

Second Regular Session
Sixty-ninth General Assembly
STATE OF COLORADO

REENGROSSED

*This Version Includes All Amendments
Adopted in the House of Introduction*

LLS NO. 14-0081.01 Jery Payne x2157

SENATE BILL 14-009

SENATE SPONSORSHIP

Hodge,

HOUSE SPONSORSHIP

Moreno,

Senate Committees
Judiciary

House Committees

A BILL FOR AN ACT

101 **CONCERNING A DISCLOSURE OF POSSIBLE SEPARATE OWNERSHIP OF**
102 **THE MINERAL ESTATE IN THE SALE OF REAL PROPERTY.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://www.leg.state.co.us/billsummaries>.)

The bill requires a seller to disclose in the sale of real property that a separate mineral estate may subject the property to oil, gas, or mineral extraction. This requirement does not include a duty to investigate.

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.

SENATE
3rd Reading Unamended
January 24, 2014

SENATE
Amended 2nd Reading
January 23, 2014

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** In Colorado Revised Statutes, **add** 38-35.7-108 as
3 follows:

4 **38-35.7-108. Disclosure of oil and gas activity - rules.**

5 (1) (a) BY JANUARY 1, 2016, THE REAL ESTATE COMMISSION CREATED IN
6 SECTION 12-61-105, C.R.S., SHALL PROMULGATE A RULE REQUIRING EACH
7 CONTRACT OF SALE OR SELLER'S PROPERTY DISCLOSURE FOR RESIDENTIAL
8 REAL PROPERTY THAT IS SUBJECT TO THE COMMISSION'S JURISDICTION TO
9 DISCLOSE THE FOLLOWING OR SUBSTANTIALLY SIMILAR INFORMATION:

10 **THE SURFACE ESTATE OF THE PROPERTY**
11 **MAY BE OWNED SEPARATELY FROM THE**
12 **UNDERLYING MINERAL ESTATE, AND**
13 **TRANSFER OF THE SURFACE ESTATE MAY NOT**
14 **INCLUDE TRANSFER OF THE MINERAL ESTATE.**
15 **THIRD PARTIES MAY OWN OR LEASE**
16 **INTERESTS IN OIL, GAS, OR OTHER MINERALS**
17 **UNDER THE SURFACE, AND THEY MAY ENTER**
18 **AND USE THE SURFACE ESTATE TO ACCESS**
19 **THE MINERAL ESTATE.**

20 **THE USE OF THE SURFACE ESTATE TO**
21 **ACCESS THE MINERALS MAY BE GOVERNED BY**
22 **A SURFACE USE AGREEMENT, A**
23 **MEMORANDUM OR OTHER NOTICE OF WHICH**
24 **MAY BE RECORDED WITH THE COUNTY CLERK**
25 **AND RECORDER.**

26 **THE OIL AND GAS ACTIVITY THAT MAY**
27 **OCCUR ON OR ADJACENT TO THIS PROPERTY**

1 **MAY INCLUDE, BUT ARE NOT LIMITED TO,**
2 **SURVEYING, DRILLING, WELL COMPLETION**
3 **OPERATIONS, STORAGE, OIL AND GAS, OR**
4 **PRODUCTION FACILITIES, PRODUCING WELLS,**
5 **REWORKING OF CURRENT WELLS, AND GAS**
6 **GATHERING AND PROCESSING FACILITIES.**

7 **THE BUYER IS ENCOURAGED TO SEEK**
8 **ADDITIONAL INFORMATION REGARDING OIL**
9 **AND GAS ACTIVITY ON OR ADJACENT TO THIS**
10 **PROPERTY, INCLUDING DRILLING PERMIT**
11 **APPLICATIONS. THIS INFORMATION MAY BE**
12 **AVAILABLE FROM THE COLORADO OIL AND**
13 **GAS CONSERVATION COMMISSION.**

14 (b) ON AND AFTER JANUARY 1, 2016, EACH CONTRACT OF SALE OR
15 SELLER'S PROPERTY DISCLOSURE FOR RESIDENTIAL REAL PROPERTY THAT
16 IS NOT SUBJECT TO THE REAL ESTATE COMMISSION'S JURISDICTION MUST
17 CONTAIN A DISCLOSURE STATEMENT IN BOLD-FACED TYPE THAT IS
18 CLEARLY LEGIBLE IN SUBSTANTIALLY THE SAME FORM AS IS SPECIFIED IN
19 PARAGRAPH (a) OF THIS SUBSECTION (1).

20 (2) THE DISCLOSURE REQUIRED BY SUBSECTION (1) OF THIS
21 SECTION DOES NOT CREATE A DUTY TO INVESTIGATE OR DISCLOSE THAT
22 DOES NOT OTHERWISE EXIST FOR THE SELLER, A PERSON LICENSED UNDER
23 ARTICLE 61 OF TITLE 12, C.R.S., OR A TITLE INSURANCE AGENT OR
24 COMPANY LICENSED UNDER ARTICLE 2 OF TITLE 10, C.R.S.

25 **SECTION 2. Act subject to petition - effective date -**
26 **applicability.** (1) This act takes effect at 12:01 a.m. on the day following
27 the expiration of the ninety-day period after final adjournment of the

1 general assembly (August 6, 2014, if adjournment sine die is on May 7,
2 2014); except that, if a referendum petition is filed pursuant to section 1
3 (3) of article V of the state constitution against this act or an item, section,
4 or part of this act within such period, then the act, item, section, or part
5 will not take effect unless approved by the people at the general election
6 to be held in November 2014 and, in such case, will take effect on the
7 date of the official declaration of the vote thereon by the governor.

8 (2) This act applies to contracts made on or after the later of the
9 applicable effective date of this act or January 1, 2016.