

SUBJECT: Providing data about unclaimed proceeds from oil and gas leases

COMMITTEE: Energy Resources — committee substitute recommended

VOTE: 7 ayes — Darby, Anchia, Herrero, Keffer, P. King, Landgraf, Meyer

2 nays — Craddick, Dale

4 absent — Paddie, Canales, Riddle, Wu

WITNESSES: For — Lance Bruun, Unclaimed Mineral Proceeds Commission

Against — Tricia Davis, Texas Royalty Council; (*Registered, but did not testify*: Lindsey Miller, Texas Independent Producers and Royalty Owners Association; James LeBas, Texas Oil and Gas Association; Mari Ruckel, Texas Oil and Gas Association)

On — Bryant Clayton, Comptroller of Public Accounts; (*Registered, but did not testify*: Frances Torres, Comptroller of Public Accounts)

BACKGROUND: The Unclaimed Mineral Proceeds Commission was created by the Legislature in 2013 to provide recommendations regarding the distribution of unclaimed mineral proceeds derived from original Spanish and Mexican land grants. The commission reported in its recommendations for legislative action that the comptroller has held more than \$609 million in proceeds from leases of mineral rights, such as oil and natural gas. About \$199 million of that amount has been claimed, leaving \$410 million currently unclaimed.

Property Code, sec. 74.101 requires a person who holds property that is presumed abandoned to file a report of that property. The property report must include, if known:

- the name, Social Security number, driver's license or state identification number, email address, and the last known address the owner(s);

- a description of the property, and an identification number, if one exists;
- the date that the property became payable, demandable, or returnable;
- the date of the last transaction with the owner concerning the property; and
- any other information required by the comptroller.

DIGEST:

CSHB 1575 would require oil and gas companies that hold unclaimed payments for oil and gas leases to include certain information in the property report for the proceeds. Specifically, the property report must include:

- all of the currently required information listed in Property Code, sec. 74.101;
- the name or identification number of the lease, property, or well;
- a county and state in which the lease, property, or well is located;
- the survey name for the location of the well;
- the initial application to drill the well as submitted to the Railroad Commission;
- the General Land Office abstract number for the location of the well; and
- GPS coordinates for the location of the well.

This bill would take effect January 1, 2016, and would apply only to a report filed on or after that date.

**SUPPORTERS
SAY:**

CSHB 1575 would speed the collection of unclaimed property by making the data in the property report more extensive and more useful. The Unclaimed Mineral Proceeds Commission notes that the comptroller could require oil companies to report property-specific information for unclaimed property, some of which is already required for check-stub reporting. This bill would do exactly that, enabling the rightful holders to better and more quickly recover the proceeds that are due them.

OPPONENTS
SAY:

CSHB 1575 would impose significant compliance costs on businesses. Some of the information the bill would require is not currently associated with the records kept by oil and gas operators. Retooling the systems and associating the data with the records currently being kept could cost the industry millions of dollars overall, outweighing any benefit the state would see from any increase in unclaimed property. The bill would require property reports to contain the General Land Office abstract number and the GPS coordinates for the location of the well, neither of which is currently reported by oil and gas companies. Any information added to property reports should be restricted to information already maintained, which would necessitate only minor system changes and achieve maximum return on investment.

The bill also should contain provisions to protect the release of private, personally identifiable information.

NOTES:

The Senate companion, SB 1589 by Zaffirini, passed the Senate 30-1 and was reported favorably by the House Energy Resources Committee.