

1-1 By: Bailes, et al. (Senate Sponsor - Birdwell) H.B. No. 3838
 1-2 (In the Senate - Received from the House May 6, 2019;
 1-3 May 10, 2019, read first time and referred to Committee on Natural
 1-4 Resources & Economic Development; May 17, 2019, reported favorably
 1-5 by the following vote: Yeas 11, Nays 0; May 17, 2019, sent to
 1-6 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 A BILL TO BE ENTITLED
 1-21 AN ACT

1-22 relating to a disclosure in certain offers to purchase a mineral or
 1-23 royalty interest.

1-24 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-25 SECTION 1. Subchapter F, Chapter 5, Property Code, is
 1-26 amended by adding Section 5.152 to read as follows:

1-27 Sec. 5.152. CERTAIN PURCHASES OF MINERAL OR ROYALTY
 1-28 INTERESTS VOID. (a) This section applies only to the conveyance of
 1-29 a mineral or royalty interest by an instrument that:

1-30 (1) is presented to the owner of the interest by the
 1-31 person acquiring the interest;

1-32 (2) is titled an oil and gas lease or an oil and gas
 1-33 royalty lease or has other words in the caption or other prominently
 1-34 displayed label that indicate that the transaction is a lease of a
 1-35 mineral or royalty interest; and

1-36 (3) has the effect of conveying, permanently or for a
 1-37 term, all or a portion of the owner's:

1-38 (A) mineral interest in lands covered by an
 1-39 existing oil, gas, or mineral lease; or

1-40 (B) royalty interest in production from an
 1-41 existing oil, gas, or mineral lease.

1-42 (b) This section does not apply to a conveyance of a mineral
 1-43 or royalty interest by an instrument that:

1-44 (1) is an oil, gas, or mineral lease;

1-45 (2) conveys a mineral or royalty interest for a term;

1-46 and

1-47 (3) provides that the interest conveyed vests in
 1-48 possession after the expiration or termination of all or a portion
 1-49 of the interest conveyed by an existing oil, gas, or mineral lease
 1-50 in effect at the time of the execution of the instrument, commonly
 1-51 referred to as a top lease.

1-52 (c) A conveyance instrument described by Subsection (a)
 1-53 must include:

1-54 (1) a conspicuous statement printed at the top of the
 1-55 first page of the instrument below the caption, if any, in an
 1-56 approximate type size of at least 14 points and in substantially the
 1-57 following form:

1-58 THIS IS NOT AN OIL AND GAS LEASE. YOU ARE SELLING ALL OR A PORTION OF
 1-59 YOUR MINERAL OR ROYALTY INTERESTS IN (DESCRIPTION OF PROPERTY BEING
 1-60 CONVEYED).

1-61 ; and

2-1 (2) a conspicuous statement printed at the top of each
2-2 subsequent page of the instrument and immediately above the
2-3 signature of the person conveying the interest in an approximate
2-4 type size of at least 14 points and in substantially the following
2-5 form:

2-6 THIS IS NOT AN OIL AND GAS LEASE. YOU ARE SELLING ALL OR A PORTION OF
2-7 YOUR MINERAL OR ROYALTY INTERESTS.

2-8 (d) If the conveyance instrument does not include the
2-9 statements required by Subsection (c), the conveyance is void.

2-10 (e) A person who has conveyed a royalty or mineral interest
2-11 in a conveyance that is void under this section may bring suit
2-12 against the purchaser of the interest to remove the conveyance as a
2-13 cloud on title and may recover from the purchaser:

2-14 (1) all royalties and bonuses paid to the purchaser
2-15 and any successor or assign of the purchaser;

2-16 (2) court costs; and

2-17 (3) reasonable attorney's fees.

2-18 (f) The remedies under this section are in addition to any
2-19 other rights or remedies a person may have at law or pursuant to
2-20 contract.

2-21 SECTION 2. The change in law made by this Act applies only
2-22 to an agreement entered into on or after the effective date of this
2-23 Act. An agreement entered into before the effective date of this
2-24 Act is governed by the law as it existed immediately before the
2-25 effective date of this Act, and that law is continued in effect for
2-26 that purpose.

2-27 SECTION 3. This Act takes effect September 1, 2019.

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