

BILL ANALYSIS

Senate Research Center
77R1693 QS-D

S.B. 291
By: Armbrister
Natural Resources
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As Filed

DIGEST AND PURPOSE

Currently, oil companies are required by law to provide certain information to royalty owners on monthly royalty checks. Many companies either refuse to produce information required by law or ignore the inquiry from royalty owners. As proposed, S.B. 291 will allow royalty owners to determine if they are being paid correctly by requiring more information on the BTU factor and on deductions for compression, dehydration, treatment, marketing, or transportation to be contained on each checkstub.

RULEMAKING AUTHORITY

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

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Sections 91.502 and 91.506, Natural Resources Code, as follows:

Sec. 91.502. TYPES OF INFORMATION PROVIDED. (a) Adds language regarding certain information to be included on each check stub or attachment to a payment form.

(b) Requires each check stub or attachment to a payment form to include the gross production during the month for which the payment is being made if more than one person makes payments to royalty interest owners from the proceeds derived from the sale of oil, gas, and natural gas liquids produced from a lease, property, or well.

(c) Requires a person, not later than January 31 of each year, who made a payment to a royalty interest owner during the preceding calendar year to provide the owner a report listing each well for which the person made a payment to the owner during that year, including certain information about each well.

Sec. 91.506. EXEMPTION. Provides that a person is not required to provide a royalty interest owner a report under Section 91.502 (c) if the person paid the owner less than \$100 during the preceding calendar year. Makes a conforming change.

SECTION 2. Amends Chapter 91L, Natural Resources Code, by adding Section 91.507, as follows:

Sec. 91.507. INJUNCTION. Authorizes a royalty interest owner to bring an action for an injunction to compel a person making a payment to comply with this subchapter. Authorizes a royalty interest owner who prevails in an action under this section to recover court costs and reasonable attorney's fees.

SECTION 3. Amends Section 91.407 (b), Natural Resources Code, to make a conforming change.

SECTION 4. Amends Section 91.408 (a), Natural Resources Code, to make a conforming change.

SECTION 5. Amends Section 91.503, Natural Resources Code, to make conforming changes.

SECTION 6. Effective date: upon passage or September 1, 2001.