

HOUSE BILL NO. 96
INTRODUCED BY HOLLIDAY

IN THE HOUSE

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| January 7, 1985 | Introduced and referred to Committee on Business and Labor. |
| January 18, 1985 | Committee recommend bill do pass. Report adopted. |
| January 19, 1985 | Bill printed and placed on members' desks. On motion, taken from printing and rereferred to Committee on Business and Labor. |
| January 21, 1985 | Committee recommend bill do pass as amended. Report adopted. |
| January 22, 1985 | Bill printed and placed on members' desks. |
| January 24, 1985 | Second reading, do pass. Considered correctly engrossed. |
| January 25, 1985 | Third reading, passed. Transmitted to Senate. |

IN THE SENATE

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| January 26, 1985 | Introduced and referred to Committee on Taxation. |
| February 4, 1985 | On motion, taken from Committee on Taxation and rereferred to Committee on Natural Resources. Motion adopted. |
| March 7, 1985 | Committee recommend bill be concurred in. Report adopted. |

March 9, 1985

Second reading, concurred in.

March 12, 1985

Third reading, concurred in.
Ayes, 50; Noes, 0.

Returned to House.

IN THE HOUSE

March 13, 1985

Received from Senate.

Sent to enrolling.

Reported correctly enrolled.

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3
4 A BILL FOR AN ACT ENTITLED: "AN ACT TO DECREASE FROM 180
5 DAYS TO 60 DAYS THE NUMBER OF DAYS AFTER THE MARKETING OF
6 OIL AND GAS THAT AN OPERATOR MUST PAY ROYALTIES TO A ROYALTY
7 OWNER BEFORE INCURRING AN ADDITIONAL OBLIGATION TO PAY
8 INTEREST ON THE UNPAID ROYALTIES; AMENDING SECTION
9 82-10-103, MCA."

10
11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

12 Section 1. Section 82-10-103, MCA, is amended to read:
13 "82-10-103. Obligation to pay royalties as essence of
14 contract -- interest. (1) The obligation arising under an
15 oil and gas lease to pay oil or gas royalties to the royalty
16 owner or his assignee, to deliver oil or gas to a purchaser
17 to the credit of such royalty owner or his assignee, or to
18 pay a portion of the proceeds of the sale of such oil or gas
19 to the royalty owner or his assignee is of the essence in
20 the lease contract.

21 (2) If the operator under an oil and gas lease fails
22 to pay oil or gas royalties to the royalty owner or his
23 assignee within ~~100~~ 60 days after oil or gas produced under
24 the lease is marketed, the unpaid royalties thereafter bear
25 interest, at the maximum rate of interest authorized under

1 31-1-107 from the date due until paid. The operator may
2 remit semiannually to a person entitled to royalties the
3 aggregate of 6 months' royalties whenever the aggregate
4 amount is less than \$50.

5 (3) A royalty owner seeking a remedy for failure to
6 make payments under the lease or seeking such payments under
7 this section shall bring his action in the district court
8 for the county in which the oil or gas well is located, and
9 that court has jurisdiction over any such actions brought
10 under this section. The prevailing party in any proceeding
11 brought under this section is entitled to recover his court
12 costs and reasonable attorney fees.

13 (4) This section does not apply if a royalty owner or
14 his assignee has elected to take his proportionate share of
15 production in kind or whenever there is a dispute as to the
16 title of the minerals or entitlement to royalties, the
17 outcome of which would affect distribution of royalty
18 payments."

-End-

APPROVED BY COMM. ON BUSINESS AND LABOR

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21 (2) If the operator under an oil and gas lease fails
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23 assignee within ~~180~~ 60 days after oil or gas produced under
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SECOND READING
HB 96

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(2) If the operator under an oil and gas lease fails
to pay oil or gas royalties to the royalty owner or his
assignee within ~~180~~ 60 120 days after THE INITIAL oil or gas
produced under the lease is marketed AND WITHIN 60 DAYS FOR
ALL OIL AND 90 DAYS FOR ALL GAS PRODUCED AND MARKETED

THEREAFTER, the unpaid royalties thereafter WILL bear
interest, at the maximum rate of interest authorized under
31-1-107 from the date due until paid. The operator may
remit semiannually to a person entitled to royalties the
aggregate of 6 months' royalties whenever the aggregate
amount is less than \$50 AND ANNUALLY WHENEVER THE AGGREGATE
AMOUNT IS LESS THAN \$10.

(3) A royalty owner seeking a remedy for failure to
make payments under the lease or seeking such payments under
this section shall bring his action in the district court
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REFERENCE BILL