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TAX FORFEITED MINERAL RIGHTS PROGRAM
PROGRESS REPORT ON RESEARCH AND FINDINGS

Minnesota Department of
Natural Resources
Division of Minerals
March 1985

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TAX FORFEITED MINERAL RIGHTS PROGRAM
PROGRESS REPORT ON RESEARCH AND FINDINGS

I. INTRODUCTION

The tax forfeited mineral rights program is a pilot project that was first funded in fiscal year 1984. The basic purpose of the program is to provide better data concerning the state's ownership of tax forfeited mineral rights and, when necessary, provide information needed for the commencement of appropriate severed mineral interests forfeiture proceedings.

The Department of Natural Resources has a record of the state's ownership of mineral rights in trust fund lands and for most Department acquired lands. However, data has not been previously available to enable the state to determine its mineral rights ownership on most of the approximately five million acres of land acquired through tax forfeiture.

The reason that the state's records on mineral rights ownership of tax forfeited lands are incomplete is due to the basic legal status of mineral rights. The Minnesota Supreme Court, in 1914, held in the case of Washburn v. Gregory Co. (147 N.W. 706), that mineral rights are a separate taxable interest in real estate that does not forfeit for nonpayment of taxes on the surface interest in the land if owned separately. That means that if the mineral rights were severed from the surface interest prior to forfeiture, the mineral rights did not forfeit when the surface of the property forfeited for nonpayment of real estate taxes.

In 1935, legislation was enacted that requires the state to reserve mineral rights when tax forfeited property is sold. However, it has not been the practice to review title on each forfeited parcel to determine

whether the mineral rights had been severed prior to forfeiture and, thus, whether the state owned any mineral rights to reserve.

The Department has only a partial record of the tax forfeited lands whose surface was sold in the 1930's through 1960's. Complete information must be obtained through the offices of the county recorders and auditors. (Copies of the state deeds conveying the tax forfeited land are on file with the Department of Revenue, but they are organized by date rather than legal description. This is a research source, but the county records are usually easier to work with.)

The Department does have a record of current tax forfeited lands and tax forfeited lands whose surface was sold in the last fifteen years. These records are based upon information supplied by the counties for the in lieu of taxes payment. These records are fairly accurate, but it is not possible to tell if the state owns the mineral rights of these tax forfeited lands. The only means to determine if mineral rights for a particular tract of tax forfeited land are owned by the state is to review the chain of title to that tract.

In 1973 the Minnesota Legislature enacted a law that greatly aids in the determination of the state's ownership of mineral rights. The Severed Mineral Interests Law, codified at Minn. Stat. secs. 93.52-.58, 272.039 and 272.13, subd. 2a, requires owners of severed minerals to file a statement of ownership in the appropriate county recorder's office and pay an annual tax of \$.25 per acre. Failure to file the statement within the prescribed time deadlines or failure to pay the tax will result in the forfeiture of the severed mineral interests to the state. If a party files the statement but fails to pay the tax, the interests will forfeit to the state as other real property forfeits for nonpayment of taxes. If the party fails to file

a statement, it is necessary for the commissioner of natural resources to bring a forfeiture proceeding, which provides notice and opportunity for hearing, before there is an absolute forfeiture of that severed mineral interest to the state.

Once severed mineral interests forfeit to the state, the commissioner of natural resources may offer those interests for mineral leasing. Eighty percent of the revenue received under a mineral lease covering forfeited severed mineral interests is returned to the county in which the leased lands lie, to be distributed $\frac{4}{9}$ to the school district, $\frac{3}{9}$ to the county, and $\frac{2}{9}$ to the town or city. The remaining twenty percent of the revenue received under such a mineral lease is returned to the state's general fund.

One of the purposes of the tax forfeited mineral rights program is to determine what information is now available due to the severed mineral interests law. When combined with other information, it is possible to greatly clarify the state's ownership of mineral rights of tax forfeited lands.

