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]

A BILL to amend the Code of West Virginia, 1931, as amended, by adding thereto a new section, designated §36-4-9c, relating to providing 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.

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.

With regard to conventional vertical oil, natural gas, or natural gas liquids, wells only, permitted under §22-6-1 *et seq.* of this code, unless otherwise provided for in writing or unless there is a bona fide dispute between the parties, any lessee or operator of oil, natural gas, or natural gas liquids, or their successors or assigns, who fails to pay a royalty payment for mineral production to a lessor, or their successors and assigns, under the terms of a lease or other agreement within six months after the date payment is due under the terms of such lease or other agreement, shall be liable to such lessor or landowner, or their successors or assigns, in an amount equal to three times the market value of the extracted minerals for which payment is due, plus reasonable attorney's fees and costs in addition to and not withstanding any other rights, 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.