

HOUSE NATURAL RESOURCES COMMITTEE  
January 10, 1983

The House Natural Resources Committee convened on Monday, January 10, 1983, at 12:30 p.m. in Room 224K of the State Capitol, with Chairman Hal Harper presiding and all members present except Rep. Nordtvedt, who was absent.

Chairman Harper opened the meeting to a hearing on HB 8.

HOUSE BILL 8

REPRESENTATIVE JOHN RYAN, District 49, the bill's chief sponsor, handed out copies of suggested amendments to the bill (Exhibit 1), a copy of the bill with the amendments penciled in (Exhibit 2), a copy of a page containing four additional suggested amendments (Exhibit 3), and a discussion page (Exhibit 4) about the amendments. Representative Ryan said the bill would return severed mineral rights to the surface owner. He said some of these rights have been divided and fractionalized to the point where owners are difficult to trace. This bill would clear up the records for oil companies trying to obtain oil leases for development. He said the bill is very similar to an Indiana law which stood up to the U.S. Supreme Court constitutionality test.

DAVID KASTEN, representing People for Economic Progress, spoke next in support of the bill and a copy of his testimony is Exhibit 5 of the minutes.

WILLIAM L. ROMINE, representing the Clerks and Recorders, spoke next as an amender. He said his people could support the concept of clearing up the records, but he was appearing because of technical problems. He said the bill confuses filing with recording, and also marginal notations were repealed in the last Legislature as it is not possible to make marginal notations on microfilmed material. A copy of his testimony is Exhibit 6 of the minutes.

REPRESENTATIVE RYAN said most of these objections were cleared up in the suggested amendments handed to the committee members.

WALTER L. HAMMERMEISTER, representing self, spoke in support of the bill. He said he wanted to see a bill passed that would do the job but he didn't care if it were this one or the one similar drafted by Senator Towe. He said on a piece of his land he has some mineral rights but no royalties, and the previous owner (which was a corporation) is disincorporated and the owners dead. Mr. Hammermeister said he has not leased this land, although he has had lucrative offers, as the royalties would go to the state and he would only have production loss on the disrupted surface land. As a result of this the resource is not being developed and no one is profiting. A copy of his witness statement is Exhibit 7 of the minutes.

HOUSE NATURAL RESOURCES MINUTES

January 10, 1983

Page 2

PAT UNDERWOOD, Montana Farm Bureau Federation, said they would like to go on record as supporting the bill. Exhibit 8 is a witness statement from Mr. Underwood. He said Mr. Sheehy, President of the Montana Land and Mineral Owners Association, was unable to be present but wished to be placed on record as favoring the bill. A copy of their "Resolution Relating to Severed Minerals on Privately Owned Land" is Exhibit 9 of the minutes. A letter sent by their Legislative Committee spokesman, Giles W. Gregoire, expressing their support of the bill is Exhibit 10 of the minutes.

JIM MOCKLER, Montana Coal Council, signed as wishing to amend. He felt the way to approach the problem was through a quiet title provision. He felt there should be protection for both the surface owner and the owners of the severed mineral rights.

GENE PHILLIPS, representing self, said he felt more clarification was needed. He asked if royalty rights would be covered and should "Person" in subsection 2, section 1, also include trusts.

REPRESENTATIVE RYAN in closing left a petition signed by over a hundred people from the Brockway-Circle-Vida-Wolf Point area who favored the bill (Exhibit 11). He questioned whether the problem with severed mineral rights could be cleared up using the existing quiet title procedure.

Chairman Harper opened the hearing to questions from the committee. In response to a question, Mr. Mockler said there is no provision to quiet title for mineral rights and that is what he would like to see. Senator Towe said under the existing quiet title procedure you can not take mineral rights as minerals in place cannot be taxed. He said Mr. Mockler is suggesting we create a new procedure so we can do what we couldn't do in the past.

