87R3809 SLB-F

By:  Paxton S.B. No. 1031

A BILL TO BE ENTITLED

AN ACT

relating to information provided to a payee by a payor of proceeds of production from an oil or gas well that traverses multiple tracts.

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

SECTION 1.  The heading to Section 91.402, Natural Resources Code, is amended to read as follows:

Sec. 91.402.  [~~TIME FOR~~] PAYMENT OF PROCEEDS; DIVISION ORDERS.

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

(d-1)  For a horizontal well whose wellbore extends outside of the tract on which a payee has an interest directly or through pooling, the payor shall include in the division order or provide in a separate statement included with the division order:

(1)  an as-drilled plat of the well to which the division order applies; and

(2)  an explanation of the formula used to allocate production between the different tracts through which the wellbore passed or was pooled.

SECTION 3.  Section 91.402(d-1), Natural Resources Code, as added 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 4.  This Act takes effect September 1, 2021.