

By: Senator(s) Carter

To: Education

SENATE BILL NO. 2246

1 AN ACT TO AMEND SECTION 29-3-99, MISSISSIPPI CODE OF 1972, TO  
 2 REVISE AND MODERNIZE CERTAIN PROCEDURES FOR THE LEASING OF  
 3 SIXTEENTH SECTION LAND FOR OIL, GAS, CLAY, DIRT, AND OTHER LIQUID  
 4 AND GASEOUS MINERAL EXPLORATION; TO SET A MINIMUM PER ACRE PRICE  
 5 FOR SUCH LEASES; TO SET A MINIMUM ROYALTY TO BE PAID FOR ANY OIL,  
 6 GAS AND COAL THAT IS PRODUCED FROM SUCH LAND; TO REQUIRE THAT  
 7 CERTAIN NOTICE BE PUBLISHED IN THE NEWSPAPER IN THE COUNTY WHEREIN  
 8 THE LAND IS SITUATED; TO REVISE CERTAIN BIDDING PROCEDURES; AND  
 9 FOR RELATED PURPOSES.

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

11 **SECTION 1.** Section 29-3-99, Mississippi Code of 1972, is  
 12 amended as follows:

13 29-3-99. (1) The board of education is hereby authorized  
 14 and empowered, in its discretion, to let, demise and lease  
 15 sixteenth section lands, included in the Choctaw Purchase, or the  
 16 lands held in lieu of same whether located therein or elsewhere,  
 17 reserved for the support of township schools, for exploration,  
 18 mining, production and development \* \* \* via a bore hole of \* \* \*  
 19 oil, gas, carbon dioxide and other gaseous or liquid  
 20 substances, \* \* \* upon such terms and conditions and for such  
 21 consideration as the board of education, in its discretion, shall

22 deem proper and advisable. \* \* \* Said school lands shall not be  
23 leased for oil, gas, and other gaseous or liquid substances \* \* \*  
24 exploration, \* \* \* production, and development for a bonus of less  
25 than One Dollar (\$1.00) per acre and a paid-up delay rental  
26 bonus \* \* \* of less than One Dollar (\$1.00) per acre per annum  
27 during the primary term. Such lands shall not be leased for oil,  
28 gas, and \* \* \* other gaseous or liquid substances for a primary  
29 term of more than five (5) years and so long thereafter as oil,  
30 gas or other minerals are being produced \* \* \* from said lands, or  
31 so long as the lease is being maintained by other lease  
32 provisions, except that a lease shall in no event extend longer  
33 than permitted by Section 211 of the Mississippi  
34 Constitution. \* \* \* The royalties to be paid shall not be less  
35 than (a) on oil, \* \* \* three-sixteenths (3/16) of that produced  
36 and saved from said lands; (b) on gas, including casinghead gas or  
37 other gaseous substances produced from said land and sold or used  
38 off the premises or in the manufacture of gasoline or other  
39 products therefrom, the market value at the well of \* \* \*  
40 three-sixteenths (3/16) of the amount realized from such sale;  
41 (c) \* \* \* on all other \* \* \* gaseous and liquid substances  
42 produced \* \* \* and marketed, three-sixteenths (3/16) either in  
43 kind or value at the well \* \* \* at lessor's election \* \* \*. Lessee  
44 shall have free use of oil, gas \* \* \* and water from said land,  
45 except water from lessor's wells, unless lessor shall agree in  
46 writing to the use of water from lessor's wells, for all

47 operations hereunder, and the royalty on oil \* \* \* and gas \* \* \*  
48 shall be computed after deducting any so used.

49 (2) The board of education is hereby authorized and  
50 empowered, in its discretion, to let, demise and lease sixteenth  
51 section lands, included in the Choctaw Purchase, or the lands held  
52 in lieu of same located therein, reserved for the support of  
53 township schools, for exploration, production, and development via  
54 excavation or surface mining for (a) sulphur, salt, sand, gravel,  
55 fill dirt and clay, and (b) metals, compounds of metals, or  
56 metal-bearing ores, and their constituent components and products  
57 and minerals intermingled or associated therewith, upon such terms  
58 and conditions and for such consideration as the board of  
59 education, in its discretion, shall deem proper and advisable.  
60 Such lands shall not be leased for a primary term of more than  
61 five (5) years and so long thereafter as other minerals are being  
62 produced and mined from said lands, or so long as the lease is  
63 being maintained by other lease provisions, except that a lease  
64 shall in no event extend longer than permitted by Section 211 of  
65 the Mississippi Constitution. Any mine plan referred to in this  
66 paragraph shall not contain more than five thousand (5,000) acres.  
67 Said school lands shall not be leased for sulphur, salt, sand,  
68 gravel, fill dirt, and clay mining, including metals, compounds of  
69 metals, or metal-bearing ores, exploration, production, mining,  
70 and development for a bonus of less than One Dollar (\$1.00) per  
71 acre and a renewal rental during the primary term. The royalties

72 to be paid shall not be less than (a) on sulphur mined and  
73 marketed shall be not less than Fifty Cents (50¢) per long ton,  
74 and (b) on salt the royalty shall be not less than Five Cents (5¢)  
75 per ton mined. No clay shall be leased nor removed within the  
76 boundary of any incorporated municipality as such boundary existed  
77 on January 1, 1964, nor within one hundred fifty (150) feet of any  
78 dwelling house which is either occupied or has been vacant less  
79 than ninety (90) days, without the written consent of the  
80 leaseholder of the surface from which such clay is to be leased or  
81 removed, regardless of classification of such lands. In leasing  
82 said lands for the mining and removal of clay, sand, gravel and  
83 fill dirt, the bid shall be by the cubic yard truck measure and to  
84 the highest and best bidder, provided that these materials shall  
85 not be sold therefrom for less than the regular market price  
86 thereof, such price to include the value of the royalty provided  
87 for herein.

