

SB 208 INTRODUCED BY KEATING, GIACOMETTO
REQUIRES ROYALTY PAYMENTS DERIVED FROM SALE OF OIL
AND GAS BE HELD IN TRUST

1/24 INTRODUCED
1/24 REFERRED TO NATURAL RESOURCES
1/30 HEARING
2/02 ADVERSE COMMITTEE REPORT ADOPTED 47 0

1 *Senate* BILL NO. *208*
 2 INTRODUCED BY *Deating* *Diacomullo*
 3

4 A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE THAT ROYALTY
 5 PAYMENTS DERIVED FROM THE SALE OF NATURAL GAS, OIL, OR OTHER
 6 RELATED HYDROCARBONS ARE TRUST PROCEEDS; AND PROVIDING AN
 7 IMMEDIATE EFFECTIVE DATE."
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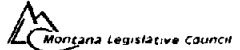
9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

10 Section 1. Royalty payments considered trust proceeds.
 11 When a lessee, operator, or any other party legally
 12 obligated to pay the owners of royalty in lands or any well
 13 producing natural gas, oil, or related hydrocarbons receives
 14 proceeds derived from the sale of the product of the lands
 15 or well, the proceeds are trust proceeds that must be held
 16 in trust in separate accounts and may not be commingled with
 17 other revenues belonging to the lessee, operator, or any
 18 party other than the royalty owners. The proceeds are not
 19 part of the estate or property of the lessee, operator, or
 20 any party other than the royalty owners for purposes of
 21 bankruptcy or other proceedings by the creditors of the
 22 lessee, operator, or party other than the royalty owners.

23 Section 2. Codification instruction. Section 1 is
 24 intended to be codified as an integral part of Title 82,
 25 chapter 10, part 1, and the provisions of Title 82, chapter

1 10, part 1, apply to section 1.
 2 Section 3. Effective date. This act is effective on
 3 passage and approval.

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-2- INTRODUCED BILL
 SB 208