

By: Bailes

H.B. No. 2884

A BILL TO BE ENTITLED

AN ACT

1
2 relating to imposing on a payor of proceeds of production from an
3 oil or gas well a duty to notify a payee when payments to the payee
4 are suspended.

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

6 SECTION 1. Subchapter J, Chapter 91, Natural Resources
7 Code, is amended by adding Section 91.409 to read as follows:

8 Sec. 91.409. NOTIFICATION OF SUSPENSION OF PAYMENTS. (a)

9 When a payor suspends a payment to a payee for a reason other than a
10 reason described by Section 91.402(f), the payor shall send to the
11 payee a written notice stating that payments have been suspended
12 and explaining in reasonable detail the reason for the suspension.
13 The notice must be sent not later than the 30th day after the date
14 the payment was suspended and must include the information required
15 by Section 91.502(1).

16 (b) A payor that suspends payment to a payee for a reason
17 other than a reason described by Section 91.402(f) without sending
18 to the payee notice of suspension as provided by Subsection (a)
19 shall pay to the payee interest on the amount of the suspended
20 payment for the period that begins on the 31st day after the date
21 the payment is suspended and ends on the date notice of the
22 suspension is delivered to the payee. The rate of interest to be
23 paid under this subsection is a rate two points higher than the rate
24 charged for that period on loans to depository institutions by the

1 New York Federal Reserve Bank, unless a different rate is specified
2 by a written agreement between the payor and payee.

3 SECTION 2. Section 91.409, Natural Resources Code, as added
4 by this Act, applies only to a suspension of a payment of proceeds
5 of production from an oil or gas well made on or after the effective
6 date of this Act. A suspension of a payment of proceeds of
7 production from an oil or gas well made before the effective date of
8 this Act is governed by the law in effect on the date the suspension
9 was made, and the former law is continued in effect for that
10 purpose.

11 SECTION 3. This Act takes effect September 1, 2021.