Rep. Curtiss asked what is meant by severed mineral rights. Mr. Carter, staff researcher, responded that severed mineral rights is the loss of the mineral rights to the property through a sale or any other transaction.

During questioning it was brought out that both mineral rights and royalties should be covered by this bill. In answer to a question on taxing mineral rights, Rep. Ryan called on David Niss, who had worked out the bill for him. Mr. Niss said a tax can be levied by the counties on mineral rights now, but has not been done except in Mussellshell County. Senator Towe said he felt there should be a change of wording to cover this.

Rep. Brown asked why exceptions were built in (section 4). Mr. Niss said the reason is that it is in the Indiana statute and their rationale is if you have so many that you can forget one you should be covered for that inadvertence. Rep. Brown also questioned section 7. Mr. Niss said section 7 might need to be struck. Tom Keating said caution should be used in eliminating section 7.

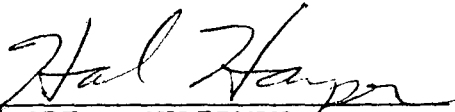
Rep. Addy asked if the time limit should be shorter than 20 years - 10 or 15 years perhaps. Senator Towe said the reason for the 20 years is that the U.S. Supreme Court approved that in Indiana. Mr. Keating said 20 years is better for operation purposes as usually you can find people in 10 years.

Mr. Niss asked the committee to keep in mind in reviewing the different ideas that the Indiana statute was upheld to be constitutional by the U.S. Supreme Court, and the further you get away from it the greater the chance of having the law declared unconstitutional.

Rep. Brown asked what the filing fee was. Mr. Keating said \$2.

Chairman Harper closed the hearing on HB 8. Rep. Quilici moved the meeting adjourn. Meeting adjourned at 1:15 p.m.

Respectfully submitted,

  
HAL HARPER, CHAIRMAN

Emelia A. Satre, Sec.

## INTRODUCED BILL

- (1) Title, line 7.  
Following: "owner;"  
Insert: "PROVIDING FOR NOTICE AND A SIXTY DAY REDEMPTION PERIOD;"
- (2) Page 2, line 23.  
Following: "conducted"  
Strike: "for"  
Insert: "in furtherance of development of any mineral interest, including"
- (3) Page 3, line 1  
Following: "rentals"  
Strike: "or"  
Insert: ","
- (4) Page 3, line 1.  
Following: "royalties"  
Insert: "or other payments"
- (5) Page 3, line 2.  
Strike: "by"  
Insert: "to"
- (6) ~~Page 3, line 12.~~  
~~Following: "owner"~~  
~~Strike: "and"~~  
~~Insert: "or"~~ *Delete*
- (7) Page 3, line 25  
Following: "owner"  
Insert: "or lessee"
- (8) Page 5, line 14.  
Following: "requirements--"  
Strike: "prima facie evidence"  
Insert: "redemption"
- (9) Page 5, line 15.  
Following: "interest"  
Insert: "shall"
- (10) Page 5, line 16.  
Strike: "may"
- (11) Page 5.  
Following: line 24  
Insert: "(c) by filing in the office of the county clerk and recorder in the county in which the mineral interest is located, a copy of the newspaper notice, together with an affidavit of compliance with subsection (b)."
- (12) Page 6, line 6 through line 11.  
Strike: subsection 3 in its entirety  
Insert: "Section 3. The owner of a lapsed severed mineral interest by filing a statement of claim as provided"

for in (section 3) within 60 days of the recordation  
pursuant to (section 5(1)(c))."

Providing for notice and a  
60 day redemption period;

HOUSE BILL NO. 8

INTRODUCED BY RYAN

A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE FOR THE TERMINATION OF CERTAIN SEVERED MINERAL INTERESTS OWNED BY PERSONS OTHER THAN THE SURFACE OWNER AND REVERSION OF OWNERSHIP TO THE SURFACE OWNER;" AND ALLOWING THE PRESERVATION OF SEVERED MINERAL INTERESTS BY USE OR RERECORDATION."

