

HOUSE APPROPRIATIONS AND FINANCE COMMITTEE SUBSTITUTE FOR
HOUSE BILL 926

45TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2001

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

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underscored material = new
[bracketed material] = delete

1 transfer order that will set forth the proper interest to
2 which the interest owner is entitled, as well as the mailing
3 address to which payment may be directed.

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

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