

AN ACT

relating to the foreclosure sale of property subject to an oil or gas lease.

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

SECTION 1. Subtitle B, Title 5, Property Code, is amended by adding Chapter 66 to read as follows:

CHAPTER 66. SALE OF PROPERTY SUBJECT TO OIL OR GAS LEASE

Sec. 66.001. SALE OF PROPERTY SUBJECT TO OIL OR GAS LEASE.

(a) Notwithstanding any other law, an oil or gas lease covering real property subject to a security interest that has been foreclosed remains in effect after the foreclosure sale if the oil or gas lease has not terminated or expired on its own terms and:

(1) was executed and recorded in the real property records of the county before the date the security interest was recorded; or

(2) was executed and recorded in the real property records of the county after the date the security interest was recorded but before the foreclosure sale.

(b) Any royalty payment under an oil or gas lease due to the owner of the real property that was subject to the security interest that has been foreclosed shall be paid to the purchaser of the foreclosed real property.

(c) The lessee of the oil or gas lease shall indemnify the purchaser and any mortgagee of the foreclosed real property from

1 actual damages resulting from the lessee's operations conducted  
2 pursuant to the oil or gas lease.

3 (d) If an oil or gas lease is executed and recorded in the  
4 real property records of the county after the date a security  
5 interest in the affected real property is recorded and the affected  
6 real property is subsequently sold in a foreclosure sale, the  
7 foreclosure sale terminates and extinguishes the lessee's right to  
8 use the surface of the real property pursuant to the oil or gas  
9 lease.

10 (e) A subordination agreement between a lessee of an oil or  
11 gas lease and a mortgagee of real property controls over any  
12 conflicting provision of this section.

13 SECTION 2. Chapter 66, Property Code, as added by this Act,  
14 applies only with respect to a foreclosure sale for which the notice  
15 of sale is given under Section 51.002, Property Code, on or after  
16 the effective date of this Act or a judicial foreclosure for which  
17 the judicial foreclosure action commenced on or after the effective  
18 date of this Act.

19 SECTION 3. This Act takes effect January 1, 2014.

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President of the Senate

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Speaker of the House

I certify that H.B. No. 2590 was passed by the House on May 8, 2013, by the following vote: Yeas 147, Nays 0, 2 present, not voting; and that the House concurred in Senate amendments to H.B. No. 2590 on May 24, 2013, by the following vote: Yeas 145, Nays 0, 2 present, not voting.

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Chief Clerk of the House

I certify that H.B. No. 2590 was passed by the Senate, with amendments, on May 22, 2013, by the following vote: Yeas 31, Nays 0.

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Secretary of the Senate

APPROVED: \_\_\_\_\_

Date

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Governor