As Passed by the House

126th General Assembly Regular Session 2005-2006

Sub. H. B. No. 288

Representatives Wagoner, Combs, Cassell, Latta, Stewart, J., Hartnett, Garrison, Coley, Collier, DeGeeter, Distel, Dolan, Domenick, Flowers, Gibbs, Hood, Hughes, Martin, McGregor, J., Reidelbach, Seitz, Willamowski

A BILL

То	amend sections 317.08, 1509.35, 1509.38, and	1
	5301.56 of the Revised Code to revise the statute	2
	governing the vesting of abandoned mineral rights	3
	and to allow the chairperson of the Oil and Gas	4
	Commission to appoint temporary members to the	5
	Commission from the Technical Advisory Council on	6
	Oil and Gas when a quorum of the Commission cannot	7
	be obtained.	8

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF OHIO:

Section 1. That sections 317.08, 1509.35, 1509.38, and	9
5301.56 of the Revised Code be amended to read as follows:	10
Sec. 317.08. (A) Except as provided in divisions (C) and (D)	11
of this section, the county recorder shall keep six separate sets	12
of records as follows:	
(1) A record of deeds, in which shall be recorded all deeds	14
and other instruments of writing for the absolute and	15
unconditional sale or conveyance of lands, tenements, and	16
hereditaments; all notices as provided in sections 5301.47 to	17
5301.56 of the Revised Code; all judgments or decrees in actions	18

19 brought under section 5303.01 of the Revised Code; all 20 declarations and bylaws, and all amendments to declarations and 21 bylaws, as provided in Chapter 5311. of the Revised Code; 22 affidavits as provided in sections 5301.252 and 5301.56 of 23 the Revised Code; all certificates as provided in section 5311.17 24 of the Revised Code; all articles dedicating archaeological 25 preserves accepted by the director of the Ohio historical society 26 under section 149.52 of the Revised Code; all articles dedicating 27 nature preserves accepted by the director of natural resources 28 under section 1517.05 of the Revised Code; all agreements for the 29 registration of lands as archaeological or historic landmarks 30 under section 149.51 or 149.55 of the Revised Code; all 31 conveyances of conservation easements and agricultural easements 32 under section 5301.68 of the Revised Code; all instruments 33 extinguishing agricultural easements under section 901.21 or 34 5301.691 of the Revised Code or pursuant to terms of such an 35 easement granted to a charitable organization under section 36 5301.68 of the Revised Code; all instruments or orders described 37 in division (B)(1)(c)(ii)(2)(b) of section 5301.56 of the Revised 38 Code; all no further action letters issued under section 122.654 39 or 3746.11 of the Revised Code; all covenants not to sue issued 40 under section 3746.12 of the Revised Code, including all covenants 41 not to sue issued pursuant to section 122.654 of the Revised Code; 42 any restrictions on the use of property contained in a no further 43 action letter issued under section 122.654 of the Revised Code, 44 any restrictions on the use of property identified pursuant to 45 division (C)(3)(a) of section 3746.10 of the Revised Code, and any 46 restrictions on the use of property contained in a deed or other 47 instrument as provided in division (E) or (F) of section 3737.882 48 of the Revised Code; any easement executed or granted under 49 section 3734.22, 3734.24, 3734.25, or 3734.26 of the Revised Code; 50 any environmental covenant entered into in accordance with 51 sections 5301.80 to 5301.92 of the Revised Code; all memoranda of

