

CHAPTER 199

H.B. No. 1462

An Act relating to standards for reporting oil and gas royalties.

Be it enacted by the Legislature of the State of Texas:

SECTION 1. Chapter 91, Natural Resources Code, is amended by adding Subchapter L to read as follows:

SUBCHAPTER L. ROYALTY REPORTING STANDARDS

Sec. 91.501. INFORMATION REQUIRED. If payment is made to a royalty interest owner from the proceeds derived from the sale of oil or gas production pursuant to a division order, lease, servitude, or other agreement, the person making the payment shall include the information required by Section 91.502 of this code on the check stub or on an attachment to the payment form.

Sec. 91.502. TYPES OF INFORMATION PROVIDED. Each check stub or attachment to a payment form must include:

- (1) the lease, property, or well name or any lease, property, or well identification number used to identify the lease, property, or well;
- (2) the month and year during which the sales occurred for which payment is being made;
- (3) the total number of barrels of oil or the total amount of gas sold;
- (4) the price per barrel or per MCF of oil or gas sold;
- (5) the total amount of state severance and other production taxes paid;
- (6) the windfall profit tax paid on the owner's interest;
- (7) any other deductions or adjustments;
- (8) the net value of total sales after deductions;
- (9) the owner's interest in sales from the lease, property, or well expressed as a decimal;
- (10) the owner's share of the total value of sales before any tax deductions;
- (11) the owner's share of the sales value less deductions; and
- (12) an address at which additional information may be obtained and questions may be answered.

Sec. 91.503. LEASE, PROPERTY, OR WELL NAME. If a lease, property, or well identification number is used under Subdivision (1) of Section 91.502 of this code, the person making the payment must provide prior to or with the first payment to which this subchapter applies the lease, property, or well name to which the lease, property, or well number refers.

Sec. 91.504. EXPLANATION OF CERTAIN PAYMENT DEDUCTIONS AND ADJUSTMENTS. If the person making a payment does not explain on the check stub or attachment to the payment form or by a separate mailing, deductions from or adjustments to payments, the person making the payment must provide an explanation on request of the royalty interest owner.

Sec. 91.505. PROVIDING INFORMATION. If a royalty interest owner requests information or answers to questions concerning a payment made pursuant to this subchapter and the request is

made by certified mail, the person making the payment must respond to the request by certified mail not later than 30 days after the request is received.

Sec. 91.506. EXEMPTION. If the information required by Section 91.502 of this code is provided in some other manner on a monthly basis, the person making the payment is not required to include the information on the check stub or attachment to the payment form.

SECTION 2. The requirements of Subchapter L, Chapter 91, Natural Resources Code, adopted by this Act, apply to each payment to a royalty interest owner made on or after January 1, 1986. A payment made before January 1, 1986, is governed by the law as it existed when the payment was made and that law is continued in effect for that purpose.

SECTION 3. This Act takes effect September 1, 1985.

SECTION 4. The importance of this legislation and the crowded condition of the calendars in both houses create an emergency and an imperative public necessity that the constitutional rule requiring bills to be read on three several days in each house be suspended, and this rule is hereby suspended.

Passed by the House on April 2, 1985, by a non-record vote; House concurred in Senate amendments to H.B. No. 1462 on May 6, 1985, by a non-record vote; passed by the Senate, with amendments, on May 2, 1985, by the following vote: Yeas 31, Nays 0.

Approved: May 24, 1985

Effective: September 1, 1985