

By: Representative Dedeaux

To: Oil, Gas and Other  
Minerals

## HOUSE BILL NO. 395

1 AN ACT TO PROVIDE AN ANNUAL ASSESSMENT ON NONPRODUCING  
2 MINERAL ESTATES THAT ARE OWNED BY SOMEONE OTHER THAN THE OWNER OF  
3 THE SURFACE RIGHTS OF THE LAND; TO PROVIDE THAT THE TITLE TO THE  
4 NONPRODUCING MINERAL ESTATE SHALL REVERT TO THE STATE OF  
5 MISSISSIPPI UPON FAILURE OF THE OWNER TO PAY THE ASSESSMENT FOR A  
6 PERIOD OF THREE YEARS; TO PROVIDE THAT THE OWNER OF THE SURFACE  
7 RIGHTS TO THE LAND MAY REDEEM THE NONPRODUCING MINERAL ESTATE; TO  
8 PROVIDE THE PROCEDURE FOR NOTICE AND REDEMPTION OF THE  
9 NONPRODUCING MINERAL ESTATE; AND FOR RELATED PURPOSES.

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

11 SECTION 1. (1) There is levied an assessment of One Hundred  
12 Dollars (\$100.00) to be collected annually on each nonproducing  
13 mineral estate that is located within the county that is owned by  
14 any person, firm, partnership, association or corporation other  
15 than the owner of the surface rights of the land. If the  
16 nonproducing mineral estate extends into more than one (1) county,  
17 the annual assessment shall be collected by each county wherein  
18 the nonproducing mineral estate is located.

19 (2) (a) Upon default of the payment of the assessment  
20 required in subsection (1) of this section, the tax collector  
21 shall give written notice to the owner of the nonproducing mineral  
22 estate demanding the payment of the assessment then remaining in  
23 default within twenty (20) days from the date of the delivery of  
24 the notice. The notice shall be sent by certified or registered  
25 mail to the owner of the nonproducing mineral estate or delivered  
26 by an employee of the tax collector either to the owner or someone  
27 of suitable age and discretion at the owner's place of business or  
28 residence. If any person liable for the payment of the assessment  
29 fails or refuses to pay the assessment after receiving the notice

30 and demand as provided in this subsection, the tax collector may  
31 file a notice of a lien for such assessment with the circuit clerk  
32 of the county in which the nonproducing mineral estate is located.

33 (b) If the owner of the nonproducing mineral estate  
34 other than the owner of the land, as provided in subsection (1) of  
35 this section, fails or refuses to pay the assessment for a period  
36 of three (3) years, his interests in the land and the title to  
37 such nonproducing mineral estate shall revert to the State of  
38 Mississippi. The owner of such mineral estate shall have six (6)  
39 months from the date of reversion in which to redeem his property  
40 by payment of the delinquent assessment, interest, fees and costs.

41 If the owner of the nonproducing mineral estate has not redeemed  
42 the nonproducing mineral estate within the six-month period, the  
43 owner or owners of the surface estate wherein the mineral estate  
44 lies may redeem the nonproducing mineral estate as provided in  
45 Section 2 of this act.

46 (3) For purposes of this section, the mineral estate is  
47 deemed to be nonproducing if there have been no bona fide drilling  
48 or production operations for minerals or no actual production of  
49 minerals for a period of ten (10) years. The period of ten (10)  
50 years may run continuously or be interrupted. If there are bona  
51 fide drilling or production operations for minerals or actual  
52 production of minerals, the period shall be interrupted and shall  
53 begin to run again on the last day that drilling or production  
54 operations are conducted or the last day of actual production.  
55 The period shall be interrupted in the case of contracts providing  
56 for shut-in rental payments in lieu of production, but if there is  
57 no production, the period shall begin to run again at the end of  
58 the period for which the last such rental payment was made. For  
59 purposes of this section, oil and gas are deemed to be not in  
60 production if, in the case of oil production, the well is not  
61 located on the regular governmental quarter-quarter section of  
62 surface estate where the severed mineral estate lies, or in the  
63 case of gas production, if the gas well is not located in the  
64 regular governmental one-half (1/2) section wherein the mineral  
65 estate lies.

66 SECTION 2. (1) In order to effectuate the redemption

67 provided for in Section 1 of this act, the owner or owners of the  
68 surface estate each shall file a statement of claim with the  
69 chancery clerk of the county or counties in which the land within  
70 which the nonproducing mineral estate is located after the period  
71 of three (3) years has elapsed and the title to the mineral estate  
72 has reverted to the State of Mississippi. The owner or owners of  
73 the surface estate shall notify the owner or owners of the  
74 nonproducing mineral estate by personal service, if they can be  
75 found upon reasonable search and inquiry, that the nonproducing  
76 mineral estate is subject to redemption by the surface owner or  
77 owners. If the owner or owners of the nonproducing mineral estate  
78 cannot be found upon reasonable search and inquiry, the owner or  
79 owners of the surface estate shall give notice by publication for  
80 three (3) consecutive weeks in a newspaper having general  
81 circulation in the county or counties in which the land within  
82 which the nonproducing mineral estate is located, and, if the  
83 address of the owner or owners of the mineral estate is shown of  
84 record or can be determined upon reasonable inquiry, by mailing a  
85 copy of such notice to the owner or owners of the mineral estate  
86 not later than ten (10) days after the first publication. The  
87 notice shall state the name of the owner or owners of the mineral  
88 estate as shown of record, if known, a description of the land and  
89 the name of the person or persons giving such notice. If a copy  
90 of such notice, together with an affidavit of service thereof, is  
91 promptly filed with the chancery clerk of the county or counties  
92 in which the land within which the mineral estate is located, the  
93 record thereof shall be prima facie evidence in any legal  
94 proceeding that such notice was given.

95 (2) If, within thirty (30) days after personal service or  
96 the last publication of notice, no conclusive written evidence is  
97 presented to the chancery clerk that there have been bona fide  
98 drilling or production operations for minerals or actual  
99 production of minerals for a period of ten (10) years, the

100 nonproducing mineral estate may be redeemed by the owner or owners  
101 of the surface estate, and the chancery clerk shall record the  
102 statement of claim and the redemption of the nonproducing mineral  
103 estate and shall indicate the redemption of the nonproducing  
104 mineral estate by marginal notation on the instrument creating the  
105 original mineral estate. If conclusive written evidence is  
106 presented to the chancery clerk within the stated period of time  
107 that there have been bona fide drilling or production operations  
108 for minerals or actual production of minerals within the period of  
109 ten (10) years, then the reverter to the State of Mississippi and  
110 the right of redemption by the surface owner or owners shall not  
111 take effect and the chancery clerk shall record the statement of  
112 claim but shall not record or indicate on the instrument creating  
113 the original mineral estate that there has been a reversion or  
114 redemption of the mineral estate.

115 SECTION 3. This act shall be in force from and after the  
116 date that Section \_\_\_\_\_ is inserted as a part of the Constitution  
117 by proclamation of the Secretary of State certifying that House  
118 Concurrent Resolution No. \_\_\_\_\_, 1999 Regular Session, received  
119 the majority vote required by the Constitution.