

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

HOUSE BILL 485

42ND LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 1996

INTRODUCED BY
ROBERT S. LIGHT

AN ACT

RELATING TO OIL AND GAS; AMENDING THE OIL AND GAS PROCEEDS
PAYMENT ACT TO CHANGE THE TIME FOR PAYMENT.

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

Section 1. Section 70-10-3 NMSA 1978 (being Laws 1985,
Chapter 55, Section 3) is amended to read:

"70-10-3. PAYMENT OF OIL AND GAS PROCEEDS--TIME FOR
PAYMENT.--The oil and gas proceeds derived from the sale of
production from any well producing oil, gas or related
hydrocarbons in New Mexico shall be paid to all persons legally
entitled to such payments, commencing not later than ~~[six]~~ three
months after the first day of the month following the date of
first sale and thereafter not later than forty-five days after
the end of the calendar month within which payment is received
by payor for production unless other periods or arrangements are

Underscored material = new
[bracketed material] = delete

1 provided for in a valid contract with the person entitled to
2 such proceeds. Payment shall be made directly to the person or
3 persons entitled thereto by the payor and payment shall be
4 deemed to have been made upon deposit in the United States
5 mail."

6 Section 2. Section 70-10-4 NMSA 1978 (being Laws 1991,
7 Chapter 235, Section 3) is amended to read:

8 "70-10-4. INTEREST ON LATE PAYMENTS. --

9 A. Any delay in determining any person legally
10 entitled to an interest in the proceeds from production shall
11 not affect payments to all other persons entitled to payments.
12 In instances where payments cannot be made within the time
13 period provided in Section 70-10-3 NMSA 1978, the payor shall
14 create a suspense account on his books for such interest or may
15 interplead the suspended funds into court.

16 B. The person entitled to payment from the suspended
17 funds shall be entitled to interest on the suspended funds from
18 the date payment is due under Section 70-10-3 NMSA 1978. The
19 interest awarded shall be the [~~discount~~] prime rate [~~charged by~~
20 ~~the federal reserve bank of Dallas to member banks~~] plus one and
21 one-half percent on the date payment is due. Payment of
22 principal and interest on the suspended funds shall be made to
23 all persons legally entitled to the funds within thirty days
24 from the date that the persons are determined to be entitled to
25 the suspended funds by a final legal determination. As used in

Underscored material = new
~~[bracketed material] = delete~~

1 this subsection. "prime rate" means the nationally published
2 prime rate representing the base rate on corporate loans posted
3 by at least seventy-five percent of the nation's thirty largest
4 banks. "