

PUBLICATION

Notice to Non-lessee Affiliate of Unpaid Royalties Deemed Sufficient Where Affiliate Responded On Behalf of Lessee

Authors: Adam Zuckerman

November 15, 2012

It is a fundamental requirement of Mineral Code article 137 that a lessor who seeks unpaid royalties must provide written notice *to the lessee*.

Many leases contain similar contractual notice requirements. In *Estes v. Placid Oil Co.*, 2012 WL 122729 *3 (W.D.La. April 10, 2012), the Court nonetheless permitted notice to an affiliate (OXY USA Inc.) of a lessee (Placid Oil Company) where both entities share a common parent company (Occidental Petroleum Corporation), and the affiliate's representative was corporate counsel for both entities, had the same title, and responded to the notice on behalf of the lessee. The Court distinguished this scenario from the facts of *Lucky v. Encana Oil & Gas, Inc.*, 46 So.3d (La. App. 2d Cir. 2008), in which notice was provided to a sublessee but not the lessee. *Estes*, 2012 WL 122729 at *3.