WHEREAS, there exist in Montana many fractional interests in severed minerals such as coal, oil and gas, and other minerals; and

WHEREAS, difficulty in locating the owners of fractional mineral rights may prevent or delay development of scarce natural resources and the proper payment of taxes;

and

WHEREAS, the United States Supreme Court, in the case of Ilexaco, Inc. v. Short, — US — (decided January 12, 1982), recently upheld the constitutionality of the Indiana Dormant Minerals Interests Act, which provides for a lapse of severed mineral rights unless those rights are used or registered by the owners.

THEREFORE, it is in the intent of the Legislature to enact a dormant minerals interests act nearly identical to

1 the provisions of the Indiana act, in order that the owners  
2 of fractionalized mineral interests may be determined and  
3 chances for development of those minerals increased.

4  
5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:  
6 Section 1. Definitions. As used in [this act], unless  
7 the context clearly indicates otherwise, the following  
8 definitions apply:

"(1) 'Severed Mineral Interest' means an interest in minerals owned by a person other than the owner of the surface of the land in which the mineral lies, excepting royalty interests, leases and other contractual rights for development."

"(2) 'Minerals' means all forms and varieties of materials and substances formed or deposited in the crust of the earth by natural agencies alone, which have value when separated from the crust of the earth and excluding only water and common forms of sand and gravel."

"(3) 'Royalty Interests' means expense free interests in production of minerals which are not entitled to any share of bonuses or rentals under leases or other types of development agreements."

15 (4) "person" means an individual or private  
16 corporation, association, partnership, joint venture, trust, or  
17 other legal entity, but does not include the United States  
18 of America or the state of Montana or any political  
19 subdivision thereof.

20 (5) "Unused severed mineral interest" means a severed  
21 mineral interest which is not used. A mineral interest  
22 shall be deemed to be used when any of the following exists:

- (a) Minerals are produced therefrom or from lands pooled or unitized therewith or operations are conducted thereon, or on lands pooled or unitized therewith, in furtherance of development of any mineral interest including injection, withdrawal, storage, or disposal of water, gas, or other fluid substances;
- (b) The mineral interest is subject to a lease or other contract having as its object the development of such interest and which lease or other contract (or a memorandum thereof) is recorded in the office of the clerk and recorder of each county wherein the interest is located;
- (c) In the case of coal or other solid minerals, when there is production from a common vein or seam by the owner of the severed mineral interest or by the owner's lessee or permittee;
- (d) Taxes are being paid by the owner; or

(e) A statement of claim is filed pursuant to [section 3]."

15 Section 2. Lapse of mineral interest -- prevention.

16 Unless a statement of claim is <sup>recorded</sup> filed in accordance with

17 [section 3], or [section 4] is fulfilled, a severed mineral

18 interest in ~~solid, oil, and gas~~ or other minerals that is

19 continuously unused for a period of 20 ~~consecutive~~ years is extinguished

20 subject to the right of redemption provided for in [section 4],

21 and ownership of the interest reverts to the surface owner

22 of the land out of which the severed mineral interest was

22 carved.

23 Section 3. Statement of claim -- <sup>recording</sup> filing.

24 requirements. (1) The statement of claim provided for in

25 [section 2] must be <sup>executed, acknowledged and recorded</sup> filed by the owner of the severed

1 mineral interest prior to the end of the 20-year period set

2 forth in [section 2] or within 2 years after [the effective

3 date of this act], whichever is later, and must contain:

4 (a) the name and address of the owner of the interest;

5 ~~(b) the nature of the interest;~~

6 <sup>by legal subdivision, township and range</sup> (b) a description of the land on or under which such

7 mineral interest is located; and

8 ~~(c) a statement that the claimant intends to preserve~~

9 <sup>whatsoever</sup> and not abandon ~~any~~ severed mineral interest <sup>is owned by the</sup>

10 <sup>claimant.</sup> (2) The statement of claim must be <sup>recorded</sup> filed in the office

11 of the county clerk and recorder in <sup>each</sup> ~~the~~ county in which the

12 severed mineral interest is located. Upon the <sup>recording</sup> filing of the

13 statement of claim within the time provided, the mineral

14 interest is considered to be used on the date the statement

15 of claim is <sup>recorded</sup> filed.

