

## **BILL ANALYSIS**

Senate Research Center

H.B. 981  
By: King, Tracy (Armbrister)  
Natural Resources  
5/6/2001  
Engrossed

### **DIGEST AND PURPOSE**

Under current law, certain information must accompany monthly royalty checks for proceeds derived from the sale of oil or gas production. This information often does not contain enough detail and it is difficult for royalty owners to determine whether or not they are being paid correctly. H.B. 981 provides that additional information be included with the monthly royalty check.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Chapter 91L, Natural Resources Code, by adding Section 91.5001, as follows:

Sec. 91.5001. DEFINITION. Defines “payor.”

SECTION 2. Amends Sections 91.501-91.506, Natural Resources Code, as follows:

Sec. 91.501. INFORMATION REQUIRED. Requires the payor, rather than the person making the payment, if payment is made to a royalty interest owner from the proceeds derived from the sale of oil or gas production pursuant to a division order, lease, servitude, or other agreement, to include the information required by Section 91.502 on the check stub, an attachment to the payment form, or another remittance advice. Makes a conforming and nonsubstantive change.

Sec. 91.502. TYPES OF INFORMATION PROVIDED. Requires each check stub, attachment to a payment form, or other remittance advice to include certain information.

Sec. 91.503. New heading: LEASE, PROPERTY, OR WELL DESCRIPTION. Requires the payor, rather than the person making the payment, if a division order is not provided that included the information required by Section 91.402(c)(1)(B), to, at a minimum, provide prior to or with the first payment to which this subchapter applies the information required by Section 91.402(c)(1)(B) for the lease, property, or well for which payment of proceeds is being reported. Deletes text regarding Subdivision (1) of Section 91.502. Deletes reference to lease, property, or well.

Sec. 91.504. New heading: PROVIDING INFORMATION ABOUT PAYMENT DEDUCTIONS AND ADJUSTMENTS, HEATING VALUE, OR LEASE IDENTIFICATION. Sets forth provisions regarding providing information about payment deductions and adjustments, heating value, or lease identification.

Sec. 91.505. New heading: PROVIDING OTHER INFORMATION. Requires the payor, rather than person making the payment, if a royalty interest owner requests information or

answers to questions concerning a payment made pursuant to this subchapter, other than information requested under Section 91.504, and the request is made by certified mail, to respond to the request by certified mail not later than 30 days after the request is received.

Sec. 91.506. EXEMPTION. Makes conforming changes

SECTION 3. Amends Chapter 91L, Natural Resources Code, by adding Section 91.507, as follows:

Sec. 91.507. ENFORCEMENT. Sets forth provisions regarding enforcement of this subchapter.

SECTION 4. Effective date: January 1, 2002, except that Sections 91.501, 91.502, 91.504, and 91.506, Natural Resources Code, as added by this Act, take effect September 1, 2002.