

PUBLIC COMMENTS

HB 3262

HOUSE COMMITTEE ON JUDICIARY & CIVIL JURISPRUDENCE

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Hearing Date: March 31, 2021 8:00 AM

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Venado Oil and Gas suspended royalties on all my production in Frio County for approximately five months during a proposed assignment from Cabot Oil and Gas (although they paid the rest of my family). Most of this production was from wells that had been producing for several years; Venado didn't even drill them. I was not paid until I wrote them a demand letter and threatened to terminate my leases. I have written evidence that they were forced to pay me 18% interest due to late payment because I have a good lease. Other royalty owners are not so lucky. During the time that Venado Oil and Gas suspended my royalties they were trying to get a signature from me to amend my leases to permit allocation wells. How terrible would it be if operators used suspension of royalties to coerce a signature? Venado's VP of Land even refused to tell me how much of my money they had in suspense, which hampered my business planning. Operators should not be able to put royalties into suspense unless there is a documented change in ownership. They should not produce minerals until they've made a good-faith attempt to determine ownership through an expert title search. They should not produce wells that traverse more than one lease without a pre-negotiated agreement on how royalties will be allocated approved by all royalty owners before permitting the well. Royalty owners should not have to hire attorneys or go to court to get payment due to them. I'm also a landlord: what if my tenant took my home apart brick by brick, sold those bricks every month, then refused to pay rent? Please do not allow operators to steal our property. If operators are cheating royalty owners, they may also be cheating the State.