16 Section 4. Exception to lapse of severed mineral

17 interest. Failure to <sup>record</sup> file a statement of claim within the

18 time provided in [section 3] does not cause a severed

19 mineral interest to be extinguished if the owner of that

20 interest:

21 (1) was at the time of the expiration of the period

22 provided in [section 3] the owner of 10 or more severed

23 mineral interests in the same county in which the mineral

24 interest in question is located;

25 (2) made a diligent effort to preserve any of such



1 provisions of [section 2]. A lease or other terminable  
2 interest that has expired, lapsed, or otherwise been lost by  
3 its own terms or by operation of law is not revived by  
4 rerecording under [section 3].

5 Section 7. Waiver of [act] — time limit. The  
6 provisions of this [act] may not be waived at any time prior  
7 to the expiration of the 20-year period provided in [section  
8 2].

~~End~~

Section 8. County not  
required to conduct title  
search. Nothing in this  
part shall be construed  
to require any county  
official or employee to  
conduct a title search  
to locate any severed  
mineral interest.

-End-

Proposed Amendments to HB 8

1. Page 6, line 4.

Following: ";"

Strike: "and"

2. Page 6, line 5.

Strike: "."

Insert: "; and"

3. Page 6.

Following: line 5

Insert: "(e) the book and page of the index showing the instrument by which ownership of the severed mineral interest is claimed."

4. Page 7.

Following: line 8

Insert: "Section 9. County not required to conduct title search. Nothing in this [act] shall be construed to require any county official or employee to conduct a title search to locate any severed mineral interest."

Proposed Amendments to HB 8

The proposed amendments to HB 8 make several useful changes to the Introduced Bill. First, some "housekeeping" changes are recommended for section 1(3) where the bill defines an "unused severed mineral interest." As stated in the Introduced Bill, section 1(3)(a) appears to apply only to mineral operations relating to the oil and gas industry. The language is not broad enough to include coal or other mineral mining. By adding the words "in furtherance of development of any mineral interest including. . . ." this problem is corrected. Clearly, the Bill intends for any mineral operation to indicate that a severed mineral interest is being used and has not been "abandoned."

Without amendment, the meaning of the language of section 1(3)(b) is unclear. The proposed amendment indicates that if the owner of a severed mineral interest has leased the interest and is receiving rental payments or royalties or other payments, then the severed mineral interest is being used and is not to be considered abandoned.

The proposed amendment in section 3 of the Introduced Bill will benefit the mineral industry by allowing lessee's to make the filing to preserve the mineral interest underlying their lease. This provides them an opportunity to avoid financial loss occasioned by the mineral owner's negligence.

The changes in section 5 respond to principles of basic fairness found in the law and in business. These recommended changes provide the owner of a severed mineral interest a limited opportunity to redeem his property upon receipt of notice. Since a severed mineral interest may be a very valuable property right, extending this last opportunity to preserve the ownership of the right is appropriate.

Exhibit 5

NATURAL RESOURCE COMMITTEE

Dear Committee members;

My name is David Kasten, I am a rancher from Brockway, Montana.

I feel that House Bill #8 is a good peice of legislation.

For the last several years people have debated the pros and cons of such legislation.

For the past 30 to 50 years people have been reserving mineral rights and passing them down through inheritance and numerous resale, causing a real problem.

In some cases the reserved mineral interests are so fractional, and the owners cannot be located that it becomes difficult and at times imposible to develop these resources.

