

BILL ANALYSIS

Senate Research Center

C.S.S.B. 1545
By: Ogden
Natural Resources
5-1-97
Committee Report (Substituted)

DIGEST

Currently, Texas law limits the amount of money that may be received from oil and gas proceeds by oil and gas operators. However, the law does not prohibit an oil or gas operator from assessing a general fee or any other charge not authorized by the oil or gas lease. This bill expands the definition of oil and gas proceeds in order to protect royalty owners from paying certain general fees.

PURPOSE

As proposed, C.S.S.B. 1545 expands the definition of oil and gas proceeds in order to protect royalty owners from paying certain general fees.

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. PAYMENTS BY FIRST PURCHASER TO OPERATOR CONSIDERED PROCEEDS. Provides that a payment by the first purchaser of crude oil or condensate to the operator is considered proceeds derived from the sale of crude oil or condensate production, absent a written notification between the operator and each payee. Provides that the characterization given in the written notification does not conclusively determine the character of the payment by the first purchaser.

SECTION 2. Effective date: September 1, 1997.

SECTION 3. Emergency clause.

SUMMARY OF COMMITTEE CHANGES

SECTION 1.

Deletes proposed definition for "proceeds." Amends Chapter 91J, Natural Resource Code, by adding Section 91.407, to provide that payment by first purchaser to the operator is considered proceeds.