

By: _____ .B. No. _____

Substitute the following for ____B. No. _____:

By: _____ C.S. ____B. No. _____

A BILL TO BE ENTITLED

AN ACT

relating to a disclosure in certain offers to purchase a mineral or royalty interest.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 5.151, Property Code, is amended to read as follows:

Sec. 5.151. DISCLOSURE IN CERTAIN OFFERS [~~OFFER~~] TO PURCHASE MINERAL OR ROYALTY INTEREST. (a) This section does not apply to the conveyance of an interest by an oil, gas, or mineral lease agreement, other than a conveyance described by Subsection (b) or (c).

(b) A person who delivers [~~mails~~] to the owner of a mineral or royalty interest an unsolicited offer to purchase all or any portion of only the mineral or royalty interest[, ~~it being understood that for the purpose of this section the taking of an oil, gas, or mineral lease shall not be deemed a purchase of a mineral or royalty interest,~~] and encloses or later presents an instrument of conveyance of only the mineral or royalty interest, permanently or for a term, [~~and a draft or other instrument, as defined in Section 3.104, Business & Commerce Code, providing for payment for that interest~~] shall include in the offer and the conveyance instrument a conspicuous statement printed in a type style that is approximately the same size as 14-point type style or larger and is in substantially the following form:

1 BY EXECUTING AND DELIVERING THIS INSTRUMENT YOU
2 ARE SELLING ALL OR A PORTION OF YOUR MINERAL OR ROYALTY
3 INTEREST IN (DESCRIPTION OF PROPERTY BEING CONVEYED).

4 THIS IS NOT AN OIL AND GAS LEASE.

5 (c) Except as provided by Subsection (d), an offer relating
6 to an oil, gas, or mineral interest, regardless of whether the offer
7 is accompanied by payment, is considered an offer to purchase the
8 interest and must include the notice described by Subsection (b) if
9 the offer:

10 (1) includes an instrument that contains a reference
11 to a lease in the instrument, other than as a reference to an
12 existing oil, gas, or mineral lease; and

13 (2) has the effect of conveying, permanently or for a
14 term, all or a portion of the owner's mineral interest or royalty
15 interest in production from an existing underlying oil, gas, or
16 mineral lease.

17 (d) If a conveyance of an oil, gas, or mineral interest
18 vests in possession after the expiration or termination of all or a
19 portion of an existing oil, gas, or mineral lease in effect at the
20 time of the execution of the conveyance agreement, the offer
21 relating to the conveyance is not considered an offer to purchase
22 the interest and is not subject to this section.

23 (e) [~~(b)~~] A person who conveys a mineral or royalty interest
24 after accepting an offer described [~~as provided~~] by Subsection (b)
25 or (c) [~~(a)~~] may bring suit against the purchaser of the interest
26 if:

27 (1) the purchaser did not give the notice required by

1 Subsection (b) or (c) [~~(a)~~]; and

2 (2) the person has given 30 days' written notice to the
3 purchaser that a suit will be filed unless the matter is otherwise
4 resolved.

5 (f) [~~(e)~~] A plaintiff who prevails in a suit under
6 Subsection (e) [~~(b)~~] may rescind the purchase agreement and recover
7 from the [~~initial~~] purchaser of the mineral or royalty interest
8 [~~the greater of~~]:

9 (1) (A) [~~\$100, or~~

10 [~~(2)~~] an amount up to the difference between the
11 amount paid by the purchaser for the mineral or royalty interest and
12 the fair market value of the mineral or royalty interest at the time
13 of the sale, if the plaintiff does not request rescission of the
14 purchase agreement; or

15 (B) all of the royalties and bonuses paid to the
16 purchaser, if the plaintiff requests rescission of the purchase
17 agreement;

18 (2) court costs;

19 (3) reasonable attorney's fees; and

20 (4) exemplary damages if the purchaser's conduct
21 constitutes fraud under Sections 27.01(a) and (c), Business &
22 Commerce Code, in addition to any damages awarded under that
23 section.

24 (g) Notwithstanding Section 41.004, Civil Practice and
25 Remedies Code, a court shall award exemplary damages as provided by
26 Subsection (f)(4) to a plaintiff who prevails in a suit under
27 Subsection (e) irrespective of whether the plaintiff is awarded

1 actual damages.

2 (h) [~~(d)~~] ~~The prevailing party in a suit under Subsection (b)~~
3 ~~may recover.~~

4 [~~(1)~~] ~~court costs, and~~

5 [~~(2)~~] ~~reasonable attorney's fees.~~

6 [~~(e)~~] A person must bring a suit under Subsection (e) [~~(b)~~]
7 not later than the fourth [~~second~~] anniversary of the date the
8 person executed the conveyance.

9 (i) [~~(f)~~] The remedy provided under this section shall be in
10 addition to any other remedies existing under law[, ~~excluding~~
11 ~~rescission or other remedies that would make the conveyance of the~~
12 ~~mineral or royalty interest void or of no force and effect~~].

13 SECTION 2. The change in law made by this Act applies only
14 to an offer to purchase a mineral or royalty interest delivered on
15 or after the effective date of this Act. An offer to purchase a
16 mineral or royalty interest delivered before the effective date of
17 this Act is governed by the law as it existed immediately before the
18 effective date of this Act, and that law is continued in effect for
19 that purpose.

20 SECTION 3. This Act takes effect September 1, 2019.