For example, I have one ranch that the former owner in 1953 transfered mineral interests in the amount of 3/640ths to Broken Bone 99 Corporation, Glendive, Montana. As far as I know this corporation does not exist. This could possibly complicate the developement of these minerals. The developement in the Williston Basin, which is closeto this ranch makes this a imediate problem.

If there was a Dormant Mineral Interest Record as provided for in House Bill #8 this problem of delays would be avoided.

I urge this committee to pass House Bill #8.

Thank you

  
David E. Kasten

NAME: William L. Rovine DATE: 1-10-82

ADDRESS: Helena

PHONE: ~~442-2220~~ 442-2220

REPRESENTING WHOM? Clerks & Recorders

APPEARING ON WHICH PROPOSAL: \_\_\_\_\_

DO YOU: SUPPORT? \_\_\_\_\_ AMEND? X OPPOSE? \_\_\_\_\_

COMMENTS: This bill confuses filing with Recording. Since the interests involved are created by Recorded instruments, and since Recording is a safer way to protect interests, Recording of statements etc., is preferable. Also, marginal notations were repealed in the last legislature. It is not possible to make marginal notations on microfilm of material.

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

WITNESS STATEMENT

NAME Walter L. Hammermeister BILL No. HB 8  
ADDRESS P.O. Box 1153 DATE 1-10-83  
WHOM DO YOU REPRESENT Self  
SUPPORT X OPPOSE \_\_\_\_\_ AMEND \_\_\_\_\_

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

I have one chunk of land (160 A.) that I have some mineral rights but "NO" royalties. One of the previous owners kept the severed mineral rights & the royalties. That previous owner was a Washington Corp. it desincorporated 22 years ago, & all previous owner is dead. If I leased that land I would get NO royalty income - (it would go to the state) I will NOT lease until I get the ~~mineral~~ mineral rights & royalty rights - So NO one will get any income or Tax dollars until I can put the title to the real estate to get the royalties & mineral rights back.

W L H

WITNESS STATEMENT

NAME PAT UNDERWOOD BILL No. HB-8  
ADDRESS 502 S. 19TH BOZEMAN, MT DATE JAN 10, 1982  
WHOM DO YOU REPRESENT MONTANA FARM BUREAU FEDERATION  
SUPPORT X OPPOSE \_\_\_\_\_ AMEND \_\_\_\_\_

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

The Farm Bureau believes this is a comprehensive piece of legislation that is good for individual private property owners and local and state government. It is also in the interests of mineral developers and the national interests. We have policy passed by our membership at our last annual convention that supports the provisions of this bill, and the Montana Farm Bureau goes on record as a proponent for this legislation.

RESOLUTION RELATING TO SEVERED MINERALS ON PRIVATELY OWNED LAND

Whereas: The expanding practice of severing the use of minerals underneath the land from the fee title is causing ever increasing difficulties in the identification of the total ownership of these minerals, and,

Whereas: The ownership of these severed minerals is often fragmented into a multitude of ownerships difficult, if not impossible, to identify, and,

Whereas: The problems which result from having these valuable mineral rights tied to inaccessible owners is a major defect in the system of title recordations.

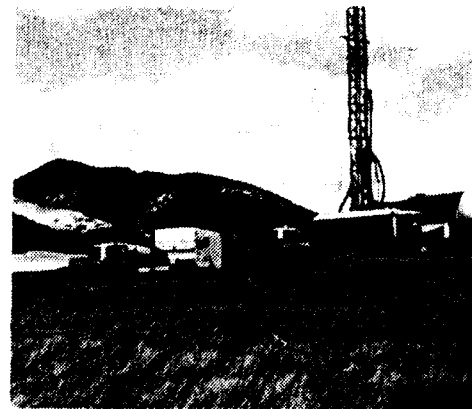
Hereby: Be it resolved that the Landowner Associations of Montana recommends that legislation be adopted in the State of Montana requiring the record mineral fee holder to either attempt to extract or discover minerals or to, at least, periodically record his intent to keep an active contact with his estate. That the penalty for failing to re-record or use the mineral estate is forfeiture of the interest, with the mineral interest to revert into the estate of the current surface owner.

