

By: Representative Hudson

To: Oil, Gas and Other  
Minerals

## HOUSE BILL NO. 1261

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, 2007, 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, 2007.