

SENATE BILL No. 1408

September 5, 2006, Introduced by Senators BIRKHOLZ, BRATER and JELINEK and referred to the Committee on Natural Resources and Environmental Affairs.

A bill to amend 1963 PA 42, entitled

"An act to provide for the termination of dormant oil and gas interests in land owned by persons other than the owners of the surface and for the vesting of title to same in the surface owners in the absence of the filing of a notice of claim of interest within a specified period of time,"

by amending sections 1, 2, and 4 (MCL 554.291, 554.292, and 554.294) .

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. (1) Any interest in oil or gas in any land owned by
2 any person other than the owner of the surface, which has not been
3 sold, leased, mortgaged, or transferred by instrument recorded in
4 the register of deeds office for the county where ~~such~~ **THAT**
5 interest **IN OIL OR GAS** is located for a period of 20 years shall,
6 in the absence of the issuance of a ~~drilling~~ permit **TO DRILL AN**
7 **OIL OR GAS WELL ISSUED BY THE DEPARTMENT OF ENVIRONMENTAL QUALITY,**

1 **OR ITS SUCCESSOR**, as to ~~such~~ **THAT** interest **IN OIL OR GAS** or the
 2 actual production or withdrawal of oil or gas from said lands, or
 3 from lands covered by a lease to which ~~such~~ **THAT** interest **IN OIL**
 4 **OR GAS** is subject, or from lands pooled, unitized, or included in
 5 unit operations therewith, or the use of ~~such~~ **THAT** interest in
 6 underground gas storage operations, during such period of 20 years,
 7 be deemed abandoned, unless the owner thereof shall, within 3 years
 8 after ~~the effective date of this act~~ **SEPTEMBER 6, 1963** or within
 9 20 years after the last sale, lease, mortgage, or transfer of
 10 record of ~~such~~ **THAT** interest **IN OIL OR GAS** or within 20 years
 11 after the last issuance of a drilling permit as to ~~such~~ **THAT**
 12 interest **IN OIL OR GAS** or actual production or withdrawal of oil or
 13 gas, from said lands, or from lands covered by a lease to which
 14 ~~such~~ **THAT** interest **IN OIL OR GAS** is subject, or from lands pooled,
 15 unitized, or included in unit operations therewith, or the use of
 16 ~~such~~ **THAT** interest **IN OIL OR GAS** in underground gas storage
 17 operations, whichever is later, record a claim of interest as
 18 ~~hereinafter~~ provided **IN SECTION 2**.

19 (2) Any interest in oil or gas deemed abandoned as ~~herein~~
 20 provided **IN SUBSECTION (1)** shall vest as of the date of such
 21 abandonment in the owner or owners of the surface in keeping with
 22 the character of the surface ownership.

23 ~~— The phrase "drilling permit" shall mean a permit to drill an~~
 24 ~~oil or gas well issued by the conservation department or its~~
 25 ~~successor.~~

26 (3) **NOTWITHSTANDING ANY OTHER PROVISION OF THIS ACT TO THE**
 27 **CONTRARY, IF A JUDGMENT OF FORECLOSURE IS ENTERED UNDER SECTION 78K**

1 OF THE GENERAL PROPERTY TAX ACT, 1893 PA 206, MCL 211.78K, FOR THE
 2 NONPAYMENT OF DELINQUENT TAXES LEVIED ON PROPERTY, AN OIL OR GAS
 3 INTEREST IN THE PROPERTY HELD BY A PERSON OTHER THAN THE OWNER OF
 4 THE SURFACE SHALL NOT BE PRESERVED FROM FORECLOSURE UNDER SECTION
 5 78K OF THE GENERAL PROPERTY TAX ACT, 1893 PA 206, MCL 211.78K,
 6 UNLESS THAT INTEREST IS SOLD, LEASED, MORTGAGED, TRANSFERRED,
 7 RESERVED, OR SUBJECT TO A CLAIM OF INTEREST UNDER SECTION 2 AND AN
 8 INSTRUMENT EVIDENCING THE SALE, LEASE, MORTGAGE, TRANSFER,
 9 RESERVATION, OR CLAIM OF INTEREST IS RECORDED IN THE OFFICE OF THE
 10 REGISTER OF DEEDS IN THE COUNTY IN WHICH THE PROPERTY IS LOCATED
 11 DURING THE 20-YEAR PERIOD IMMEDIATELY PRECEDING THE DATE OF FILING
 12 A PETITION FOR FORECLOSURE UNDER SECTION 78H.

