

Chapter 370

(House Bill 402)

AN ACT concerning

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

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

BY repealing and reenacting, without amendments,
Article – Environment
Section 15–1201
Annotated Code of Maryland
(2007 Replacement Volume and 2011 Supplement)

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

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

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

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

Article – Environment

15–1201.

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

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

(c) “Mineral” includes:

- (1) Gas;
- (2) Oil and oil shale;
- (3) Coal;
- (4) Gaseous, liquid, and solid hydrocarbons;
- (5) Cement materials, sand and gravel, road materials, and building stone;
- (6) Chemical substances;
- (7) Gemstone, metallic, fissionable, and nonfissionable ores; and
- (8) Colloidal and other clay, steam, and geothermal resources.

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

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

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

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

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

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

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

(2) "Unknown or missing owner" includes the heirs, successors, or assignees of an unknown or missing owner.

15-1203.

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

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

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

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

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

Article – Real Property

3-104.

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

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

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

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

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

Approved by the Governor, May 2, 2012.