*Exhibit 10*

# Montana Land and Mineral Owners Association

Box 654

Chinook, Montana 59523



Havre, Mont.  
Jan. 7, 1983

Representative Hal Harper  
Chairman, Natural Resources Committee  
Capitol Bldg. Rm 224K  
Helena, Mont. 59601

Dear Sir,

I enclose a copy of "Resolution Relating To Severed Minerals on privately Owned Lands", as adopted at the Statewide Meeting of Land & mineral Owners Associations in Havre, Mont. on Nov. 17th & 18th, 1982.

The Montana Land & mineral Owners Assoc. of Chinook, Mont. has researched a number of severed mineral bills in other states as well as efforts in this regard by past sessions of the legislature in our state.

With these points in mind, we feel HB8, as introduced by Representative John Ryan, represents the wishes of our association and its members and ask your committee's favorable consideration of this bill.

Sincerely

Giles W. Gregoire  
Legislative Committee MLMO  
Shambo Rte. Bx 376  
Havre, Mont. 59501

cc Representative John Ryan

Ex. 11

Extension Service and P.E.P.  
(People for Economic Progress)

Registration  
oil and Gas Leasing  
Feb. 23 1982

Name	Address
Sam Carroll	Circle Mt.
Frank Wilkings	Circle Mt.
Frank Aggie Wilson	Brockway.
Stan Robbin	Circle
John Haber	Brockway
Edward R. Heide	Circle
James C. Paulbach	Circle
Kate Rabbin	Vida
Roy Soley	Circle
Peggy Soley	Vida
Walter Sassen	Vida
Richard Buntz	Richy
Harley Berry	Brockway
David R. Kaster	Brockway
Lee Hester	Vida
Ann Sallapal	
Shirley Henderson	Sidney
Leola Henderson	Sidney
Jack Tensen	Circle
Steve D. Stephens	Miles City
Larry Stephens	Circle
Ronald Stephens	Richy
Donna D.	

Lonny Jensen	Circle
Leo Jensen	Circle
Bob & Anna Wolff	Brookway
Frances Schinner	
L. J. & M. J. Maier	Brookway
Martha Beach	Brookway
Reuben Wagner	Circle
Warrel Brown	Circle
Frank Wischmann	Circle
Jack Davis	Lindsay
Matthew Jones	Circle
Aldo Wolff	Circle
Sally Bachmeier	
Herb Mulborg	Brookway
Laird & Stewart Wright	Wolf Point
Art Schork, Vida	Vida
Dennis Murphy	Circle
Kenneth Schilling	Circle <del>Club</del>
Clayton Reed	Circle
Lydia Taylor	Wolf Saint
Betty & Foster	Brookway
Cyrus Paulowski	Circle
Garrence Maple	Lindsay
Eugene Ross	Circle
Mrs & Mrs Ralph Frank	Circle
Anna Storch	Circle
William Schuler	

Wiesner Pawlowski	Circle, Int.
John Murphy	Club, Mat.
Clarence J. Lambach	Vila "
Liddy Murphy	Circle
James Jensen	"
Pete Micholios	Vila
Pete Micholios	"
Sept. E. Pich	Circle
Joe Schilling	Vila
Harry Nagel	Circle
George Heide	Circle
Harry Heide	Circle
Charles Wang	Circle
Dwight Hester	White
Robert Hildborg	Brockway
Howard Gacke	Brockway
Leah Maciorowski	Circle
Agnes Surlint	"
Flora Koller	"
Victor Wagner	Circle
Eugene Schilling and Son's	Circle
R.T. Hoover	"
Anna M. Kipper	Vila
Anna Kipper	Circle
Marion Lambach	Circle
May Sprail	Brockway
Eda Moss	Circle

