87R3113 SLB-D

By:  Paxton S.B. No. 1030

A BILL TO BE ENTITLED

AN ACT

relating to the applicability of provisions governing payment of the proceeds derived from the sale of oil or gas production to nonparticipating royalty interest owners.

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

SECTION 1.  Section 91.401, Natural Resources Code, is amended by adding Subdivision (5) to read as follows:

(5)  "Nonparticipating royalty interest owner" means a mineral interest owner whose interest was conveyed without the right to negotiate lease terms or receive a bonus.

SECTION 2.  Section 91.402, Natural Resources Code, is amended by amending Subsection (a) and adding Subsection (a-1) to read as follows:

(a)  In this section, the term "payee" includes a nonparticipating royalty interest owner.

(a-1)  The proceeds derived from the sale of oil or gas production from an oil or gas well located in this state must be paid to each payee by payor on or before 120 days after the end of the month of first sale of production from the well. After that time, payments must be made to each payee on a timely basis according to the frequency of payment specified in a lease or other written agreement between payee and payor. If the lease or other agreement does not specify the time for payment, subsequent proceeds must be paid no later than:

(1)  60 days after the end of the calendar month in which subsequent oil production is sold; or

(2)  90 days after the end of the calendar month in which subsequent gas production is sold.

SECTION 3.  Section 91.5001, Natural Resources Code, is amended to read as follows:

Sec. 91.5001.  DEFINITIONS [~~DEFINITION~~]. In this subchapter:

(1)  "Nonparticipating royalty interest owner" means a mineral interest owner whose interest was conveyed without the right to negotiate lease terms or receive a bonus.

(2)  "Payor"[~~, "payor"~~] has the meaning assigned by Section 91.401.

SECTION 4.  Section 91.504, Natural Resources Code, is amended by amending Subsection (a) and adding Subsection (a-1) to read as follows:

(a)  In this section, "royalty interest owner" includes a nonparticipating royalty interest owner.

(a-1)  If the payor does not explain on the check stub, attachment to the payment form, or other remittance advice, or by a separate mailing, deductions from or adjustments to payments, the payor must provide an explanation by certified mail not later than the 60th day after the date the payor receives a request from the royalty interest owner. The royalty interest owner must send the request by certified mail.

SECTION 5.  Section 91.505, Natural Resources Code, is amended to read as follows:

Sec. 91.505.  PROVIDING OTHER INFORMATION. (a) In this section, "royalty interest owner" includes a nonparticipating royalty interest owner.

(b)  If a royalty interest owner requests information or answers to questions concerning a payment made pursuant to this subchapter, other than information requested under Section 91.504, and the request is made by certified mail, the payor must respond to the request by certified mail not later than 30 days after the request is received.

SECTION 6.  The change in law made by this Act applies only to a division order issued on or after the effective date of this Act. A division order issued before the effective date of this Act is governed by the law in effect on the date the division order was issued, and the former law is continued in effect for that purpose.

SECTION 7.  This Act takes effect September 1, 2021.