

SENATE BILL No. 401

April 20, 2005, Introduced by Senators McMANUS, KUIPERS and GOSCHKA and referred to the Committee on Natural Resources and Environmental Affairs.

A bill to amend 1994 PA 451, entitled
"Natural resources and environmental protection act,"
(MCL 324.101 to 324.90106) by amending the title of part 610 and by
adding a title for subchapter 1A of chapter 3 and adding part 611.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

CHAPTER 3

**SUBCHAPTER 1A: UNIFICATION OR SEVERANCE OF SURFACE AND SUBSURFACE
RIGHTS**

PART 610 ~~UNIFIED SURFACE AND SUBSURFACE OIL OR GAS OWNERSHIP~~

UNIFICATION OF SURFACE RIGHTS AND OIL AND GAS RIGHTS

PART 611 NOTICE ABOUT SEVERED SURFACE RIGHTS AND OIL AND GAS RIGHTS

**SEC. 61101. AS USED IN THIS PART, "DISCLOSURE STATEMENT" MEANS
A WRITTEN STATEMENT IN SUBSTANTIALLY THE FOLLOWING FORM:**

"NOTICE TO PURCHASER

A SEVERED OIL AND GAS INTEREST IS AN OIL AND GAS INTEREST THAT IS OWNED BY SOMEONE OTHER THAN THE SURFACE OWNER OF THE LAND.

IF THERE IS A SEVERED OIL AND GAS INTEREST IN THE LAND THAT YOU ARE PURCHASING OR INTEND TO PURCHASE, OR IF AN INTEREST IN OIL AND GAS IS BEING RESERVED FROM THE SALE, THE OWNER OF THE SEVERED OIL AND GAS INTEREST MAY HAVE RIGHTS TO ENTER UPON AND USE THE SURFACE OF THE LAND FOR PURPOSES RELATED TO OIL AND GAS EXPLORATION AND PRODUCTION."

SEC. 61103. (1) THE SELLER OF A PARCEL OF REAL PROPERTY SHALL DELIVER TO THE SELLER'S AGENT OR TO THE PROSPECTIVE BUYER OR THE BUYER'S AGENT A DISCLOSURE STATEMENT. IF THE DISCLOSURE STATEMENT IS DELIVERED TO THE SELLER'S AGENT, THE SELLER'S AGENT SHALL PROVIDE A COPY TO THE PROSPECTIVE BUYER OR HIS OR HER AGENT. A DISCLOSURE STATEMENT PROVIDED TO A BUYER'S AGENT SHALL BE CONSIDERED TO HAVE BEEN PROVIDED TO THE BUYER. THE DISCLOSURE STATEMENT SHALL BE DELIVERED TO THE PROSPECTIVE BUYER BEFORE THE SELLER EXECUTES A BINDING PURCHASE AGREEMENT WITH THE PROSPECTIVE BUYER.

(2) EXCEPT AS PROVIDED IN SUBSECTION (3), IF THE DISCLOSURE STATEMENT IS DELIVERED AFTER THE SELLER EXECUTES A BINDING PURCHASE AGREEMENT, THE PROSPECTIVE BUYER MAY TERMINATE THE PURCHASE AGREEMENT BY DELIVERING WRITTEN NOTICE OF TERMINATION TO THE SELLER OR THE SELLER'S AGENT WITHIN THE FOLLOWING TIME LIMITS:

(A) NOT LATER THAN 72 HOURS AFTER DELIVERY OF THE DISCLOSURE STATEMENT TO THE PROSPECTIVE BUYER, IF THE DISCLOSURE STATEMENT WAS DELIVERED TO THE PROSPECTIVE BUYER IN PERSON.

1 (B) NOT LATER THAN 120 HOURS AFTER DELIVERY OF THE DISCLOSURE
2 STATEMENT TO THE PROSPECTIVE BUYER, IF THE STATEMENT WAS DELIVERED
3 TO THE PROSPECTIVE BUYER BY REGISTERED MAIL.

4 (3) A BUYER'S RIGHT TO TERMINATE THE PURCHASE AGREEMENT
5 EXPIRES UPON THE SALE OF THE SUBJECT PARCEL OF REAL PROPERTY BY
6 DEED OR INSTALLMENT SALES CONTRACT.

