

WEST VIRGINIA LEGISLATURE

2024 REGULAR SESSION

Introduced

Senate Bill 235

By Senators Smith and Chapman

[Introduced January 11, 2024; referred
to the Committee on Energy, Industry, and Mining]

1 A BILL to amend the Code of West Virginia, 1931, as amended, by adding thereto a new section,
 2 designated §36-4-9c, relating to providing for enhanced damages for nonpayment of
 3 royalties due from oil, natural gas, or natural gas liquids production under the terms of a
 4 lease or other agreement.

Be it enacted by the Legislature of West Virginia:

ARTICLE 4. COVENANTS.

§36-4-9c. Penalties for nonpayment of royalties under the terms of oil and natural gas leases during production from conventional vertical wells.

1 With regard to conventional vertical oil, natural gas, or natural gas liquids, wells only,
 2 permitted under §22-6-1 et seq. of this code, unless otherwise provided for in writing or unless
 3 there is a bona fide dispute between the parties, any lessee or operator of oil, natural gas, or
 4 natural gas liquids, or their successors or assigns, who fails to pay a royalty payment for mineral
 5 production to a lessor, or their successors and assigns, under the terms of a lease or other
 6 agreement within six months after the date payment is due under the terms of such lease or other
 7 agreement, shall be liable to such lessor or landowner, or their successors or assigns, in an
 8 amount equal to three times the market value of the extracted minerals for which payment is due,
 9 plus reasonable attorney's fees and costs in addition to and notwithstanding any other rights,
 10 remedies, and penalties otherwise provided by law.

NOTE: The purpose of this bill is to provide for enhanced damages for nonpayment of royalties due from oil, natural gas, or natural gas liquids production under the terms of a lease or other agreement.

Strike-throughs indicate language that would be stricken from a heading or the present law and underscoring indicates new language that would be added.