13 Sec. 2. (1) Any interest in oil or gas referred to in this act
 14 may be preserved by ~~the~~ recording within the period specified in
 15 this act a written notice in the register of deeds office for the
 16 county ~~where such interest~~ **IN WHICH THE LAND** is located. ~~—, which~~
 17 **THE** notice shall be verified by oath ~~—~~ **AND SHALL** describe the
 18 land and the nature of the interest claimed, give the name and
 19 address of the person or persons claiming the interest, and state
 20 that ~~such~~ **THE** person or persons desire to preserve the interest
 21 and do not intend to abandon ~~same: Provided, however, That any~~
 22 **THE INTEREST.**

23 (2) A person **OTHER THAN THE OWNER OF THE SURFACE** holding ~~such~~
 24 interests **IN OIL OR GAS IN ANY LAND** for use in underground gas
 25 storage operations may preserve ~~his~~ **THE OIL OR GAS** interests, and
 26 the ~~interests~~ **RIGHTS** of any lessor ~~thereof~~ **OF THE OIL OR GAS**
 27 **INTERESTS**, by recording a single ~~such~~ written notice ~~—~~ defining

1 the boundaries of **AND THE FORMATIONS INCLUDED IN** the underground
 2 gas storage field or pool ~~—, and the formations included therein,~~
 3 within which ~~said~~ **THE OIL OR GAS** interests are located, without
 4 the necessity of describing each separate ~~interest claim therein~~
 5 ~~by said~~ **OIL OR GAS INTEREST CLAIMED IN THAT UNDERGROUND GAS**
 6 **STORAGE FIELD OR POOL BY THAT** person. ~~The recording of such notice~~

7 (3) **RECORDING A WRITTEN NOTICE UNDER THIS SECTION** shall
 8 operate to preserve ~~such interest from the operation of~~ **THE OIL**
 9 **OR GAS INTEREST INCLUDED IN THE WRITTEN NOTICE FROM ABANDONMENT**
 10 **UNDER** this act for a period of 20 years ~~thereafter when, if~~ **AFTER**
 11 **RECORDING. AT THE CONCLUSION OF THAT 20-YEAR PERIOD, THAT INTEREST**
 12 **IN OIL OR GAS SHALL BE DEEMED ABANDONED IF, DURING THAT 20-YEAR**
 13 **PERIOD,** the nondormant character of the **OIL OR GAS** interest has not
 14 been evidenced by sale, lease, mortgage, or transfer by instrument
 15 recorded in the register of deeds office for the county ~~where such~~
 16 **IN WHICH THAT OIL OR GAS** interest is located, a drilling permit
 17 issued, oil or gas actually produced or withdrawn from said lands,
 18 or from lands covered by a lease to which ~~such~~ **THAT** interest **IN**
 19 **OIL OR GAS** is subject, or from lands pooled, unitized, or included
 20 in unit operations therewith, or the use of ~~such~~ **THAT** interest **IN**
 21 **OIL OR GAS** in underground gas storage operations, or a like notice
 22 filed. ~~—, such interest shall be deemed abandoned.~~

23 (4) In the absence of prior abandonment, ~~such interests~~ **AN**
 24 **INTEREST IN OIL OR GAS IN ANY LAND OWNED BY ANY PERSON OTHER THAN**
 25 **THE OWNER OF THE SURFACE** may be preserved indefinitely from ~~the~~
 26 ~~operation of~~ **ABANDONMENT UNDER** this act by ~~the~~ filing ~~of the~~
 27 **WRITTEN** notices as ~~herein~~ provided **IN THIS ACT** or the performance

1 of any of the acts specified ~~herein~~ **IN THIS ACT** evidencing
2 nondormancy of the interest **IN OIL OR GAS** within each succeeding
3 20-year period.

4 (5) This act shall not apply to any interest in oil or gas
5 owned by any governmental body or agency. ~~thereof.~~

6 Sec. 4. ~~The word "person" shall be deemed to include natural~~
7 ~~persons, corporations, co-partnerships, associations and~~
8 ~~organizations and the singular thereof shall be deemed to include~~
9 ~~the plural.~~ **AS USED IN THIS ACT, "PERSON" MEANS AN INDIVIDUAL,**
10 **PARTNERSHIP, CORPORATION, ASSOCIATION, OR OTHER LEGAL ENTITY.**