

# HOUSE BILL 402

M3

(2lr1745)

## ENROLLED BILL

— *Environmental Matters/Education, Health, and Environmental Affairs and  
Judicial Proceedings* —

Introduced by **Delegate Beitzel**

Read and Examined by Proofreaders:

\_\_\_\_\_  
Proofreader.

\_\_\_\_\_  
Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this

\_\_\_\_\_ day of \_\_\_\_\_ at \_\_\_\_\_ o'clock, \_\_\_\_\_ M.

\_\_\_\_\_  
Speaker.

CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 ~~Environment~~ ***Land Records – Dormant Mineral Interests and Natural Gas***  
3 ***and Oil Leases – Termination by Court Order and Recordation Requirements***

4 FOR the purpose of requiring a court order that terminates a certain dormant mineral  
5 interest to identify certain information; requiring a clerk of the court that issued  
6 a certain order to record the order in the land records; *prohibiting a clerk of*  
7 *court from recording an instrument that effects a certain real property lease*  
8 *dealing in natural gas and oil unless the instrument is accompanied by a*  
9 *complete intake sheet*; and generally relating to ~~the termination of dormant~~  
10 ~~mineral interests.~~ *land records.*

11 BY repealing and reenacting, without amendments,

12 Article – Environment

13 Section 15–1201

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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.

*Italics indicate opposite chamber/conference committee amendments.*



1 Annotated Code of Maryland  
2 (2007 Replacement Volume and 2011 Supplement)

3 BY repealing and reenacting, with amendments,  
4 Article – Environment  
5 Section 15–1203(d)  
6 Annotated Code of Maryland  
7 (2007 Replacement Volume and 2011 Supplement)

8 *BY adding to*  
9 *Article – Real Property*  
10 *Section 3–104(g)(9)*  
11 *Annotated Code of Maryland*  
12 *(2010 Replacement Volume and 2011 Supplement)*

13 *BY repealing and reenacting, with amendments,*  
14 *Article – Real Property*  
15 *Section 3–104(g)(9)*  
16 *Annotated Code of Maryland*  
17 *(2010 Replacement Volume and 2011 Supplement)*

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

20 **Article – Environment**

21 15–1201.

22 (a) In this subtitle the following words have the meanings indicated.

23 (b) “Mineral interest” means an interest in a mineral estate, however created  
24 and regardless of form, whether absolute or fractional, divided or undivided, corporeal  
25 or incorporeal, including a fee simple or any lesser interest or any kind of royalty,  
26 production payment, executive right, nonexecutive right, leasehold, or lien in  
27 minerals, regardless of character.

28 (c) “Mineral” includes:

29 (1) Gas;

30 (2) Oil and oil shale;

31 (3) Coal;

32 (4) Gaseous, liquid, and solid hydrocarbons;

1 (5) Cement materials, sand and gravel, road materials, and building  
2 stone;

3 (6) Chemical substances;

4 (7) Gemstone, metallic, fissionable, and nonfissionable ores; and

5 (8) Colloidal and other clay, steam, and geothermal resources.

6 (d) “Severed mineral interest” means a mineral interest that is severed from  
7 the interest in the surface estate overlying the mineral interest.

8 (e) “Surface estate” means an interest in the estate overlying a mineral  
9 interest.

10 (f) (1) “Surface owner” means any person vested with a whole or  
11 undivided fee simple interest or other freehold interest in the surface estate.

12 (2) “Surface owner” does not include the owner of a right-of-way,  
13 easement, or leasehold on the surface estate.

14 (g) (1) “Unknown or missing owner” means any person vested with a  
15 severed mineral interest whose present identity or location cannot be determined:

16 (i) From the records of the county where the severed mineral  
17 interest is located; or

18 (ii) By diligent inquiry in the vicinity of the owner’s last known  
19 place of residence.

20 (2) “Unknown or missing owner” includes the heirs, successors, or  
21 assignees of an unknown or missing owner.

22 15–1203.

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

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

31 (3) (I) A COURT ORDER THAT TERMINATES A MINERAL  
32 INTEREST SHALL IDENTIFY:

- 1                   1.     **THE MINERAL INTEREST;**
- 2                   2.     **EACH SURFACE ESTATE INTO WHICH THE**  
 3 **MINERAL INTEREST IS MERGED, INCLUDING THE TAX MAP AND PARCEL**  
 4 **NUMBER;**
- 5                   3.     **THE NAME OF EACH SURFACE OWNER;**
- 6                   4.     **IF KNOWN, THE NAME OF EACH PERSON THAT**  
 7 **OWNED THE MINERAL INTEREST PRIOR TO THE TERMINATION DATE; AND**
- 8                   5.     **ANY INFORMATION DETERMINED BY THE COURT**  
 9 **AS APPROPRIATE TO DESCRIBE THE EFFECT OF THE TERMINATION AND**  
 10 **MERGER OF THE MINERAL INTEREST.**

11                   **(II) THE CLERK OF THE COURT THAT ISSUED THE ORDER**  
 12 **SHALL RECORD THE ORDER IN THE LAND RECORDS.**

13   **Article – Real Property**

14 **3-104.**

15                   **(g) (9) A CLERK MAY NOT RECORD AN INSTRUMENT THAT EFFECTS A**  
 16 **REAL PROPERTY LEASE DEALING IN NATURAL GAS AND OIL UNLESS THE**  
 17 **INSTRUMENT IS ACCOMPANIED BY A COMPLETE INTAKE SHEET.**

18   **[(9)] (10) (i) An intake sheet shall be recorded immediately after the**  
 19 **instrument it accompanies.**

20   **(ii) The intake sheet is not part of the instrument and does not**  
 21 **constitute constructive notice as to the contents of the instrument.**

22   **(iii) The lack of an intake sheet does not affect the validity of any**  
 23 **conveyance, lien, or lien priority based on recordation of an instrument.**

24                   SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
 25 October 1, 2012.