II. EXPLANATION OF RESEARCH

It was decided that, while information would be gathered on a state-wide basis, the research would be concentrated in a few counties. The counties of Aitkin, Beltrami, Cook, Crow Wing, Itasca, Koochiching, Lake, Lake of the Woods and St. Louis were selected for the detailed research. These were chosen due to high percentages of state ownership, high mineral potential or possible future mineral potential interest. There are other counties that meet these criteria, but there was not sufficient time and funding to cover more counties.

The first step taken under the program was to visit each of these counties to talk to the county officials who handled these records and to look at the records. These visits identified questions to ask of all the counties, identified some of the basic problems we would face in our research, and identified the basic sources of information.

The counties' land records contain the crucial information needed for our research. The means in which the land records are organized greatly affects the ability to do the research. St. Louis County, for example, has a tract index that only goes back to 1945, and Crow Wing County only has a tract index for torrens property. Some counties, such as Lake County, have a "blind" tract index, which lists book and page numbers of documents but does not have a brief description of the documents listed. Sometimes the severed mineral interest statements were not recorded in a county's tract index, and sometimes a separate index for the severed mineral interests does not contain any legal descriptions. These situations make research very time consuming or almost impossible. Without a tract index, it is very difficult to perform an accurate review of title for a particular tract.

The counties' tax records for severed mineral interests and tax forfeited property are also a crucial source of information. Some counties have organized their severed mineral interests tax lists by legal description, so that these records can be used if the tract index in the recorder's office does not show severed mineral interests. Some counties have taken forfeitures of severed mineral interests for nonpayment of taxes. Sometimes these forfeitures don't identify in the certificates what interest has forfeited, so it is necessary to go back to the original tax records to identify what interest forfeited when there are partial or

multiple interests in a tract. The tax records also highlight a known problem: it is common in some counties that many parties have filed severed mineral interest statements for the same tract of land, so that the total severed mineral interests could total from 125% to 300% or greater.

It was decided that different research techniques should be tried to seek the information needed on severed mineral rights ownership. While certain techniques are feasible in some counties, they would be very expensive and time-consuming in other counties.

Through the Land Management Information Center of the State Planning Agency, a computer program has been recently developed to handle the large volume of information that is being gathered from the counties' land and tax records. The program is founded on the system for the Department's land records, which are also computerized, so that the Department's land records may be pulled up and merged into the division's program for land ownership comparison purposes.

Copies of all the recorded severed mineral interests statements have been obtained from six of the nine counties, and are in the process of being obtained from one more county. This information is being added to the computer program data base for comparison purposes against known tax forfeited land and against the county's taxing records. For three of the counties, copies of the auditor's certificates of forfeiture covering all land that has been forfeited for taxes have been obtained, and they are in the process of being obtained for two more counties. This information will be added to the computer program data base to further identify the state's possible ownership of tax forfeited mineral rights.

Once the division's staff has entered a severed mineral interest forfeiture or a subsequent forfeiture of a severed mineral interest into

the division's computer program data base, it will be possible to pull out that information and add it to the Department's permanent land records files. For the selected counties, the division's computer program will show where a severed mineral interest statement has been filed and who filed that claim. An immediate use of the program will be the identification of where severed mineral interests are claimed on tracts whose surface forfeited at one time for nonpayment of taxes.

The legal descriptions of all severed mineral interest rights that have forfeited to date for nonpayment of taxes are also being gathered and will be added to the state's land records for possible future leasing. Information on the counties' land and tax records has been gathered on a state-wide basis. Detailed title research on certain parcels of land has been conducted, and this is an area in which the program is now concentrating its research.

III. SUMMARY OF FINDINGS

The following is a description of the information found to-date under the program and a description of the success of different research techniques. There is more information that should be obtained shortly that will add to these findings. Due to the lack of staff or time in a few of the counties, or due to the timing of our request, the counties have not yet provided us with all the information requested. Also, the computer program has not been operating until recently, so a lot of data has not yet been assimilated. An update to this report will be written at the end of the fiscal year to cover this new data.

A. SEVERED MINERAL INTERESTS FORFEITURES

1. INTRODUCTION

Severed mineral interests are interests in real property owned separately from surface interests. As discussed earlier in this report, severed mineral interests are subject to an annual tax of \$.25 per acre, unless the mineral interests are valued and taxed under other laws. If that tax is not paid, the interests will forfeit to the state.