Mark Jensen

Circle

Scott Brown

Circle

Don ten  
Ails Bae  
Wilbur Larson  
Joe Wittkop  
John Fogar  
Chittell  
Lassine Schmidt  
Carmen & Thelma Jacke  
Mae Clair Schelling  
Bud Brust  
Pete Jensen  
Bob Switzer  
Fritz Froh  
Gosnes Molari  
Wayne Garfield  
Gene Kitchner  
William Bruthack  
Bob Motherhead  
Gene Vestasa  
R. V. Radcliffe  
Brad Lountz  
Pat Murphy  
Bruce Schwartz  
Harold Sukut  
Dorothy Rossland  
Bonnie Rossland  
Maureen Gurtess  
Fay Targemo

Circle  
Circle  
Brockway  
Circle Mt  
Brockway  
Brockway  
Brockway  
Vida  
Brockway  
Terrace  
Rushy  
Terrace  
Brockway  
Terrace  
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Brockway  
Terrace  
Circle  
Brockway  
Terrace  
Terrace  
Terrace  
Terrace  
Brockway

## VISITORS' REGISTER

HOUSE Natural Resource COMMITTEELL HB 8Date 1/10/83SOR Ryan

NAME	RESIDENCE	REPRESENTING	SUPPORT	OPPOSE
V. E. Romine	Helena	Clear Fork	Amend	
NE PHILLIPS	LA SPEL	SELF		
Tom Downing	Helena	Mont. R.P. Assn		
Pat Underwood	Bozeman	Mont FARM	SUPPORT	
Keneth Lister	Bozeman	Self	Support	
David L. Lister	Bozeman	P.R.P.	Support	
Walter L. Hammermeister	Conrad	Self	Support	
Walter Hall	Helena	LWL		
Jim Mockler	Helena	MT. Coal Council	Amend	
Don Allen	Helena	MT. Coal Council	Amend	
Will Brocke	Helena	MT. Coal Council		
Wesley Tenger	Helena	MT. Coal Council		
John Tenger	Clancy	MT. Coal Council		
John Tenger	Clancy	MT. Coal Council	Amend	

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

# STANDING COMMITTEE REPORT

1 of 4

February 3,

1933

19

MR. SPEAKER:

We, your committee on NATURAL RESOURCES

having had under consideration HOUSE Bill No. 3

First reading copy ( white )  
color

A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE FOR THE TERMINATION OF CERTAIN SEVERED MINERAL INTERESTS OWNED BY PERSONS OTHER THAN THE SURFACE OWNER AND REVERSION OF OWNERSHIP TO THE SURFACE OWNER AND ALLOWING THE PRESERVATION OF SEVERED MINERAL INTERESTS BY USE OR RERECORDATION."

Respectfully report as follows: That HOUSE Bill No. 3

## AMENDMENTS TO LB 3

1. Title, line 7.

Following: " ; "

Insert: "PROVIDING FOR NOTICE AND A 60-DAY REDEMPTION PERIOD."

2. Page 1, line 25.

Strike: "nearly identical"

Insert: "substantially similar"

3. Page 2, lines 9 through 14.

Strike: subsection (1) in its entirety

Insert: "(1) "Severed mineral interest" means an interest in minerals owned by a person other than the owner of the surface of the land in which the mineral lies, excepting royalty interests, leases and other contractual rights for development."

(2) "Minerals" means all forms and varieties of materials and substances formed or deposited in the crust of the earth ~~EXCEPT~~ by natural agencies alone, which have value when separated from the crust of the earth and excluding only water and common forms of sand and gravel.

February 3,

83

19.....

(3) "Royalty interests" means expense-free interests in production of minerals which are not entitled to any share of bonuses or rentals under leases or other types of development agreements."

Remember: subsequent subsections

4. Page 2, line 16.

Following: "venture"

Insert: "trust,"

5. Page 2, line 21.

Following: "interest"

Strike: subsection 3 through "]" on line 14 on page 3.

