

By: Representative Hudson

To: Oil, Gas and Other Minerals

HOUSE BILL NO. 1398

1 AN ACT TO PROVIDE THAT A CERTAIN PERCENTAGE OF THE ANNUAL
2 YIELD FROM ALL MINERAL PRODUCTION SHALL BE REMITTED TO THE SURFACE
3 OWNER OF REAL PROPERTY SOLD OR LEASED FOR MINERAL PRODUCTION IF
4 THE SURFACE OWNER IS NOT OWNER OF MINERAL RIGHTS IN THE PROPERTY;
5 AND FOR RELATED PURPOSES.

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

7 **SECTION 1.** (1) The provisions of this section shall apply
8 to a mineral estate separated from the surface estate after July
9 1, 2006, and to every surface owner who shall contract for the
10 sale or lease of any real property for the purposes of mineral
11 exploration and production, and for the entire term of the
12 agreement unless otherwise stated in the agreement. Five percent
13 (5%) of the annual yield from all mineral production shall be
14 remitted to the surface owner of the real property sold or leased
15 for mineral production if the surface owner has no ownership of
16 mineral rights in the property. Upon the expiration of the
17 agreement, mineral estates not separated from the property shall
18 revert to the surface owner. However, at the option of the lessee
19 or the surface owner, the agreement may be extended for an
20 additional term as agreed upon by the parties.

21 (2) For purposes of this section, oil and gas are deemed to
22 be not in production if: (a) in the case of oil production, the
23 well is not located on the regular governmental quarter-quarter
24 (1/4-1/4) section of surface estate where the severed mineral
25 estate lies; or (b) in the case of gas production, the gas well is
26 not located in the regular governmental one-half (1/2) section in
27 which the mineral interest lies.

28 **SECTION 2.** This act shall take effect and be in force from
29 and after July 1, 2006.