

Chapter 398

(House Bill 576)

AN ACT concerning

Maryland Dormant Minerals Interests Act – Use of Mineral Interest – Clarification

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

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

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

Article – Environment

15–1203.

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

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

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

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

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

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

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

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

~~(ii) Payment of taxes on a separate assessment of the mineral interest or of a transfer or severance tax relating to the mineral interest, in accordance with § 8-229 of the Tax – Property Article;~~

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

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

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

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

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

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

(3) A JUDGMENT OR DECREE THAT MAKES A SPECIFIC REFERENCE TO ANY MINERAL THAT IS PART OF THE MINERAL INTEREST RECORDED BY OR UNDER THE AUTHORITY OF AN OWNER OF THE MINERAL INTEREST SHALL

CONSTITUTE USE OF THE MINERAL INTEREST SPECIFIED IN THE JUDGMENT OR DECREE.

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

(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.

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

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

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

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

Approved by the Governor, May 10, 2016.