

By: Craddick

H.B. No. 1552

A BILL TO BE ENTITLED

AN ACT

relating to oil and gas wells that traverse multiple tracts.

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

SECTION 1. Section 85.046, Natural Resources Code, is amended by adding Subsection (d) to read as follows:

(d) Unless expressly prohibited by a lease, deed, or other contract, an operator or lessee with the right to drill an oil or gas well on or produce or develop oil or gas from each tract independently may, under a permit issued by the commission, drill, operate, and produce oil or gas from an oil or gas well that traverses multiple tracts in order to prevent waste, promote conservation, or protect correlative rights. If there is not an agreement among any of the affected owners of royalty or mineral interests in the tracts regarding the manner in which production from the well shall be allocated among the tracts, the production shall be allocated to each tract in the proportion that the operator or lessee reasonably determines reflects the amount produced from each tract. The operator or lessee must send written notice of the production allocation to each affected royalty or mineral interest owner at the owner's last known address. If an owner of a royalty or mineral interest in a tract enters into an agreement with the operator or lessee regarding the manner in which production from the well shall be allocated to the tract, the agreement prevails over the allocation determined by the operator or lessee under this

1 subsection. On application of an affected person, the commission,  
2 after notice and opportunity for hearing, may determine whether a  
3 production allocation under this subsection:

4 (1) will harm the correlative rights of the working or  
5 royalty interest owners;

6 (2) is necessary to prevent waste or adequately  
7 protect the correlative rights of the affected owners; and

8 (3) accurately attributes to each affected interest  
9 owner its fair share of the aggregated production.

10 SECTION 2. If any provision of this Act or its application  
11 to any person or circumstance is held invalid, the invalidity does  
12 not affect other provisions or applications of this Act that can be  
13 given effect without the invalid provision or application, and to  
14 this end the provisions of this Act are declared to be severable.

15 SECTION 3. This Act takes effect immediately if it receives  
16 a vote of two-thirds of all the members elected to each house, as  
17 provided by Section 39, Article III, Texas Constitution. If this  
18 Act does not receive the vote necessary for immediate effect, this  
19 Act takes effect September 1, 2015.