As part of the research under this program, we surveyed the 87 counties in Minnesota on the status of severed mineral interests ownership. We wanted to know how many severed mineral interests were tax delinquent, how many had been taken to judgement and how many had forfeited. For the majority of counties the survey was conducted by telephone. We called the auditor's office of each county and talked to either the county auditor or the person in that office who handles severed mineral interests taxation. For other counties, especially those in the northeastern part of the state, personal visits were made to the county offices. Also, copies of all the forfeiture certificates covering severed mineral interests were requested and obtained from the counties.

A brief chronology of the tax forfeiture procedure is helpful to better understand the following data. Real estate taxes and severed mineral interest taxes levied on property in Minnesota in one year become payable the next year, and if not paid, become delinquent in the third year. In that third year, judgement is taken for the delinquency and the interest is bid in for the state, subject to the taxpayer's right of redemption. The redemption period can be three or five years depending on the location of the property, but in most cases it is five years. Thus, if taxes levied in one year become delinquent and go to judgement the interest

won't be absolutely forfeited to the state for seven years. For example: taxes levied in 1975 are payable in 1976, become delinquent and go to judgement in 1977, and if not redeemed, absolutely forfeit in 1982.

2. SUMMARY OF FINDINGS

There are 87 counties in Minnesota and in only one, Waseca County, has no one filed a severed mineral interests registration statement. In the other 86 counties, at least one party has filed such a statement and those interests are at various stages of the taxation-forfeiture process.

Sixteen counties have forfeited severed mineral interests for nonpayment of the severed mineral interests tax. In those counties over 44,000 severed mineral interests have forfeited to the state. The legal descriptions of those forfeited severed mineral interests have been obtained from the counties, and this information will be added to the state's land records for future mineral leasing by the state on behalf of the local taxing districts.

Another twenty counties have taken judgement against tax-delinquent severed mineral interests. Two of these counties will be forfeiting those interests in 1985. Eight more counties have tax-delinquent severed mineral interests, but judgement has not been taken against them yet. One of these counties, however, is planning to take judgement in 1985.

There are twelve counties where all those who are required to pay the severed mineral interests tax have been paying it. There are thirty counties in which the Federal Land Bank of St. Paul is the only owner of severed mineral interests who has filed a registration statement.

Chart A-1 on page 10 shows at which stage of the taxation-forfeiture process each county is at. It uses the following abbreviations:

- FORF - Forfeiture - This county has forfeited severed mineral interests for nonpayment of the tax imposed by Minnesota Statutes 273.13, subd. 2a.
- JUDT - Judgement - This county has taken judgement against severed mineral interests, regardless of by whom filed, for nonpayment of tax imposed by Minn. Stat. 273.13, subd. 2a, but either the period for redemption has not yet expired or, for other reasons, the county has not forfeited the interest.
- DELQ - Delinquent - This county has severed mineral interests that are tax delinquent, but judgement has not yet been taken against those delinquent interests.
- NDXF - No Delinquency Except Federal Land Bank - In this county all the owners of severed mineral interests, except the Federal Land Bank, have been paying the severed mineral interests tax.
- FLB - Federal Land Bank - The Federal Land Bank is the only registered owner of severed mineral interests in this county.
- NSMI - No Severed Mineral Interests - In this county there are no registered severed mineral interests.

Following Chart A-1 are the detailed results of our survey on the taxation-forfeiture status of severed mineral interests.

