

BILL ANALYSIS

Senate Research Center

S.B. 1312
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Natural Resources
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As Filed

DIGEST

Currently, under Texas law, the applicable statute of limitations in a contract action is four years. The cause in a breach of contract case accrues when the breach occurs, but discovering when a breach occurs is difficult in any case where the factual circumstances may make it difficult for the plaintiff to know if the defendant has breached a contract. This is the case primarily for the lessors and other royalty owners of mineral leases who do not reside on the leased property. Because they are away from the property, they may not be aware for several years if a breach of the lease has occurred. Consequently, these parties may discover that the statute of limitations has run out on their claim for breach of contract.

PURPOSE

As proposed, S.B. 1312 provides that a cause of action arising from an interest in an oil and gas lease does not accrue until the facts giving rise to the cause of action are discovered or, by the exercise of reasonable diligence should have been discovered, and provides that the trier of fact is responsible for determining when the facts should have been discovered by the exercise of reasonable diligence.

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 Section 16.004, Civil Practice and Remedies Code, by adding Subsection (d), to provide that a cause of action arising out of or relating to an interest in an oil and gas lease does not accrue until the facts giving rise to the cause of action are discovered or, by the exercise of reasonable diligence, should have been discovered. Provides that in applying this subsection, what should have been discovered in the exercise of reasonable diligence shall be determined by the finder of fact in light of the circumstances of each particular case, regardless of whether the facts giving rise to the cause of action are inherently undiscoverable.

SECTION 2. Makes application of this Act prospective.

SECTION 3. Emergency clause.
Effective date: 90 days after adjournment.