



## States' Biofuels Statutes

### STATE OF LOUISIANA

*This project was undertaken in partnership with the USDA Office of the Chief Economist, The Office of Energy Policy and New Uses. For information on the full project, visit [States' Biofuels Statutory Citations](#). These statutes are placed in reverse chronological order using the date of the most recent amendment to the statute. Many biofuels laws were enacted as amendments to previously passed laws.*

*Current through the 2013 Legislative Session of the Louisiana General Assembly.*

#### **§ 144. Sale of royalties in-kind to small refiners**

A. On or before December 31, 1979, the secretary of the Department of Natural Resources shall submit to the State Mineral and Energy Board for implementation a regulatory program for the sale and/or processing of in-kind crude oil royalties to refiners in the state and procedures for the sale and/or processing, delivery, and use of royalty crude oil, which at a minimum include the following:

(1) Provisions to assure that the sale shall not be made to any Louisiana refiner who may not legally condition product sales upon the right of the State to exercise a right of first refusal to any product refined from royalty crude and to give first priority to Louisiana customers in the usual course of sale of end products. A "Louisiana refiner" shall be a Louisiana business entity having its principal place of business in the State of Louisiana.

(2) Provisions which assure a first priority of available supply to refiners with capability to refine typical South Louisiana light, sweet type crude, having a sulphur content of five-tenths or less, and refiners with facilities for the distillation of methanol or ethanol, suitable for blending with gasoline to produce a motor fuel, at least fifty percent of which methanol or ethanol is to be derived from agricultural products produced in Louisiana.

(3) Provisions which assure that qualified refiners have adequate facilities to receive crude by water, pipe, or truck and own or have contractual rights to adequate storage facilities to assure continuity of operations.

(4) Provisions which assure the disclosure of all information relevant to a determination that the refiner has a genuine need for a portion of the state's royalty crude.

(5) Provisions which limit the volume of royalty crude available to any one refiner to no more than seventy-five hundred barrels per day.

(6) Provisions which assure that to the extent permitted by state or federal law the state receives not less than the fair market value for the royalty crude.

(7) Provisions which condition any sales and/or processing upon the right of the state to exercise a right of first refusal to any product refined from royalty crude, and which also requires refiners to give first priority to Louisiana customers in the usual course of sale of end products.

(8) Provisions which prohibit the exchange or resale of any royalty crude without consent of the state and fix penalties of not less than ten thousand dollars per day of violation thereof.

(9) Provisions for the assessment of a fee of not more than twenty cents per barrel in the event of sales to cover costs of administration, and reasonable bond or other acceptable financial assurance which will guarantee good and faithful performance of obligation by small refiners.

(10) Such additional provisions as may be deemed necessary to protect the interests of the state and assure a fair and equitable allocation of the state's royalty crude supply.

(11) Provisions which assure that no gasoline or diesel end product from such crude shall be sold for the ultimate purpose of retail sale outside of the State of Louisiana.

B. Prior to submitting the program to the State Mineral and Energy Board for implementation, the secretary shall present the proposed program to the House Committee on Natural Resources and Environment and Senate Committee on Natural Resources, meeting jointly, for approval thereof. Within thirty days after receipt of the program from the secretary, the mineral board shall initiate rulemaking procedures thereon in compliance with R.S. 49:951 et seq.

C. Notwithstanding the provisions of R.S. 30:142F, public bidding shall not be required for the sale and/or processing of royalty crude oil pursuant to this Section, so long as price controls remain in effect; provided that in the event supplies of royalty crude remain available after allocation of the seventy-five hundred barrel per day maximum allowed under this Section to all interested refiners, the volumes so remaining shall be made available to the refiners pursuant to public bidding therefor, contingent upon interruption of delivery of such excess supply to accommodate any qualified refiner not receiving the maximum allocation permitted herein and capable of taking delivery of additional volumes which are available.

**Credits:** Added by Acts 1979, No. 592, § 1. Amended by Acts 2008, No. 580, § 2; Acts 2009, No. 196, § 2, eff. July 1, 2009.