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Revised Code, that describe specific real property; and all 53 agreements entered into under division (A) of section 1521.26 of 54 the Revised Code; 55 (2) A record of mortgages, in which shall be recorded all of 56 the following: 57 (a) All mortgages, including amendments, supplements, 58 modifications, and extensions of mortgages, or other instruments 59 of writing by which lands, tenements, or hereditaments are or may 60 be mortgaged or otherwise conditionally sold, conveyed, affected, 61 or encumbered; 62 (b) All executory installment contracts for the sale of land 63 executed after September 29, 1961, that by their terms are not 64 required to be fully performed by one or more of the parties to 65 them within one year of the date of the contracts; 66 (c) All options to purchase real estate, including 67 supplements, modifications, and amendments of the options, but no 68 option of that nature shall be recorded if it does not state a 69 specific day and year of expiration of its validity; 70 (d) Any tax certificate sold under section 5721.33 of the 71 Revised Code, or memorandum of it, that is presented for filing of 72 record. 73 (3) A record of powers of attorney, including all memoranda 74 of trust, as described in division (A) of section 5301.255 of the 75 Revised Code, that do not describe specific real property; 76 (4) A record of plats, in which shall be recorded all plats 77 and maps of town lots, of the subdivision of town lots, and of 78 other divisions or surveys of lands, any center line survey of a 79 highway located within the county, the plat of which shall be 80 furnished by the director of transportation or county engineer, 81 and all drawings and amendments to drawings, as provided in 82

trust, as described in division (A) of section 5301.255 of the

Chapter 5311. of the Revised Code;

(5) A record of leases, in which shall be recorded all leases, memoranda of leases, and supplements, modifications, and amendments of leases and memoranda of leases;

(6) A record of declarations executed pursuant to section 87 2133.02 of the Revised Code and durable powers of attorney for 88 health care executed pursuant to section 1337.12 of the Revised 89 Code. 90

(B) All instruments or memoranda of instruments entitled to 91 record shall be recorded in the proper record in the order in 92 which they are presented for record. The recorder may index, keep, 93 and record in one volume unemployment compensation liens, internal 94 revenue tax liens and other liens in favor of the United States as 95 described in division (A) of section 317.09 of the Revised Code, 96 personal tax liens, mechanic's liens, agricultural product liens, 97 notices of liens, certificates of satisfaction or partial release 98 of estate tax liens, discharges of recognizances, excise and 99 franchise tax liens on corporations, broker's liens, and liens 100 provided for in sections 1513.33, 1513.37, 3752.13, 5111.022, and 101 5311.18 of the Revised Code. 102

The recording of an option to purchase real estate, including 103 any supplement, modification, and amendment of the option, under 104 this section shall serve as notice to any purchaser of an interest 105 in the real estate covered by the option only during the period of 106 the validity of the option as stated in the option. 107

(C) In lieu of keeping the six separate sets of records 108 required in divisions (A)(1) to (6) of this section and the 109 records required in division (D) of this section, a county 110 recorder may record all the instruments required to be recorded by 111 this section in two separate sets of record books. One set shall 112 be called the "official records" and shall contain the instruments 113

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listed in divisions (A)(1), (2), (3), (5), and (6) and (D) of this
section. The second set of records shall contain the instruments
listed in division (A)(4) of this section.

(D) Except as provided in division (C) of this section, the 117
county recorder shall keep a separate set of records containing 118
all corrupt activity lien notices filed with the recorder pursuant 119
to section 2923.36 of the Revised Code and a separate set of 120
records containing all medicaid fraud lien notices filed with the 121
recorder pursuant to section 2933.75 of the Revised Code. 122

Sec. 1509.35. (A) There is hereby created an oil and gas 123 commission consisting of five members appointed by the governor. 124 Terms of office shall be for five years, commencing on the 125 fifteenth day of October and ending on the fourteenth day of 126 October, except that the terms of the first five members of the 127 board shall be for one, two, three, four, and five years, 128 respectively, as designated by the governor at the time of the 129 appointment. Each member shall hold office from the date of 130 appointment until the end of the term for which the member was 131 appointed. Any member appointed to fill a vacancy occurring prior 132 to the expiration of the term for which the member's predecessor 133 was appointed shall hold office for the remainder of such term. 134 Any member shall continue in office subsequent to the expiration 135 date of the member's term until a successor takes office, or until 136 a period of sixty days has elapsed, whichever occurs first. Each 137 vacancy occurring on the commission shall be filled by appointment 138 within sixty days after the vacancy occurs. One of the appointees 139 to the commission shall be a person who, by reason of the person's 140 previous vocation, employment, or affiliations, can be classed as 141 a representative of a major petroleum company. One of the 142 appointees to the commission shall be a person who, by reason of 143 the person's previous vocation, employment, or affiliations, can 144

