

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

1 the date the division order was issued, and the former law is  
2 continued in effect for that purpose.

3 SECTION 4. This Act takes effect September 1, 2021.