

BILL ANALYSIS

Senate Research Center

C.S.S.B. 436
By: Nixon
Jurisprudence
4/14/1999
Committee Report (Substituted)

DIGEST

Currently, a citizen may sign away the mineral rights to a property upon receiving a check accompanied with ambiguously worded correspondence. Some companies send a check with ambiguously worded correspondence to a resident whose mineral rights the companies wish to purchase. At times, some citizens, particularly senior citizens, may cash or deposit a check without the understanding that to do so may forfeit their mineral rights to the property. C.S.S.B. 436 requires an instruments of conveyance to contain certain conspicuous statements regarding mineral rights. C.S.S.B. 436 also requires the rights to be rescinded if the statement was not included in the letter or if the mineral rights holder is over 65 years.

PURPOSE

As proposed, C.S.S.B. 436 requires a disclosure to be included in certain offers by mail to purchase mineral or royalty interests.

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 5, Property Code, by adding Subchapter F, as follows:

SUBCHAPTER F. REQUIREMENTS FOR CONVEYANCES OF MINERAL INTERESTS

Sec. 5.151. DISCLOSURE IN OFFER TO PURCHASE MINERAL INTEREST. Requires a person who mails an offer to purchase mineral or royalty interests, encloses an instrument of conveyance of the interests, and a draft or other instrument as defined in Section 3.104, Texas Business and Commerce, providing for payment to include in the offer certain conspicuous statements. Sets forth a form for the statement. Authorizes the conveyer of the interest to sue the purchaser under certain circumstances. Authorizes the prevailing plaintiff to recover certain costs and fees, up to a certain amount. Requires the suit to be brought by a certain date. Requires the remedy provided to be in addition to any other remedies existing under law, excluding rescission or other remedies that would make the conveyance of the mineral or royalty interest void or of no force and effect.

SECTION 2. Effective date: September 1, 1999.
Makes application of this Act prospective.

SECTION 3. Emergency clause.

SUMMARY OF COMMITTEE CHANGES

Relating clause.

Amends the relating clause to include royalty interests.

SECTION 1.

Amends proposed Chapter 5F, Property Code, to change the heading, to delete proposed text regarding the instrument of conveyance, to add text regarding the instrument, and to add text regarding a suit against a person who proposes a conveyance of mineral interests.