145 be classed as a representative of the public. One of the appointees to the commission shall be a person who, by reason of 146 the person's previous training and experience, can be classed as a 147 representative of independent petroleum operators. One of the 148 appointees to the commission shall be a person who, by reason of 149 the person's previous training and experience, can be classed as 150 one learned and experienced in oil and gas law. One of the 151 appointees to the commission shall be a person who, by reason of 152 the person's previous training and experience, can be classed as 153 one learned and experienced in geology. Not more than three 154 members shall be members of the same political party. This 155 division does not apply to temporary members appointed under 156 division (C) of this section. 157

(B) Three members constitute a quorum and no action of the 158 commission is valid unless it has the concurrence of at least 159 three members <u>a majority of the members voting on that action</u>. The 160 commission shall keep a record of its proceedings. 161

(C) If the chairperson of the commission determines that a 162 quorum cannot be obtained for the purpose of considering a matter 163 that will be before the commission because of vacancies or recusal 164 of its members, the chairperson may contact the technical advisory 165 council on oil and gas created in section 1509.38 of the Revised 166 Code and request a list of members of the council who may serve as 167 temporary members of the commission. Using the list provided by 168 the council, the chairperson may appoint temporary members to the 169 commission. The appointment of temporary members shall be for only 170 the matter for which a quorum cannot be obtained. The number of 171 temporary members appointed by the chairperson shall not exceed 172 the number that is necessary to obtain a quorum for the matter. A 173 temporary member of the commission has the same authority, rights, 174 and obligations as a member of the commission, including the right 175 to compensation and other expenses as provided in this section. 176 when the temporary member's service on the commission ends. (D) Each member shall be paid an amount fixed pursuant to division (J) of section 124.15 of the Revised Code per diem when actually engaged in the performance of work as a member and when engaged in travel necessary in connection with such work. In

addition to such compensation each member shall be reimbursed for183all traveling, hotel, and other expenses necessarily incurred in184the performance of work as a member.185

The authority, rights, and obligations of a temporary member cease

(E) The commission shall select from among its members a 186 chairperson, a vice-chairperson, and a secretary. These officers 187 shall serve for terms of one year. 188

(F) The governor may remove any member of the commission from 189 office for inefficiency, neglect of duty, malfeasance, 190 misfeasance, or nonfeasance. 191

(G) The commission, in accordance with Chapter 119. of the 192 Revised Code, shall adopt rules to govern its procedure. 193

Sec. 1509.38. There is hereby created in the division of 194 mineral resources management a technical advisory council on oil 195 and gas, which shall consist of eight members to be appointed by 196 the governor with the advice and consent of the senate. Three 197 members shall be independent oil or gas producers, operators, or 198 their representatives, operating and producing primarily in this 199 state, three members shall be oil or gas producers, operators, or 200 their representatives having substantial oil and gas producing 201 operations in this state and at least one other state, one member 202 shall represent the public, and one member shall represent persons 203 having landowners' royalty interests in oil and gas production. 204 All members shall be residents of this state, and all members, 205 except the members representing the public and persons having 206

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landowners' royalty interests, shall have at least five years of 207
practical or technical experience in oil or gas drilling and 208
production. Not more than one member may represent any one 209
company, producer, or operator. 210

Terms of office shall be for three years, commencing on the 211 first day of February and ending on the thirty-first day of 212 January. Each member shall hold office from the date of 213 appointment until the end of the term for which the member was 214 appointed. A vacancy in the office of a member shall be filled by 215 the governor, with the advice and consent of the senate. Any 216 member appointed to fill a vacancy occurring prior to the 217 expiration of the term for which the member's predecessor was 218 appointed shall hold office for the remainder of that term. Any 219 member shall continue in office subsequent to the expiration date 220 of the member's term until the member's successor takes office, or 221 until a period of sixty days has elapsed, whichever occurs first. 222

The council shall select from among its members a 223 chairperson, a vice-chairperson, and a secretary. All members are 224 entitled to their actual and necessary expenses incurred in the 225 performance of their duties as members, payable from the 226 appropriations for the division. 227

The governor may remove any member for inefficiency, neglect 228 of duty, or malfeasance in office. 229

