

SENATE AMENDMENTS

2nd Printing

By: Keffer

H.B. No. 2590

A BILL TO BE ENTITLED

AN ACT

relating to the foreclosure sale of property subject to 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 due to the owner of the real property under an oil or gas lease 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 actual damages resulting from the lessee's operations conducted

1 pursuant to the oil or gas lease.

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

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

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

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

ADOPTED

MAY 22 2013

[Signature]
SECRETARY

By: EHHe

H.B. No. 2590

Substitute the following for ___B. No. _____:

By: Robert Lee Nichols

C.S. ___B. No. _____

A BILL TO BE ENTITLED

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.

**LEGISLATIVE BUDGET BOARD
Austin, Texas**

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

May 23, 2013

TO: Honorable Joe Straus, Speaker of the House, House of Representatives

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB2590 by Keffer (Relating to the foreclosure sale of property subject to an oil or gas lease.), **As Passed 2nd House**

No fiscal implication to the State is anticipated.

This bill would amend the property code relating to the foreclosure sale of property subject to an oil or gas lease. No fiscal impact to the State is anticipated.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies:

LBB Staff: UP, SZ, SD, SJS

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

May 16, 2013

TO: Honorable Troy Fraser, Chair, Senate Committee on Natural Resources

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB2590 by Keffer (Relating to the foreclosure sale of property subject to an oil or gas lease.), **Committee Report 2nd House, Substituted**

No fiscal implication to the State is anticipated.

This bill would amend the property code relating to the foreclosure sale of property subject to an oil or gas lease. No fiscal impact to the State is anticipated.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies:

LBB Staff: UP, SZ, SD, SJS

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

May 14, 2013

TO: Honorable Troy Fraser, Chair, Senate Committee on Natural Resources

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB2590 by Keffer (Relating to the foreclosure sale of property subject to oil or gas lease.), **As Engrossed**

No fiscal implication to the State is anticipated.

This bill would amend the property code relating to the foreclosure sale of property subject to an oil or gas lease. No fiscal impact to the State is anticipated.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies:

LBB Staff: UP, SZ, SD, SJS

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION
Revision 1

May 4, 2013

TO: Honorable Jim Keffer, Chair, House Committee on Energy Resources

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB2590 by Keffer (Relating to the foreclosure sale of property subject to oil or gas lease.). **Committee Report 1st House, Substituted**

No fiscal implication to the State is anticipated.

This bill would amend the property code relating to the foreclosure sale of property subject to an oil or gas lease. No fiscal impact to the State is anticipated.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies:

LBB Staff: UP, SZ, SD, SJS

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

May 3, 2013

TO: Honorable Jim Keffer, Chair, House Committee on Energy Resources

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB2590 by Keffer (Relating to the foreclosure sale of property subject to oil or gas lease.), **Committee Report 1st House, Substituted**

No fiscal implication to the State is anticipated.

This bill would amend the property code relating to the foreclosure sale of property subject to an oil or gas lease. No fiscal impact to the State is anticipated.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies:

LBB Staff: UP, SZ, SD, SJS

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION
Revision 1

May 2, 2013

TO: Honorable Jim Keffer, Chair, House Committee on Energy Resources

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB2590 by Keffer (Relating to the foreclosure sale of property subject to certain agreements related to the production or sale of oil or gas.), **As Introduced**

No fiscal implication to the State is anticipated.

This bill would amend the property code relating to the foreclosure sale of property subject to certain agreements related to the production or sale of oil or gas. No fiscal impact to the State is anticipated.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies:

LBB Staff: UP, SZ, SD, SJS

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

April 2, 2013

TO: Honorable Jim Keffer, Chair, House Committee on Energy Resources

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB2590 by Keffer (Relating to the foreclosure sale of property subject to certain agreements related to the production or sale of oil or gas.), **As Introduced**

<p>No fiscal implication to the State is anticipated.</p>
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This bill would amend the property code relating to the foreclosure sale of property subject to certain agreements related to the production or sale of oil or gas. No fiscal impact to the State is anticipated.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies:

LBB Staff: UP, SZ, SD, SJS