7 SEC. 61105. (1) NOTWITHSTANDING ANY OTHER PROVISION OF THIS
8 PART, A DISCLOSURE STATEMENT NEED NOT BE GIVEN IN CONNECTION WITH
9 ANY OF THE FOLLOWING TRANSACTIONS:

10 (A) A TRANSACTION IN WHICH THE VALUE OF THE CONSIDERATION IS
11 LESS THAN \$100.00.

12 (B) A TRANSACTION IN WHICH THE BUYER IS NOT ACQUIRING THE
13 SURFACE INTEREST IN THE REAL PROPERTY.

14 (C) A TRANSACTION IN WHICH THE BUYER IS ACQUIRING A SEVERED
15 OIL AND GAS INTEREST IN THE REAL PROPERTY.

16 (D) A TRANSACTION IN WHICH THERE IS NO OUTSTANDING SEVERED OIL
17 AND GAS INTEREST IN ANY OF THE REAL PROPERTY INVOLVED, AND NO
18 SEVERED OIL AND GAS INTEREST IS BEING CREATED IN CONNECTION WITH
19 THE TRANSACTION.

20 (E) A TRANSACTION IN WHICH THERE IS A SEVERED OIL AND GAS
21 INTEREST IN THE REAL PROPERTY INVOLVED, OR A SEVERED OIL AND GAS
22 INTEREST IS BEING CREATED IN CONNECTION WITH THE TRANSACTION, BUT
23 WHERE THE INSTRUMENT BY WHICH THE SEVERED INTEREST WAS CREATED, OR
24 A SUBSEQUENT WRITTEN AGREEMENT WHICH IS VALID AND BINDING ON THE
25 OWNER OF THE SEVERED OIL AND GAS INTEREST, EXPRESSLY PROVIDES THAT
26 THE OWNER OF THE SEVERED INTEREST MAY NOT ENTER UPON OR USE THE
27 SURFACE OF THE LAND FOR PURPOSES RELATING TO EXPLORING FOR OR

1 PRODUCING OIL AND GAS.

2 (F) A TRANSACTION, SUCH AS A MORTGAGE, IN WHICH THE REAL
3 PROPERTY IS CONVEYED AS SECURITY FOR AN OBLIGATION.

4 (G) A TRANSACTION IN WHICH THE REAL PROPERTY IS LOCATED
5 OUTSIDE OF THIS STATE.

6 (H) A TRANSACTION IN WHICH THE BUYER IS ACQUIRING RIGHTS AND
7 INTERESTS FOR UNDERGROUND GAS STORAGE.

8 (I) A TRANSACTION IN WHICH THE GRANTOR IS THE UNITED STATES,
9 THIS STATE, ANY POLITICAL SUBDIVISION OF THIS STATE, OR AN OFFICER
10 OF THIS STATE ACTING IN HIS OR HER OFFICIAL CAPACITY, IF THE
11 INSTRUMENT IS GIVEN IN FORECLOSURE OR IN LIEU OF FORECLOSURE OF A
12 LOAN GUARANTEED OR INSURED BY THE UNITED STATES, THIS STATE, ANY
13 POLITICAL SUBDIVISION OF THIS STATE, OR AN OFFICER OF THIS STATE
14 ACTING IN HIS OR HER OFFICIAL CAPACITY, OR IF THE INSTRUMENT IS
15 GIVEN TO THE UNITED STATES, THIS STATE, OR AN OFFICER OF THIS STATE
16 AS GRANTEE, PURSUANT TO THE TERMS OF GUARANTEE OF A LOAN GUARANTEED
17 OR INSURED BY THE GRANTEE.

18 (J) A TRANSACTION IN WHICH THE REAL PROPERTY IS CONVEYED FROM
19 A HUSBAND, WIFE, OR A HUSBAND AND WIFE, CREATING OR DISJOINING A
20 TENANCY BY THE ENTIRETIES IN THE GRANTORS OR THE GRANTOR AND HIS OR
21 HER SPOUSE.

22 (K) A TRANSACTION TO CONFIRM TITLES ALREADY VESTED IN
23 GRANTEES, SUCH AS QUITCLAIM DEEDS TO CORRECT FLAWS IN TITLES.

