

BILL ANALYSIS

Senate Research Center
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S.C.R. 22
By: Armbrister
Jurisprudence
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DIGEST

Edmund and Ruben Kappler allege that they are the owners of Pietsch Island and the surrounding ox-bow lake in Fayette County. In 1928, the state issued a patent covering the ox-bow lake, which was believed to be under the ownership of the state, to John Steffan, reserving the minerals under Chapter 79, Acts of the 36th Legislature, 2nd Called Session, 1919, with the landowners acting as its agent for leasing purposes and receiving one-half the bonus, rentals, and royalties. The ox-bow lake is now formally known as the John Steffan Survey, Abstract No. 357, Fayette County, Texas. In 1981, a vertical well (the Triangle K No. 1) was drilled on Pietsch Island that produced oil and gas for several years and in 2002, an interest in the well and the leases covering Pietsch Island were assigned to Anadarko E & P Company, L.P. (formerly RME Petroleum Company). Anadarko E & P Company, L.P., made a decision to re-enter the Triangle K Well as a horizontal well on a unit that includes Pietsch Island, the ox-bow lake, and a part of the active bed of the Colorado River, and it is now producing significant amounts of oil and gas. Around the time of this decision, Anadarko E & P Company, L.P., requested a title opinion of a law firm as to the status of the 1928 patent of the John Steffan Survey. In the title examiner's opinion, the patent issued by the state is invalid due to the state's lack of title in the ox-bow lake at the time of conveyance, because in instances such as this where there was a sudden breakthrough of a public stream into a new channel, title to the bed of the abandoned channel passes from the state to the adjoining landowners. Based on this opinion, Anadarko E & P Company, L.P., has placed in suspense payment of one-half of the royalties from the re-entry well that are attributable to the John Steffan Survey. The state patent covering the John Steffan Survey is invalid and that the Kapplers own the land constituting the John Steffan Survey and the minerals located thereunder in fee simple and the Kapplers are entitled to declaratory relief in accordance with Chapter 37, Civil Practice and Remedies Code, and Anadarko E & P Company, L.P., is entitled to interplead the royalty payments affected by the title issue into the registry of the court pursuant to Rule 43, Texas Rules of Civil Procedure.

PURPOSE

Provides that Edmund and Ruben Kappler are granted permission to sue the State of Texas and the General Land Office subject to Chapter 107, Civil Practice and Remedies Code. Provides that the relief obtained in the suit authorized by this resolution is limited to the relief authorized under Chapter 37, Civil Practice and Remedies Code. Authorizes Anadarko E & P Company L.P., in the suit authorized by this resolution, to interplead royalty payments affected by the title issue that is the subject of the suit in accordance with Rule 43, Texas Rules of Civil Procedure. Provides that the commissioner of the General Land Office be served process as provided by Section 107.002(a)(3), Civil Practice and Remedies Code.