

**House Bill 2590**  
Senate Amendments  
Section-by-Section Analysis

HOUSE VERSION

SECTION 1. Subtitle B, Title 5, Property Code, is amended by adding Chapter 66 to read as follows:

CHAPTER 66. SALE OF PROPERTY SUBJECT TO OIL OR GAS LEASE

Sec. 66.001. SALE OF PROPERTY SUBJECT TO OIL OR GAS LEASE. (a) Notwithstanding any other law, an oil or gas lease covering real property subject to a security interest that has been foreclosed remains in effect after the foreclosure sale if the oil or gas lease has not terminated or expired on its own terms and:

(1) was executed and recorded in the real property records of the county before the date the security interest was recorded;

or

(2) was executed and recorded in the real property records of the county after the date the security interest was recorded but before the foreclosure sale.

(b) Any royalty payment due to the owner of the real property under an oil or gas lease shall be paid to the purchaser of the foreclosed real property.

(c) The lessee of the oil or gas lease shall indemnify the purchaser and any mortgagee of the foreclosed real property from actual damages resulting from the lessee's operations conducted pursuant to the oil or gas lease.

(d) If an oil or gas lease is executed and recorded in the real property records of the county after the date a security interest in the affected real property is recorded and the affected real property is subsequently sold in a foreclosure sale, the foreclosure sale terminates and extinguishes the lessee's right to use the surface of the real property pursuant to the oil or gas lease.

(e) A subordination agreement between a lessee of an oil or

SENATE VERSION (CS)

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(1) was executed and recorded in the real property records of the county before the date the security interest was recorded;

or

(2) was executed and recorded in the real property records of the county after the date the security interest was recorded but before the foreclosure sale.

(b) Any royalty payment under an oil or gas lease due to the owner of the real property **that was subject to the security interest that has been foreclosed** shall be paid to the purchaser of the foreclosed real property.

(c) The lessee of the oil or gas lease shall indemnify the purchaser and any mortgagee of the foreclosed real property from actual damages resulting from the lessee's operations conducted pursuant to the oil or gas lease.

(d) If an oil or gas lease is executed and recorded in the real property records of the county after the date a security interest in the affected real property is recorded and the affected real property is subsequently sold in a foreclosure sale, the foreclosure sale terminates and extinguishes the lessee's right to use the surface of the real property pursuant to the oil or gas lease.

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CONFERENCE

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gas lease and a mortgagee of real property controls over any conflicting provision of this section.

SECTION 2. Chapter 66, Property Code, as added by this Act, applies only with respect to a foreclosure sale for which the notice of sale is given under Section 51.002, Property Code, on or after the effective date of this Act or a judicial foreclosure for which the judicial foreclosure action commenced on or after the effective date of this Act.

SECTION 3. This Act takes effect January 1, 2014.

SENATE VERSION (CS)

gas lease and a mortgagee of real property controls over any conflicting provision of this section.

SECTION 2. Same as House version.

SECTION 3. Same as House version.

CONFERENCE