

AN ACT
RELATING TO OIL AND GAS; AMENDING A CERTAIN SECTION OF THE
OIL AND GAS PROCEEDS PAYMENT ACT.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. Section 70-10-3.1 NMSA 1978 (being Laws 1991, Chapter 235, Section 2) is amended to read:

"70-10-3.1. DUTY TO LOCATE--PENALTY. --

A. The operator or lessee arranging for the sale of oil and gas shall make a diligent effort to furnish the payor with the correct name, the address and the percentage of interest of each person to whom payment is to be made, as well as proof of marketable title to all of the oil and gas to be sold.

B. The payor shall make a diligent effort to furnish each interest owner with a reasonable division or transfer order that will set forth the proper interest to which the interest owner is entitled, as well as the mailing address to which payment may be directed.

C. If the purchaser or payor is unable to locate any person listed by the operator or lessee, then the purchaser or payor shall notify the operator or lessee that he has been unable to locate or obtain the address of the person entitled to payment.

D. If, because of the failure of an operator or

lessee to make a diligent effort required by Subsection A of this section, an interest owner does not receive payment within the period provided in Section 70-10-3 NMSA 1978, the operator or lessee shall pay the interest owner damages in an amount equal to an annual rate of eighteen percent, calculated on the amount due from the date that the payment was due until it is actually received by the interest owner." =

=====