

## **BILL ANALYSIS**

Senate Research Center

H.B. 2981  
By: Junell (Fraser)  
Natural Resources  
5-16-97  
Engrossed

### **DIGEST**

Currently, Sections 91.401 et. seq., Natural Resources Code, requires payors of oil and gas proceeds to make timely royalty payments. These provisions do not address the issue of notification of a change of payor. Often when a new payor is designated, the royalty owner is often left with no notice and no one to contact if problems or questions arise. This bill sets forth provisions regarding a notice to a payee of a change in the payor of oil of gas proceeds.

### **PURPOSE**

As proposed, H.B. 2981 sets forth provisions regarding a notice to a payee of a change in the payor of oil of gas proceeds.

### **RULEMAKING AUTHORITY**

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Chapter 91J, Natural Resources Code, by adding Section 91.407, as follows:

Sec. 91.407. NOTICE OF CHANGE OF PAYOR. Requires a new payor to give written notice to each payee to whom the payor is responsible for distributing oil or gas proceeds. Requires the notice to be given to the payee or the payee's designee at the payee's or designee's most recent know address. Requires the payor to provide the notice within the time permitted for payment of proceeds and in accordance with the conditions for payment provided by Section 91.402. Requires the notice to include certain information. Authorizes the notice to be given by any writing, including a division order, check stub, or attachment to a payment form. Provides that the payor is obligated to pay interest to a payee under Section 91.403, and that does not give the payee a notice required by this section is liable to the payee for interest under that section at certain rate.

SECTION 2. Effective date: September 1, 1997.

SECTION 3. Emergency clause.