



TEXAS ASSOCIATION OF REALTORS®
INFORMATION ABOUT MINERAL CLAUSES IN CONTRACT FORMS

USE OF THIS FORM BY PERSONS WHO ARE NOT MEMBERS OF THE TEXAS ASSOCIATION OF REALTORS® IS NOT AUTHORIZED.
©Texas Association of REALTORS®, Inc. 2007

This form contains general information about mineral interests in published contract forms.

- 1. INTRODUCTION: Historically, buyers and sellers of property near urban areas have not been concerned about the conveyance or retention of mineral interests. Mineral interests for such properties may have been severed in the past or the value of the mineral interests may have been relatively insignificant. There has historically been little risk that the owner of the mineral interests under property near urban areas could or would access the surface of the property to drill or excavate for minerals (perhaps, because the property was too small to support such activity or because such activity may have been heavily regulated by a city). In recent years, the discovery of large mineral deposits near urban areas and advances in drilling technologies have led to increased exploration and drilling activities in and near urban areas. In turn, buyers and sellers of property in urban and suburban areas have raised questions as to whether it is best to convey or retain all or part of the mineral interests in a particular sale.
2. WHO OWNS THE MINERALS? Owners of property in or near urban areas typically are not aware of the precise extent of the mineral interests they may own. One may own all or only a portion of the mineral interests. Further, the mineral interests may have been leased. Determining who owns the mineral interests, whether the mineral interests have been leased, and who holds rights under any leases requires an expert (such as an oil and gas attorney) to review the chain of title and formulate an informed opinion.
3. MINERAL CLAUSES CAN BE LEGALLY COMPLEX: Most real estate brokers are not familiar with the status of title to the mineral interests, the specific clauses that may be important to a party who desires to retain or convey mineral interests, or the value of mineral interests or mineral leases. Such transactions may require the negotiation of complex legal clauses to accurately reflect the rights and obligations of the parties (for example, royalties, executory rights, taxes, lease bonuses, ingress or egress rights, restrictions on drilling and exploration rights, indemnities, termination rights, environmental consequences, etc.). Real estate brokers and salespersons are not attorneys and may not engage in the unauthorized practice of law. A broker or salesperson is not permitted to author a clause in a contract that is legally complex or that constitutes more than a business detail or factual statement (see "Special Provisions" in published forms).
4. CONTRACT FORMS: The residential contract forms promulgated by the Texas Real Estate Commission and the commercial contract forms published by the Texas Association of REALTORS® provide that the seller will convey to the buyer all of the seller's rights associated with the property, including the mineral interests and rights held by the seller (subject only to those items listed in Paragraph 6 or as otherwise stated in the contract). If a party wishes to address minerals differently, the party should seek the assistance of legal counsel familiar with such transactions.
5. RESOURCES: One may find general information related to mineral estates and mineral leases through many sources, including but not limited to: (a) the Real Estate Research Center (www.recenter.tamu.edu); and (b) the Railroad Commission of Texas (www.rrc.state.tx.us). There are many other useful sources that one can access via the Internet through most Internet search engines.

The undersigned acknowledge receipt of this notice.

_____ Date

Printed Name: SAMPLE

_____ Date

Printed Name: SAMPLE

(TAR-2509) 11-16-07