The council shall hold at least one regular meeting in each 230 quarter of a calendar year and shall keep a record of its 231 proceedings. Special meetings may be called by the chairperson and 232 shall be called by the chairperson upon receipt of a written 233 request signed by two or more members of the council. A written 234 notice of the time and place of each meeting shall be sent to each 235 member of the council. Five members constitute a quorum, and no 236 action of the council is valid unless five members concur. 237

The council, when requested by the chief of the division of 238 mineral resources management, shall consult with and advise the 239 chief and perform other duties that may be lawfully delegated to 240 it by the chief. The council may participate in hearings held by 241 the chief under this chapter and has powers of approval as 242 provided in sections 1509.24 and 1509.25 of the Revised Code. The 243 council shall conduct the activities required, and exercise the 244 authority granted, under Chapter 1510. of the Revised Code. 245

The council, upon receiving a request from the chairperson of246the oil and gas commission under division (C) of section 1509.35247of the Revised Code, immediately shall prepare and provide to the248chairperson a list of its members who may serve as temporary249members of the oil and gas commission as provided in that250division.251

Sec. 5301.56. (A) As used in this section: 252

(1) "Holder" means the record holder of a mineral interest, 253 and any person who derives his the person's rights from, or has a 254 common source with, the record holder and whose claim does not 255 indicate, expressly or by clear implication, that it is adverse to 256 the interest of the record holder. 257

(2) "Drilling or mining permit" means a permit issued under 258
Chapter 1509., 1513., or 1514. of the Revised Code to the holder 259
to drill an oil or gas well or to mine other minerals. 260

(3) "Mineral interest" means a fee interest in at least one261mineral regardless of how the interest is created and of the form262of the interest, which may be absolute or fractional or divided or263undivided.264

(4) "Mineral" means gas, oil, coal, coalbed methane gas,265other gaseous, liquid, and solid hydrocarbons, sand, gravel, clay,266shale, gypsum, halite, limestone, dolomite, sandstone, other267

stone, metalliferous or nonmetalliferous ore, or another material	268
or substance of commercial value that is excavated in a solid	
state from natural deposits on or in the earth.	270
(5) "Owner of the surface of the lands subject to the	271
interest includes the owner's successors and assignees.	272
(B) (1) Any mineral interest held by any person, other than	273
the owner of the surface of the lands subject to the interest,	274
shall be deemed abandoned and vested in the owner of the surface $_{7}$	275
if of the lands subject to the interest if the requirements	276
established in division (E) of this section are satisfied and none	277
of the following applies:	278
(a)(1) The mineral interest is in coal, or in mining or other	279
rights pertinent to or exercisable in connection with an interest	280
in coal, as described in division (E) of section 5301.53 of the	281
Revised Code $\dot{\tau}$. However, if a mineral interest includes both coal	282
and other minerals that are not coal, the mineral interests that	283
are not in coal may be deemed abandoned and vest in the owner of	284
the surface of the lands subject to the interest.	285
(b)(2) The mineral interest is held by the United States,	286
this state, or any political subdivision, body politic, or agency	287
of the United States or this state, as described in division (G)	288
of section 5301.53 of the Revised Code \div .	289
(c)(3) Within the preceding twenty years immediately	290
preceding the date on which notice is served or published under	291
division (E) of this section, one or more of the following has	292
occurred:	293
$\frac{(i)(a)}{(a)}$ The mineral interest has been the subject of a title	294
transaction that has been filed or recorded in the office of the	295
county recorder of the county in which the lands are located $\dot{ heta}$.	296

(ii)(b) There has been actual production or withdrawal of 297

minerals by the holder from the lands, from lands covered by a 298 lease to which the mineral interest is subject, from a mine a 299 portion of which is located beneath the lands, or, in the case of 300 oil or gas, from lands pooled, unitized, or included in unit 301 operations, under sections 1509.26 to 1509.28 of the Revised Code, 302 in which the mineral interest is participating, provided that the 303 instrument or order creating or providing for the pooling or 304 unitization of oil or gas interests has been filed or recorded in 305 the office of the county recorder of the county in which the lands 306 that are subject to the pooling or unitization are located \div . 307

 $\frac{(iii)(c)}{(c)}$ The mineral interest has been used in underground 308 gas storage operations by the holder \div .

