

SUBJECT: Providing data about unclaimed proceeds from oil and gas leases

COMMITTEE: Energy Resources — favorable, without amendment

VOTE: 8 ayes — Darby, Paddie, Canales, Dale, P. King, Landgraf, Meyer,
Riddle

0 nays

5 absent — Anchia, Craddick, Herrero, Keffer, Wu

SENATE VOTE: On final passage, April 16 — 30 - 1 (Creighton)

WITNESSES: *(On House companion bill, HB 1575)*

For — Lance Bruun, Unclaimed Mineral Proceeds Commission

Against — Tricia Davis, Texas Royalty Council; *(Registered, but did not testify: Lindsey Miller, Texas Independent Producers and Royalty Owners Association; James LeBas and Mari Ruckel, Texas Oil and Gas Association)*

On — Bryant Clayton, Comptroller of Public Accounts; *(Registered, but did not testify: Frances Torres, Comptroller of Public Accounts)*

BACKGROUND: The Unclaimed Mineral Proceeds Commission was created by the Legislature in 2013 through the enactment of HB 724 by Guillen. Its purpose is to provide recommendations regarding the distribution of unclaimed mineral proceeds derived from original Spanish and Mexican land grants. The commission reported in its recommendations for legislative action during the past interim that the comptroller has held more than \$609 million in proceeds from leases of mineral rights, such as oil and natural gas. About \$199 million of that amount has been claimed, leaving \$410 million currently unclaimed.

Property Code, sec. 74.101 requires a person who holds property that is presumed abandoned to file a report of that property. The property report

must include certain information, including personal information about the owner, a description of the property, and the date that the property became payable, demandable, or returnable.

DIGEST:

SB 1589 would require oil and gas companies that hold unclaimed payments for oil and gas leases to include certain information in the property report for the proceeds. Specifically, the property report would have to include:

- the lease, property, or well name;
- a lease, property, or well identification number; and
- the county in which the lease is located.

The bill would make this information confidential and not subject to disclosure under an open records request.

The bill would also require the comptroller to compile a list, categorized by county, which included the number of property reports and the aggregate amount of mineral proceeds attributable to all wells in each respective county. This list would be available to the public.

This bill would take effect January 1, 2016, and would apply only to a report filed on or after that date.

**SUPPORTERS
SAY:**

SB 1589 would speed the collection of unclaimed property by making the data in the property report more extensive and more useful. The Unclaimed Mineral Proceeds Commission notes that the comptroller could require oil companies to report property-specific information for unclaimed property, some of which is already required for check-stub reporting. This bill would do exactly that, enabling the rightful holders to better and more quickly recover the proceeds that were due them.

This bill would resolve concerns posed by opponents to the House companion. The House companion, HB 1575, would require submission of some information that is not currently associated with oil and gas lease records kept by operators. Retooling the records-keeping systems to

include this information would impose compliance costs on the businesses, and SB 1589 would alleviate these concerns by requiring property reports to include only information that is already associated with oil and gas lease records.

The bill also includes specific provisions that would provide for the confidentiality of the information submitted.

OPPONENTS
SAY:

No apparent opposition.

NOTES:

The House companion bill, HB 1575 by Guillen, was placed for second-reading consideration on the May 12 General State Calendar but was not considered.

SB 1589 differs from the House companion in that the Senate bill would not require the property report to include the General Land Office abstract number or global positioning system coordinates for the location of the well. It also would specify that the information included was confidential and not subject to disclosure under open records requests. The House companion would not require the comptroller to compile a list by county of the number of reports and the aggregate amount of mineral proceeds.