

By: Paxton

S.B. No. 1032

A BILL TO BE ENTITLED

AN ACT

relating to the information a payor of the proceeds of production from an oil and gas well is required to provide a payee.

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

SECTION 1. Subchapter J, Chapter 91, Natural Resources Code, is amended by adding Sections 91.409 and 91.410 to read as follows:

Sec. 91.409. INFORMATION REQUESTED BY PAYEE. (a) This section applies to a payee who is requested by a payor to sign:

(1) a ratification of a lease, pooling agreement, or unit designation; or

(2) a division order.

(b) On written request by a payee to whom this section applies, the payor must provide the payee with a copy of the document to be ratified or the lease underlying the division order, as appropriate. The payor must respond to the request not later than the 14th day after the date on which the request was received by the payor.

(c) The failure of a payor to respond to a request described by Subsection (b) releases the obligation of the payee to sign the ratification or division order, as appropriate. A payee who is not obligated to sign a division order under this subsection is entitled to payment notwithstanding Section 91.402(c)(1).

Sec. 91.410. REQUIRED INFORMATION IN PAYOR REQUEST. A

1 payor's request that a payee ratify a lease, pooling agreement, or  
2 unit designation, or sign a division order, must include a  
3 statement that describes the payee's rights under Section 91.409.

4 SECTION 2. This Act takes effect September 1, 2021.