(iv)(d) A drilling or mining permit has been issued to the 310 holder, provided that an affidavit that states the name of the 311 permit holder, the permit number, the type of permit, and a legal 312 description of the lands affected by the permit has been filed or 313 recorded, in accordance with section 5301.252 of the Revised Code, 314 in the office of the county recorder of the county in which the 315 lands are located; 316

(v)(e) A claim to preserve the mineral interest has been317filed in accordance with division (C) of this section \div .318

(vi)(f)In the case of a separated mineral interest, a319separately listed tax parcel number has been created for the320mineral interest in the county auditor's tax list and the county321treasurer's duplicate tax list in the county in which the lands322are located.323

(2) A mineral interest shall not be deemed abandoned under324division (B)(1) of this section because none of the circumstances325described in that division apply, until three years from the326effective date of this section.327

(C)(1) A claim to preserve a mineral interest from being 328

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filed for record by its holder. Subject to division (C)(3) of this	330
section, the claim shall be filed and recorded in accordance with	331
division (H) of this section and sections 317.18 to 317.201 and	332
5301.52 of the Revised Code, and shall consist of a notice that	333
does all of the following:	334
(a) States the nature of the mineral interact claimed and any	225
(a) States the nature of the mineral interest claimed and any	335
recording information upon which the claim is based;	336
(b) Otherwise complies with section 5301.52 of the Revised	337
Code;	338
(c) States that the holder does not intend to abandon, but	339
	559
instead to preserve, his <u>the holder's</u> rights in the mineral	340
interest.	341
(2) A claim that complies with division (C)(1) of this	342
section or, if applicable, divisions (C)(1) and (3) of this	343
section preserves the rights of all holders of a mineral interest	344
in the same lands.	345
(3) Any holder of an interest for use in underground gas	346
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storage operations may preserve his <u>the holder's</u> interest, and	347
those of any lessor of the interest, by a single claim, that	348
defines the boundaries of the storage field or pool and its	349
formations, without describing each separate interest claimed. The	350

claim is prima-facie evidence of the use of each separate interest 351 in underground gas storage operations. 352

(D)(1) A mineral interest may be preserved indefinitely from 353
being deemed abandoned under division (B)(1) of this section by 354
the occurrence of any of the circumstances described in division 355
(B)(1)(c)(3) of this section, including, but not limited to, 356
successive filings of claims to preserve mineral interests under 357
division (C) of this section. 358

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(2) The filing of a claim to preserve a mineral interest
under division (C) of this section does not affect the right of a
lessor of an oil or gas lease to obtain its forfeiture under
section 5301.332 of the Revised Code.

(E) Before a mineral interest becomes vested under division363(B) of this section in the owner of the surface of the lands364subject to the interest, the owner of the surface of the lands365subject to the interest shall do both of the following:366

(1) Serve notice by certified mail, return receipt requested, 367 to each holder or each holder's successors or assignees, at the 368 last known address of each, of the owner's intent to declare the 369 mineral interest abandoned. If service of notice cannot be 370 completed to any holder, the owner shall publish notice of the 371 owner's intent to declare the mineral interest abandoned at least 372 once in a newspaper of general circulation in each county in which 373 the land that is subject to the interest is located. The notice 374 shall contain all of the information specified in division (F) of 375 this section. 376

(2) At least thirty, but not later than sixty days after the377date on which the notice required under division (E)(1) of this378section is served or published, as applicable, file in the office379of the county recorder of each county in which the surface of the380land that is subject to the interest is located an affidavit of381abandonment that contains all of the information specified in382division (G) of this section.383

(F) The notice required under division (E)(1) of this section384shall contain all of the following:385

(1) The name of each holder and the holder's successors and386assignees, as applicable;387

