

**CHAPTER 652**

**S.B. No. 1018**

An Act relating to restrictions, duties, and obligations of a surface owner in connection with Relinquishment Act leases on behalf of the State of Texas and the authority of the Commissioner of the General Land Office when the surface owner breaches any duty or obligation; adding Section 52.187 to Chapter 52, Natural Resources Code.

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

**SECTION 1.** Chapter 52, Natural Resources Code, is amended by adding Section 52.187 to read as follows:

*“Section 52.187. AUTHORITY AND DUTIES OF AGENT. (a) Prohibition Against Self-Dealing. The owner of the soil may not lease, either directly or indirectly, to himself or to a nominee, to any corporation or subsidiary in which he is a principal stockholder, or to a partnership in which he is a partner. If the owner of the soil is a corporation or a partnership, then the owner of the soil may not lease, either directly or indirectly, to a principal stockholder of the corporation or to a partner of the partnership.*

*“(b) Fiduciary Duty of Agent. An owner of the soil owes the state a fiduciary duty and a duty of utmost good faith. An owner of the soil must fully disclose any facts affecting the state’s interest and must act in the best interest of the state. Any conflict of interest must be resolved by putting the interests of the state before the interests of the owner of the soil. In addition to these specific statutory duties, the owner of the soil owes the state all the common-law duties of a holder of executive rights.*

*“(c) When the commissioner determines that an owner of the soil has breached any duty or obligation under this subchapter, the commissioner may request that the attorney general file an action or proceeding either to enforce the duties and obligations of the owner of the soil or to forfeit the then applicable agency rights of the surface owner. Such an action or proceeding shall be filed in a district court in Travis County.”*

**SECTION 2.** 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, and that this Act take effect and be in force from and after its passage, and it is so enacted.

Passed the Senate on May 8, 1985, by the following vote: Yeas 29, Nays 1; passed the House on May 23, 1985, by the following vote: Yeas 138, Nays 0, one present not voting.

Approved: June 14, 1985

Effective: Immediately