88 (3) The board of education is hereby authorized and  
89 empowered, in its discretion, to let, demise and lease sixteenth  
90 section lands, included in the Choctaw Purchase, or the lands held  
91 in lieu of same located therein, reserved for the support of  
92 township schools, for exploration, production, and development via  
93 excavation or surface mining for coal, including anthracite,  
94 bituminous, subbituminous, lignite and their constituent  
95 components and products and minerals intermingled or associated  
96 therewith, upon such terms and conditions and for such

97 consideration as the board of education, in its discretion, shall  
98 deem proper and advisable. Such lands shall not be leased for  
99 coal for a primary term of more than twenty (20) years and so long  
100 thereafter as coal is being mined and sold or utilized by lessee  
101 from such lands or from adjoining lands within a mine plan which  
102 includes such lands or so long as mining operations are being  
103 prosecuted on such lands on a continuous basis or so long as the  
104 lease is being maintained by other lease provisions, except that a  
105 lease shall in no event extend longer than permitted by Section  
106 211 of the Mississippi Constitution; provided, however, that any  
107 lease of coal may provide for one (1) renewal term of not more  
108 than twenty (20) years from and after expiration of the initial  
109 term upon payment by lessee of a renewal bonus of not less than  
110 One Dollar (\$1.00) per acre. Any mine plan referred to in this  
111 paragraph shall not contain more than five thousand (5,000) acres.  
112 Said school lands shall not be leased for coal exploration,  
113 production, mining, and development for a bonus of less than One  
114 Dollar (\$1.00) per acre and a renewal rental during the primary  
115 term. The royalties to be paid shall not be less than on coal  
116 mined on such land and sold or utilized by lessee, one-twentieth  
117 (1/20) of the market value at the mine of each ton of two thousand  
118 (2,000) pounds.

119       (4) The board of education shall not lease any sixteenth  
120 section land that was sold and conveyed in fee simple forever by a  
121 board of supervisors prior to 1890.

122       (5) (a) Notice to the public shall be given by  
123 advertisement published for at least three (3) weeks in a  
124 newspaper in the county wherein such lands are situated, or if no  
125 newspaper be published in said county then in a newspaper having  
126 general circulation therein. The managing board may also publish  
127 additional notices at school offices, in trade publications,  
128 online sites, or at any other location, in any other media, or by  
129 any other means it finds likely to result in competitive bids.

130       (b) The advertisement set forth above shall give an  
131 accurate legal description of the lands to be leased, inviting  
132 sealed proposals thereon to be filed with the superintendent of  
133 education. Before bids are requested, the board shall prescribe  
134 the form of the lease and shall prescribe the royalty to be  
135 retained by lessor, the annual rental to be paid by lessee during  
136 the primary term of the lease, and shall have as subject to bid  
137 only the bonus to be paid by lessee, and, for leases of coal, the  
138 bonus to be paid by lessee for any renewal term as hereinafter  
139 provided. The lease form and the terms so prescribed shall be on  
140 file and available for inspection in the office of the  
141 superintendent from and after the public notice by advertisement  
142 and until finally accepted by the board. The board of education  
143 shall award the lease to the highest bidder in the manner provided  
144 by law.

145           (c) It is further specifically provided that such  
146 leases shall not be let at a special meeting of the board of  
147 education.

148           (6) Leases for metals, coals, sand, gravel, fill dirt or  
149 clay may be executed covering land upon which leases are  
150 outstanding for the exploration, mining, and development of oil,  
151 gas, and other minerals, provided proper safeguards are  
152 incorporated in the lease for the protection of the other  
153 leaseholders. All such leases shall contain suitable provisions  
154 for adequate compensation to the surface lessee, if any, for any  
155 damage done to the leasehold estate in such lands and for the use  
156 of a substantial portion of the surface thereof for such mining  
157 and/or developing or processing purposes, and for rights of  
158 ingress and egress, and all such leases shall further contain  
159 suitable provisions for adequate compensation to the board of  
160 education for any permanent damage done to the surface of the land  
161 or any timber thereon. Any future lease of said land after  
162 expiration of the present lease thereon will be subject to the  
163 rights of any lessee under provisions hereof.

164           (7) If the lessor commits any error in the leasing procedure  
165 which renders the lease void or voidable, the lessee shall be  
166 entitled to recover the consideration paid to secure the lease.

167           (8) No clay shall be leased nor removed within the boundary  
168 of any incorporated municipality as such boundary existed on  
169 January 1, 1964, nor within one hundred fifty (150) feet of any

170 dwelling house which is either occupied or has been vacant less  
171 than ninety (90) days, without the written consent of the  
172 leaseholder of the surface from which such clay is to be leased or  
173 removed, regardless of classification of such lands.

174         **SECTION 2.** This act shall take effect and be in force from  
175 and after July 1, 2025.