute to
2 propose legislation regarding the issue, the substance of which is contained in Senate Bill
3 No. 59 filed this session; and

4 WHEREAS, with remaining concerns of stakeholders that include costs and risks of
5 subsequent operations, notices, and unleased interests it is imperative that experts and
6 representatives of stakeholders be convened to conduct a thorough analysis of the entirety
7 of the Louisiana Risk Fee Act before a comprehensive solution to these issues can be
8 considered by the Louisiana Legislature.

9 THEREFORE, BE IT RESOLVED that the Legislature of Louisiana does hereby
10 create the Risk Charge Commission to study current R.S. 30:10 relative to risks and cost of
11 drilling in a compulsory unit created by the office of conservation and the changes proposed
12 in response to Senate Resolution No. 31 of the 2016 Second Extraordinary Session, to
13 conduct public meetings, receive public comments and input of interested parties, and to
14 submit recommendations to the Senate Committee on Natural Resources and the House
15 Committee on Natural Resources and Environment no later than February 4, 2022. The
16 commission shall terminate upon the date of submission of the report or February 4, 2022,
17 whichever occurs first.

18 BE IT FURTHER RESOLVED that the commission created shall consist of the
19 following members:

20 (1) One member appointed by the President of the Senate.

21 (2) One member appointed by the Speaker of the House of Representatives.

22 (3) One member appointed by the Chairman of the Senate Committee on Natural
23 Resources who represents mineral owners.

24 (4) One member appointed by the Chairman of the House Committee on Natural
25 Resources and Environment who represents operators.

26 (5) The secretary of the Department of Natural Resources, or his designee.

27 (6) The commissioner of conservation, or his designee.

28 (7) One member appointed by the Louisiana State Law Institute.

29 (8) One member appointed by the Louisiana Landowners Association.

30 (9) One member appointed by the Louisiana Oil and Gas Association.

1 (10) One member appointed by the Louisiana Mid-Continent Oil and Gas
2 Association.

3 (11) One member appointed by the Louisiana chapter of the National Association of
4 Royalty Owners.

5 (12) One member appointed by the Louisiana Association of Business and Industry.

6 BE IT FURTHER RESOLVED that the commission shall elect a chair at its first
7 meeting. A majority of the members of the commission shall constitute a quorum for the
8 purpose of taking any action. The members of the commission shall receive no compensation
9 for their service to the state, except per diem or expenses reimbursement to which they may
10 be individually entitled as members of the constituent organizations.

11 BE IT FURTHER RESOLVED that a copy of this Resolution be transmitted to the
12 secretary of the Department of Natural Resources, the commissioner of conservation, the
13 Louisiana State Law Institute, the executive director of the Louisiana Landowners
14 Association, the president of the Louisiana Oil and Gas Association, the president of the
15 Louisiana Mid-Continent Oil and Gas Association, and the president of Louisiana chapter
16 of the National Association of Royalty Owners.

The original instrument and the following digest, which constitutes no part
of the legislative instrument, were prepared by Tyler S. McCloud.

	DIGEST	
SCR 44 Original	2021 Regular Session	Hensgens

Creates the Risk Charge Commission to study current R.S. 30:10, relative to risks and cost of drilling in a compulsory unit and to submit recommendations to the Senate Committee on Natural Resources and the House Committee on Natural Resources and Environment no later than February 4, 2022. The commission terminates upon the date of submission of such report or February 4, 2022, whichever occurs first.

The membership consists of the following:

- (1) One member appointed by the President of the Senate.
- (2) One member appointed by the Speaker of the House of Representatives.
- (3) One member appointed by the Chairman of the Senate Committee on Natural Resources who represents mineral owners.
- (4) One member appointed by the Chairman of the House Committee on Natural Resources and Environment who represents operators.
- (5) The secretary of the Department of Natural Resources, or his designee.

- (6) The commissioner of conservation, or his designee.
- (7) One member appointed by the Louisiana State Law Institute.
- (8) One member appointed by the Louisiana Landowners Association.
- (9) One member appointed by the Louisiana Oil and Gas Association.
- (10) One member appointed by the Louisiana Mid-Continent Oil and Gas Association.
- (11) One member appointed by the Louisiana chapter of the National Association of Royalty Owners.
- (12) One member appointed by the Louisiana Association of Business and Industry.

Specifies that members of the commission receive no compensation for their service to the state, except per diem or expenses reimbursement to which they may be individually entitled as members of the constituent organizations.