Insert: "which is not used. A mineral interest shall be deemed to be used when any of the following exists:

(a) minerals are produced therefrom or from lands pooled or unitized therewith or operations are conducted thereon, or on lands pooled or unitized therewith, in furtherance of development of any mineral interest including injection, withdrawal, storage, or disposal of water, gas, or other fluid substances;

(b) the mineral interest is subject to a lease or other contract having as its object the development of such interest and which lease or other contract (or a memorandum thereof) is recorded in the office of the clerk and recorder of each county wherein the interest is located;

(c) in the case of coal or other solid materials, when there is production from a common vein or seam by the owner of the severed mineral interest or by the owner's lessee or permittee;

(d) taxes are being paid by the owner; or

(e) a statement of claim is filed pursuant to [section 3]."

6. Page 3, line 16.

Strike: "filed"

Insert: "recorded"

7. Page 3, line 18.

Strike: "coal, oil, and gas, or other"

Following: "is"

Insert: "continuously"

8. Page 3, line 19.

Strike: "continuous"

Following: "extinguished"

Insert: "subject to the right of redemption provided for in [section 4]."

9. Page 3, line 23.

Strike: "filing"

Insert: "recording"

10. Page 3, line 25.

Strike: "filed"

Insert: "executed, acknowledged, and recorded"

February 1,

19 83

11. Page 4, line 5.

Strike: this line in its entirety

Renumber: subsequent subsections

12. Page 4, line 6.

Following: "description"

Insert: "by legal subdivision, township, and range"

13. Page 4, line 8.

Strike: "the"

Insert: "whatever"

Following: "interest"

Insert: "is owned by the claimant"

14. Page 4, line 10.

Strike: "filed"

Insert: "recorded"

15. Page 4, line 11.

Strike: "the"

Insert: "each"

16. Page 4, line 12.

Strike: "filing"

Insert: "recording"

17. Page 4, line 16.

Strike: "filed"

Insert: "recorded"

18. Page 4, line 16 through page 5, line 12.

Strike: section 4 in its entirety

Renumber: subsequent sections

19. Page 5, line 14.

Strike: "prima facie evidence"

Insert: "redemption"

20. Page 5, line 16.

Strike: "may"

Insert: "pursuant to this part shall"

Strike: "the lapse of"

Insert: "succeeding to"

21. Page 5, lines 16 and 17.

Strike: "the lapse of that interest"

Insert: "same"

22. Page 5, line 20.

Strike: "and"

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19 13

23. Page 6, line 24.

Following: "publication"

Insert: "and

(c) by recording in the office of the county clerk and recorder in each county in which the mineral interest is located, a copy of the newspaper notice, together with an affidavit of compliance with [subsection (3)]"

24. Page 6, line 4.

Strike: "and"

25. Page 6, line 5.

Following: "notice"

Insert: "and (e) the owner of a lapsed severed mineral interest may redeem that interest by recording a statement of claim as provided for in [section 3] within 60 days of the recording pursuant to [section 4(1) (c)]"

26. Page 6, lines 6 through 11.

Strike: subsection 3 in its entirety

27. Page 6, line 12.

Strike: "Statement of claim -- filing -- duty"

Insert: "Recording notice"

28. Page 6, line 13.

Strike: "filing"

Insert: "receipt"

29. Page 6, line 14.

Following: "3]"

Insert: " [section 4(3)]."

30. Page 6, lines 15 and 16.

Strike: "3"

Insert: "4"

Strike: "in the clerk and recorder's office of the county in which the interest is located"

Insert: "the

31. Page 6, lines 19 through 22.

Following: "Record"

Strike: line 19 through "notice" on page 17

32. Page 7.

Following: line 3

Insert: "Section 8. County not required to conduct title search. Nothing in this part shall be construed to require any county official or employee to conduct a title search to locate any severed mineral interest."

ALL AS AMENDED  
DO PASS

ALB. HARPER,

Chairman.