

SENATE BILL No. 704

September 17, 2003, Introduced by Senators McMANUS, BRATER, KUIPERS, BARCIA, BIRKHOLZ and ALLEN 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 OF SEVERED SURFACE RIGHTS AND OIL AND GAS RIGHTS

Sec. 61101. (1) A person shall not sell or enter into an agreement to sell a parcel of real property without first furnishing the buyer with a notice in substantially the following

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1 form:

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"NOTICE TO PURCHASER

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If there is a severed oil and gas interest in the land that you are purchasing or intend to purchase, or if there will be a severed interest in oil and gas upon consummation of the purchase, the owner of the severed interest in oil and gas may have express easements or implied easements, or both, to enter upon and use the surface of the land for purposes related to exploring for and producing the oil and gas. If this is a matter that is significant to you, you should ascertain definitely what are the severed oil and gas interests in the property and the scope of the surface rights belonging to the owners of the severed oil and gas interests. A severed oil and gas interest is one that is owned by a person other than the person who owns the surface of the land."

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(2) Notwithstanding any other provision of this act, the notice required by this section need not be given in connection with the following transactions:

(a) A transaction in which the value of the consideration is less than \$100.00.

(b) A transaction in which the buyer is not acquiring the surface interest in the real property.

(c) A transaction in which the buyer is acquiring a severed interest in oil and gas in the real property.

(d) A transaction in which there is no outstanding severed oil and gas interest in any of the real property involved, and no severed oil and gas interest is being created in connection with the transaction.

(e) A transaction in which there is a severed oil and gas interest in the real property involved, or a severed oil and gas interest is being created in connection with the transaction, but where the instrument by which the severed interest was created,

1 or a subsequent written agreement which is valid and binding on
2 the owner of the severed oil and gas interest, expressly provides
3 that the owner of the severed interest may not enter upon or use
4 the surface of the land for purposes relating to exploring for or
5 producing oil and gas.

6 (f) A transaction, such as a mortgage, in which the real
7 property is conveyed as security for an obligation.

8 (3) For purposes of this section, the term "severed oil and
9 gas interest" does not include the interest of a lessee under an
10 oil and gas lease.

11 (4) A person who violates this section is liable for a civil
12 fine of \$1,000.00.