

## PLANO LUNCHEON

Monday, May 14, 2012

1. Louisiana “Risk Fee” Statute – La. R.S. 30:10
  - a. Current law
    - i. Regarding lessor’s obligation to pay royalty
      1. *J. G. Duplantis v. OSD, LLC, et al*, 2000-CA-2119 (La.App. 1<sup>st</sup> Cir. 11/9/2001) (unreported)
      2. *Gulf Explorer, LLC v. Clayton Williams Energy, Inc.*, 2006-CA-1949 (La.App. 1<sup>st</sup> Cir. 6/8/2007) 964 So.2d 1042
    - ii. Regarding application of risk-fee penalty to alternate unit wells
  - b. The problems or perceived problems
    - i. Larger operators
    - ii. Smaller operators
    - iii. Landowners
  - c. Proposed changes
    - i. Operator is obligated to pay the lessor’s royalty during the “payout” period and “penalty” period, with certain modifications
    - ii. Operator can apply risk charge (100%, not 200%) to non-participating lessees for alternate unit wells
2. Severance – State Claims to Minerals
  - a. Louisiana Constitution 1921, Article 4, Section 2
  - b. Louisiana Constitution 1974, Article 9, Section 4
  - c. *Justiss Oil Company v. State Mineral Board*, 45,212 (La.App. 2<sup>nd</sup> Cir. 4/14/10) 34 So.3d 507
  - d. *State ex rel. Hyams’ Heirs v. Grace*, 197 La. 428, 1 So.2d 683 (La. 1941)

*Please email me or leave your business card with me if you  
would like a copy of the materials cited in this outline*