(2) A description of the surface of the land that is subject388to the mineral interest. The description shall include the volume389

and page number of the recorded deed or other recorded instrument	390
under which the owner of the surface of the lands claims title or	
otherwise satisfies the requirements established in division	
(A)(3) of section 5301.52 of the Revised Code.	393
(3) A description of the mineral interest to be abandoned.	394
The description shall include the volume and page number of the	395
recorded instrument on which the mineral interest is based.	396
(4) A statement attesting that nothing specified in division	397
(B)(3) of this section has occurred within the twenty years	398
immediately preceding the date on which notice is served or	399
published under division (E) of this section;	400
(5) A statement of the intent of the owner of the surface of	401
the lands subject to the mineral interest to file in the office of	402
the county recorder an affidavit of abandonment at least thirty,	403
but not later than sixty days after the date on which notice is	404
served or published, as applicable.	405
(G) An affidavit of abandonment shall contain all of the	406
<u>following:</u>	407
(1) A statement that the person filing the affidavit is the	408
owner of the surface of the lands subject to the interest;	409
(2) The volume and page number of the recorded instrument on	410
which the mineral interest is based;	411
(3) A statement that the mineral interest has been abandoned	412
pursuant to division (B) of this section;	413
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(4) A recitation of the facts constituting the abandonment;	414
(5) A statement that notice was served on each holder or each	415
holder's successors or assignees or published in accordance with	
division (E) of this section.	417
(H)(1) If a holder or a holder's successors or assignees	418
claim that the mineral interest that is the subject of a notice	419

under division (E) of this section has not been abandoned, the	420
holder or the holder's successors or assignees, not later than	421
sixty days after the date on which the notice was served or	422
published, as applicable, shall file in the office of the county	423
recorder of each county where the land that is subject to the	424
mineral interest is located one of the following:	425
(a) A claim to preserve the mineral interest in accordance	426
with division (C) of this section;	427
(b) An affidavit that identifies an event described in	428
division (B)(3) of this section that has occurred within the	429
twenty years immediately preceding the date on which the notice	430
was served or published under division (E) of this section.	431
The holder or the holder's successors or assignees shall	432
notify the person who served or published the notice under	433
division (E) of this section of the filing under this division.	434
(2) If a holder or a holder's successors or assignees who	435
claim that the mineral interest that is the subject of a notice	436
under division (E) of this section has not been abandoned fails to	437
file a claim to preserve the mineral interest, files such a claim	438
more than sixty days after the date on which the notice was served	439
or published under division (E) of this section, fails to file an	440
affidavit that identifies an event described in division (B)(3) of	441
this section that has occurred within the twenty years immediately	442
preceding the date on which the notice was served or published	443
under division (E) of this section, or files such an affidavit	444
more than sixty days after the date on which the notice was served	445
or published under that division, the owner of the surface of the	446
lands subject to the interest who is seeking to have the interest	447
deemed abandoned and vested in the owner shall cause the county	448
recorder of each applicable county to memorialize the record on	449
which the severed mineral interest is based with the following:	450

<u>"This mineral interest abandoned pursuant to affidavit of</u>	451
abandonment recorded in volume, page"	
Immediately after the county recorder memorializes the	453
record, the mineral interest shall vest in the owner of the	454
surface of the lands formerly subject to the interest, and the	455
record of the mineral interest shall cease to be notice to the	456
public of the existence of the mineral interest or of any rights	457
under it. In addition, the record shall not be received as	458
evidence in any court in this state on behalf of the former holder	459
or the former holder's successors or assignees against the owner	460
of the surface of the lands formerly subject to the interest.	461
However, the abandonment and vesting of a mineral interest	462
pursuant to divisions (E) to (I) of this section only shall be	463
effective as to the property of the owner that filed the affidavit	464
of abandonment under division (E) of this section.	465
(I) For purposes of a recording under this section, a county	466
recorder shall charge the fee established under section 317.32 of	467
the Revised Code.	468
A county recorder who uses microfilm as provided under	469
section 9.01 of the Revised Code may require the memorial "This	470
mineral interest abandoned pursuant to affidavit of abandonment	471
recorded in volume, page to be located on the	472
affidavit of abandonment instead of the record on which the	473
severed mineral interest is based, and the affidavit may be	
recorded under section 317.08 of the Revised Code.	475
Section 2. That existing sections 317.08, 1509.35, 1509.38,	476
and 5301.56 of the Revised Code are hereby repealed.	477