

1-1 By: Keffer (Senate Sponsor - Eltife) H.B. No. 2590
 1-2 (In the Senate - Received from the House May 9, 2013;
 1-3 May 10, 2013, read first time and referred to Committee on Natural
 1-4 Resources; May 17, 2013, reported adversely, with favorable
 1-5 Committee Substitute by the following vote: Yeas 8, Nays 0;
 1-6 May 17, 2013, sent to printer.)

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-8				
1-9	X			
1-10	X			
1-11			X	
1-12			X	
1-13	X			
1-14	X			
1-15			X	
1-16	X			
1-17	X			
1-18	X			
1-19	X			

1-20 COMMITTEE SUBSTITUTE FOR H.B. No. 2590 By: Nichols

1-21 A BILL TO BE ENTITLED
 1-22 AN ACT

1-23 relating to the foreclosure sale of property subject to an oil or
 1-24 gas lease.

1-25 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-26 SECTION 1. Subtitle B, Title 5, Property Code, is amended by
 1-27 adding Chapter 66 to read as follows:

1-28 CHAPTER 66. SALE OF PROPERTY SUBJECT TO OIL OR GAS LEASE

1-29 Sec. 66.001. SALE OF PROPERTY SUBJECT TO OIL OR GAS LEASE.

1-30 (a) Notwithstanding any other law, an oil or gas lease covering
 1-31 real property subject to a security interest that has been
 1-32 foreclosed remains in effect after the foreclosure sale if the oil
 1-33 or gas lease has not terminated or expired on its own terms and:

1-34 (1) was executed and recorded in the real property
 1-35 records of the county before the date the security interest was
 1-36 recorded; or

1-37 (2) was executed and recorded in the real property
 1-38 records of the county after the date the security interest was
 1-39 recorded but before the foreclosure sale.

1-40 (b) Any royalty payment under an oil or gas lease due to the
 1-41 owner of the real property that was subject to the security interest
 1-42 that has been foreclosed shall be paid to the purchaser of the
 1-43 foreclosed real property.

1-44 (c) The lessee of the oil or gas lease shall indemnify the
 1-45 purchaser and any mortgagee of the foreclosed real property from
 1-46 actual damages resulting from the lessee's operations conducted
 1-47 pursuant to the oil or gas lease.

1-48 (d) If an oil or gas lease is executed and recorded in the
 1-49 real property records of the county after the date a security
 1-50 interest in the affected real property is recorded and the affected
 1-51 real property is subsequently sold in a foreclosure sale, the
 1-52 foreclosure sale terminates and extinguishes the lessee's right to
 1-53 use the surface of the real property pursuant to the oil or gas
 1-54 lease.

1-55 (e) A subordination agreement between a lessee of an oil or
 1-56 gas lease and a mortgagee of real property controls over any
 1-57 conflicting provision of this section.

1-58 SECTION 2. Chapter 66, Property Code, as added by this Act,
 1-59 applies only with respect to a foreclosure sale for which the notice
 1-60 of sale is given under Section 51.002, Property Code, on or after

2-1 the effective date of this Act or a judicial foreclosure for which
2-2 the judicial foreclosure action commenced on or after the effective
2-3 date of this Act.

2-4 SECTION 3. This Act takes effect January 1, 2014.

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