

SENATE BILL 525

M3

6lr2471
CF HB 576

By: **Senator Edwards**

Introduced and read first time: February 4, 2016

Assigned to: Education, Health, and Environmental Affairs

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 1, 2016

CHAPTER _____

1 AN ACT concerning

2 **Maryland Dormant Minerals Interests Act – Use of Mineral Interest –**
3 **Clarification**

4 FOR the purpose of clarifying that when an owner of a mineral interest takes a certain
5 action for a mineral that is part of a mineral interest, the action constitutes use of
6 the entire mineral interest owned by that owner; establishing that payment of
7 certain taxes by an owner of a mineral interest constitutes use of the entire mineral
8 interest that is taxed and certain other mineral interests that are not taxed;
9 establishing that a certain judgment or decree recorded by an owner of a mineral
10 interest constitutes use of the mineral interest specified in the judgment or decree;
11 and generally relating to the use of a mineral interest under the Maryland Dormant
12 Mineral Interests Act.

13 BY repealing and reenacting, with amendments,
14 Article – Environment
15 Section 15–1203
16 Annotated Code of Maryland
17 (2014 Replacement Volume and 2015 Supplement)

18 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
19 That the Laws of Maryland read as follows:

20 **Article – Environment**

21 15–1203.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 (a) (1) On or after October 1, 2011, a surface owner of real property that is
2 subject to a mineral interest may maintain an action to terminate a dormant mineral
3 interest.

4 (2) A mineral interest is dormant for the purpose of this subtitle if:

5 (i) The mineral interest is unused for a period of 20 or more years
6 preceding the commencement of termination of the mineral interest; and

7 (ii) Notice of the mineral interest was not recorded during the period
8 of 20 or more years preceding the commencement of termination of the mineral interest.

9 (b) (1) The action must be in the nature of and require the same notice as is
10 required in an action to quiet title as set forth in § 14–108 of the Real Property Article.

11 (2) The action may be maintained, whether or not the owner of the severed
12 mineral interest is an unknown or missing owner.

13 (c) (1) Except as provided in paragraph ~~(2)~~ (4) of this subsection, the following
14 actions taken by or under the authority of [the] AN owner of a mineral interest in relation
15 to any mineral that is part of the mineral interest shall constitute use of the entire mineral
16 interest **OWNED BY THAT OWNER:**

17 (i) Active mineral operations on or below the surface of the real
18 property or other property utilized or pooled with the real property, including production,
19 geophysical exploration, exploratory or developmental drilling, mining, exploitation, and
20 development of minerals; AND

21 ~~(ii) Payment of taxes on a separate assessment of the mineral~~
22 ~~interest or of a transfer or severance tax relating to the mineral interest, in accordance with~~
23 ~~§ 8–220 of the Tax Property Article;~~

24 ~~(iii) Recordation of an instrument that creates, reserves, or otherwise~~
25 ~~evidences a claim to, or the continued existence of, the mineral interest, including an~~
26 ~~instrument that transfers, leases, or divides the interest; and.~~

27 ~~(iv) Recordation of a judgment or decree that makes a specific~~
28 ~~reference to the mineral interest.~~

29 **(2) PAYMENT OF THE FOLLOWING TAXES BY OR UNDER THE**
30 **AUTHORITY OF AN OWNER OF THE TAXED MINERAL INTEREST SHALL CONSTITUTE**
31 **USE OF THE ENTIRE MINERAL INTEREST THAT IS TAXED AND ANY OTHER MINERAL**
32 **INTEREST THAT IS NOT TAXED BUT ON WHICH THE OWNER OWNS ALL OR A PARTIAL**
33 **INTEREST:**

1 **(I) A TAX ON A SEPARATE ASSESSMENT OF A MINERAL**
2 **INTEREST IN ACCORDANCE WITH § 8-229 OF THE TAX – PROPERTY ARTICLE;**

3 **(II) A TRANSFER TAX RELATING TO A MINERAL THAT IS PART OF**
4 **THE MINERAL INTEREST IN ACCORDANCE WITH § 8-229 OF THE TAX – PROPERTY**
5 **ARTICLE; OR**

6 **(III) A SEVERANCE TAX RELATING TO A MINERAL THAT IS PART**
7 **OF THE MINERAL INTEREST IN ACCORDANCE WITH § 8-229 OF THE TAX – PROPERTY**
8 **ARTICLE.**

9 **(3) A JUDGMENT OR DECREE THAT MAKES A SPECIFIC REFERENCE**
10 **TO ANY MINERAL THAT IS PART OF THE MINERAL INTEREST RECORDED BY OR**
11 **UNDER THE AUTHORITY OF AN OWNER OF THE MINERAL INTEREST SHALL**
12 **CONSTITUTE USE OF THE MINERAL INTEREST SPECIFIED IN THE JUDGMENT OR**
13 **DECREE.**

14 ~~(2)~~ **(4)** The injection of substances for the purpose of disposal or storage does
15 not constitute use of a mineral interest.

16 (d) (1) A surface owner of real property that is subject to a mineral interest
17 who brings an action to terminate a dormant mineral interest in accordance with this
18 section shall bring the action in the circuit court of the jurisdiction in which the real
19 property is located.

20 (2) A court order that terminates a mineral interest merges the terminated
21 mineral interest, including express and implied appurtenant surface rights and obligations,
22 with the surface estate in shares proportionate to the ownership of the surface estate,
23 subject to existing liens for taxes or assessments.

24 (3) (i) A court order that terminates a mineral interest shall identify:
25 1. The mineral interest;
26 2. Each surface estate into which the mineral interest is
27 merged, including the tax map and parcel number;
28 3. The name of each surface owner;
29 4. If known, the name of each person that owned the mineral
30 interest prior to the termination date; and
31 5. Any information determined by the court as appropriate
32 to describe the effect of the termination and merger of the mineral interest.

1 (ii) The clerk of the court that issued the order shall record the order
2 in the land records.

3 (e) This section shall apply notwithstanding any provision to the contrary in:

4 (1) The instrument that creates, reserves, transfers, leases, divides, or
5 otherwise evidences the claim to, or the continued existence of, the mineral interest; or

6 (2) Another recorded document, unless the instrument or other recorded
7 document provides an earlier termination date.

8 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
9 October 1, 2016.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.