

By: Senator(s) Tollison

To: Oil, Gas and Other Minerals

SENATE BILL NO. 2358

1 AN ACT TO PROVIDE THAT MINERAL ESTATES SEPARATED FROM THE  
2 SURFACE ESTATE SHALL REVERT TO THE OWNER OF THE SURFACE ESTATE  
3 AFTER TEN YEARS OF NONPRODUCTION; TO DEFINE NONPRODUCTION; TO  
4 PROVIDE THAT THE OWNERS OF SUCH MINERAL ESTATES SHALL HAVE AN  
5 EXCLUSIVE OPTION TO RENEW THE AGREEMENT CREATING THE MINERAL  
6 ESTATE; AND FOR RELATED PURPOSES.

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

8 SECTION 1. (1) Mineral estates separated from the surface  
9 estate after July 1, 2001, shall revert to the owner of the  
10 surface estate if, after a ten-year period, there is no bona fide  
11 attempt to drill for or produce minerals or no actual production  
12 of minerals. The ten-year period may run continuously or be  
13 interrupted. If there is attempted or actual production, the  
14 period shall be interrupted and shall start to run again on the  
15 day after the last day of actual production or the last day actual  
16 drilling or production operations are conducted on the property.  
17 For contracts providing for shut-in rental payments in lieu of  
18 production, the ten-year period may be interrupted, but will start  
19 to run again at the end of the period for which the last such  
20 rental payment was made if there is no production. The  
21 possibility of interruption is not limited to the instances stated  
22 in this section, but may extend to other circumstances as equity  
23 may demand. If the ten-year period is interrupted and starts to  
24 run again with less than one hundred eighty (180) days remaining  
25 in the period, the period shall not expire less than one hundred  
26 eighty (180) days after the date on which the period starts to run  
27 again.



28           (2) The surface estate owner to which the mineral estate  
29 shall revert by operation of this act is the holder of the surface  
30 estate at the time of the reversion.

31           (3) For purposes of this section, oil and gas are deemed to  
32 be not in production if: (a) in the case of oil production, the  
33 well is not located on the regular governmental quarter-quarter  
34 section of surface estate where the severed mineral estate lies;  
35 or (b) in the case of gas production, the gas well is not located  
36 in the regular governmental one-half (1/2) section in which the  
37 mineral interest lies.

38           SECTION 2. The owner of a mineral estate subject to the  
39 reverter provided by Section 1 of this act is granted an exclusive  
40 option of one hundred eighty (180) days to renew the provisions of  
41 the agreement by which he holds the mineral estate. The option  
42 period shall be a period beginning one hundred eighty (180) days  
43 before the date of reverter. This section shall not be construed  
44 to define, limit or restrict the terms of a new agreement, and it  
45 is the intent of this section to provide for free and open  
46 negotiation between the parties. However, the surface owner of  
47 the mineral estate after the reverter may not lease, sell,  
48 transfer, sever or otherwise alleviate the mineral estate gained  
49 from the reverter for a one-year period after the reverter, except  
50 with respect to the previous owner of the mineral estate.

51           SECTION 3. This act shall take effect and be in force from  
52 and after July 1, 2001.

