

By: King of Uvalde

H.B. No. 3946

A BILL TO BE ENTITLED

AN ACT

relating to the effect of operations in a unit created under the provisions of an oil or gas lease following the expiration of the primary term of the lease.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subtitle C, Title 3, Natural Resources Code, is amended by adding Chapter 104 to read as follows:

CHAPTER 104. VOLUNTARY POOLING

Sec. 104.001. APPLICABILITY. (a) This chapter applies only to a unit created voluntarily under the provisions of an oil or gas lease. In the event of a conflict between this chapter and the provisions of an oil or gas lease entered into before September 1, 2015, the provisions of the lease prevail.

(b) This chapter does not apply to land:

(1) that is owned by this state; or

(2) in which this state has an interest, directly or indirectly.

Sec. 104.002. EFFECT OF OPERATIONS IN UNIT IN SECONDARY TERM OF LEASE. If only part of a tract subject to an oil or gas lease is pooled into a unit for an oil or gas well, unit production of oil or gas, unit operations, or payment of shut-in royalties from a unit gas well will not serve to hold the lease in force as to any area outside the unit after the fifth anniversary of the date the primary term of the lease expires.

1 SECTION 2. This Act takes effect September 1, 2015.