

Louisiana Mineral and Energy Board Adopts Temporary Moratorium on Leasehold Maintenance and Grants Other Relief

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This morning the Louisiana Mineral and Energy Board held a special meeting via Zoom to consider resolutions to grant certain relief to lessees of oil and gas lease and operating agreements granted by the State of Louisiana. The resolutions adopted grant a temporary moratorium on lease maintenance obligations for the time period of March 11th until July 13th and then allow an additional thirty day period for the lessee to recommence lease maintenance operations or production. But if a lessee obtains production during this time period, royalty payments to the state must be timely paid on such production. The resolutions also suspend all demands for reasonable development for the time period of March 11th until August 13th. The resolutions also provide for the postponement, waiver, delay and suspense of all penalties accrued during the time period of March 11th until August 12th for the settlement of royalty disputes and other lease or statutory obligations.

At their meeting this morning, the Board recognized that lessees may still be adversely affected by the COVID-19 pandemic and/or low prices when these time periods expire and agreed to meet again to consider additional measure to assist the industry. Here is a link to unexecuted copies of the adopted resolutions.

These measures affect only leases and operating agreement granted by the State of Louisiana for its lands. If you need to shut in fields that include oil and gas leases granted by other parties, we're available to assist you in determining your rights and obligations under those other leases.

If you have any questions, please do not hesitate to contact Cynthia Nicholson or Peck Hayne.