

AN ACT

relating to a disclosure in certain offers to purchase a mineral or royalty interest.

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

SECTION 1. Subchapter F, Chapter 5, Property Code, is amended by adding Section 5.152 to read as follows:

Sec. 5.152. CERTAIN PURCHASES OF MINERAL OR ROYALTY INTERESTS VOID. (a) This section applies only to the conveyance of a mineral or royalty interest by an instrument that:

(1) is presented to the owner of the interest by the person acquiring the interest;

(2) is titled an oil and gas lease or an oil and gas royalty lease or has other words in the caption or other prominently displayed label that indicate that the transaction is a lease of a mineral or royalty interest; and

(3) has the effect of conveying, permanently or for a term, all or a portion of the owner's:

(A) mineral interest in lands covered by an existing oil, gas, or mineral lease; or

(B) royalty interest in production from an existing oil, gas, or mineral lease.

(b) This section does not apply to a conveyance of a mineral or royalty interest by an instrument that:

(1) is an oil, gas, or mineral lease;

1 in a conveyance that is void under this section may bring suit
2 against the purchaser of the interest to remove the conveyance as a
3 cloud on title and may recover from the purchaser:

4 (1) all royalties and bonuses paid to the purchaser
5 and any successor or assign of the purchaser;

6 (2) court costs; and

7 (3) reasonable attorney's fees.

8 (f) The remedies under this section are in addition to any
9 other rights or remedies a person may have at law or pursuant to
10 contract.

11 SECTION 2. The change in law made by this Act applies only
12 to an agreement entered into on or after the effective date of this
13 Act. An agreement entered into before the effective date of this
14 Act is governed by the law as it existed immediately before the
15 effective date of this Act, and that law is continued in effect for
16 that purpose.

17 SECTION 3. This Act takes effect September 1, 2019.

President of the Senate

Speaker of the House

I certify that H.B. No. 3838 was passed by the House on May 3, 2019, by the following vote: Yeas 138, Nays 5, 1 present, not voting.

Chief Clerk of the House

I certify that H.B. No. 3838 was passed by the Senate on May 22, 2019, by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

APPROVED: _____

Date

Governor