24 (L) A TRANSACTION THAT CREATES OR TERMINATES A JOINT TENANCY
25 BETWEEN 2 OR MORE PERSONS IF AT LEAST 1 OF THE PERSONS WAS AN
26 ORIGINAL OWNER OF THE PROPERTY BEFORE THE JOINT TENANCY WAS CREATED
27 AND, IF THE PROPERTY IS HELD AS A JOINT TENANCY AT THE TIME OF

1 CONVEYANCE, AT LEAST 1 OF THE PERSONS WAS A JOINT TENANT WHEN THE
2 JOINT TENANCY WAS INITIALLY CREATED AND THAT PERSON HAS REMAINED A
3 JOINT TENANT SINCE THE JOINT TENANCY WAS ORIGINALLY CREATED.

4 (M) A TRANSACTION IN WHICH THE REAL PROPERTY IS CONVEYED
5 THROUGH FORFEITURE OR FORECLOSURE OF A RECORDED INSTRUMENT UNDER
6 CHAPTER 31, 32, OR 57 OF THE REVISED JUDICATURE ACT OF 1961, 1961
7 PA 236, MCL 600.3101 TO 600.3180, 600.3201 TO 600.3280, OR 600.5701
8 TO 600.5759, OR THROUGH A DEED AND CONVEYANCE IN LIEU OF FORFEITURE
9 OR FORECLOSURE, UNTIL THE MORTGAGE OR LAND CONTRACT VENDOR
10 SUBSEQUENTLY TRANSFERS THE PROPERTY.

11 (N) A TRANSACTION THAT IS A CONVEYANCE TO A TRUST IF THE
12 SETTLOR OR THE SETTLOR'S SPOUSE, OR BOTH, CONVEYS THE PROPERTY TO
13 THE TRUST AND THE SOLE PRESENT BENEFICIARY OF THE TRUST IS THE
14 SETTLOR OR THE SETTLOR'S SPOUSE, OR BOTH.

15 (O) A TRANSACTION THAT IS PURSUANT TO A JUDGMENT OR ORDER OF A
16 COURT OF RECORD MAKING OR ORDERING A TRANSFER, UNLESS A SPECIFIC
17 MONETARY CONSIDERATION IS SPECIFIED OR ORDERED BY THE COURT FOR THE
18 TRANSFER.

19 (P) A TRANSACTION THAT IS AMONG MEMBERS OF AN AFFILIATED GROUP
20 OF 1 OR MORE CORPORATIONS CONNECTED BY STOCK OWNERSHIP TO A COMMON
21 PARENT CORPORATION.

22 (Q) A TRANSACTION IN WHICH THE CONVEYANCE OF REAL PROPERTY IS
23 AMONG CORPORATIONS, PARTNERSHIPS, LIMITED LIABILITY COMPANIES,
24 LIMITED LIABILITY PARTNERSHIPS, OR OTHER LEGAL ENTITIES IF THE
25 ENTITIES ARE COMMONLY CONTROLLED.

26 (R) A TRANSACTION IN WHICH THE DIRECT OR INDIRECT TRANSFER OF
27 REAL PROPERTY OR OTHER OWNERSHIP INTERESTS RESULTS FROM A

1 TRANSACTION THAT QUALIFIES AS A TAX-FREE REORGANIZATION UNDER
2 SECTION 368 OF THE INTERNAL REVENUE CODE, 26 USC 368.

3 (S) A TRANSACTION IN WHICH THE REAL PROPERTY IS CONVEYED TO
4 STRAIGHTEN BOUNDARY LINES, IF NO MONETARY CONSIDERATION IS GIVEN.

5 (T) A TRANSACTION INVOLVING NOT MORE THAN 2 ACRES OF REAL
6 PROPERTY ON WHICH A RESIDENTIAL DWELLING IS LOCATED.

7 (U) A TRANSACTION INVOLVING REAL PROPERTY LOCATED SOUTH OF
8 TOWNLINE 10.

9 (2) FOR PURPOSES OF THIS SECTION, THE TERM "SEVERED OIL AND
10 GAS INTEREST" DOES NOT INCLUDE THE INTEREST OF A LESSEE UNDER AN
11 OIL AND GAS LEASE.

12 SEC. 61107. (1) THE SALE OF A PARCEL OF REAL PROPERTY SHALL
13 NOT BE INVALIDATED SOLELY BECAUSE OF THE FAILURE OF ANY PERSON TO
14 COMPLY WITH THIS PART.

15 (2) AN AGENT OF A SELLER SHALL NOT BE LIABLE FOR A VIOLATION
16 OF THIS PART BY A SELLER UNLESS THE AGENT KNOWINGLY ACTS IN CONCERT
17 WITH THE SELLER TO VIOLATE THIS PART.