Chart A-1

SEVERED MINERAL INTERESTS
TAXATION-FORFEITURE STAGE

Aitkin	FORF	Itasca	JUDT	Pope	FLB
Anoka	JUDT	Jackson	FLB	Ramsey	FORF
Becker	FORF	Kanabec	JUDT	Red Lake	JUDT
Beltrami	FORF	Kandiyohi	DELQ	Redwood	FLB
Benton	NDXF	Kittson	JUDT	Renville	NDXF
Big Stone	NDXF	Koochiching	JUDT	Rice	FLB
Blue Earth	FLB	Lac Qui Parle	FLB	Rock	JUDT
Brown	FLB	Lake	DELQ	Roseau	FORF
Carlton	FORF	Lake of the Woods	FORF	St. Louis	FORF
Carver	FLB	LeSueur	FLB	Scott	FLB
Cass	FORF	Lincoln	FLB	Sherburne	NDXF
Chippewa	NDXF	Lyon	FLB	Sibley	FLB
Chisago	JUDT	McLeod	FLB	Stearns	JUDT
Clay	DELQ	Mahnomen	DELQ	Steele	FLB
Clearwater	FORF	Marshall	JUDT	Stevens	NDXF
Cook	DELQ	Martin	FLB	Swift	FLB
Cottonwood	FLB	Meeker	JUDT	Todd	FORF
Crow Wing	JUDT	Mille Lacs	DELQ	Traverse	NDXF
Dakota	FLB	Morrison	FORF	Wabasha	FLB
Dodge	FLB	Mower	JUDT	Wadena	JUDT
Douglas	FLB	Murray	FLB	Waseca	NSMI
Faribault	FLB	Nicollet	FLB	Washington	NDXF
Fillmore	JUDT	Nobles	FORF	Watonwan	FLB
Freeborn	FLB	Norman	NDXF	Wilkin	DELQ
Goodhue	FLB	Olmsted	NDXF	Winona	NDXF
Grant	JUDT	Otter Tail	JUDT	Wright	JUDT
Hennepin	DELQ	Pennington	JUDT	Yellow Medicine	NDXF
Houston	FORF	Pine	FORF		
Hubbard	FORF	Pipestone	FLB		
Isanti	FLB	Polk	JUDT		

3. DETAILED FINDINGS

a. FORFEITURE

The following is a list of the sixteen counties that have forfeited severed mineral interests for nonpayment of the tax imposed by Minn. Stat. sec. 273.13, subd. 2a.

<u>COUNTY</u>	<u># OF TRACTS¹ WITH FORFEITED SMI'S</u>	<u># OF INTERESTS² FORFEITED</u>
AITKIN	3045	3809
BECKER	913	913
BELTRAMI	1582	1814
CARLTON	22	23
CASS		5843
CLEARWATER	660	660
HOUSTON	5	5
HUBBARD	2524	2700
LAKE OF THE WOODS	25	25
MORRISON	27	43
NOBLES	2	2
PINE	28	49
RAMSEY	21	21
ROSEAU	12	12
ST. LOUIS		28,046
TODD	132	132
TOTALS	8,998 Tracts (+ St. Louis & Cass)	44,097 Interests

¹ a TRACT in this table is either a forty, a government lot or a platted lot.

² an INTEREST counted in this table is each separate ownership interest in a tract of land. If there is more than one fractional severed mineral interest filed against one tract, each interest is counted separately.

The fact that a tract is counted in the column entitled "# of tracts with forfeited SMI's" does not necessarily mean that the severed mineral interests that forfeited were 100%. It could have been only a fractional portion of the mineral interest. The fact that a tract is counted in that column means that at least one severed mineral interest owned in that tract has forfeited. For example, in Aitkin County, the 3,809 severed mineral interests that have forfeited were filed against only 3,045 tracts. That means there could be as many as 764 tracts (3809-3045=764) with more than one severed mineral interests ownership statement filed.

b. JUDGEMENT

The following twenty counties have taken judgement against severed mineral interests, regardless of by whom filed, for nonpayment of the tax imposed by Minn. Stat. Sec. 273.13, subd. 2a, but either the period for redemption has not expired, or, for other reasons, the county has not forfeited the interest.

<u>COUNTY</u>	<u>APPROXIMATE % OF TOTAL INTERESTS THAT JUDGEMENT IS AGAINST</u>
ANOKA	X
CHISAGO	50+%
CROW WING	70%
FILLMORE	
GRANT	80%
ITASCA	50%
KANABEC	(1 INTEREST)
KITTSO	35%
KOOCHICHING	90%
MARSHALL	(1 INTEREST)
MEEKER	25%
MOWER	100%
OTTER TAIL	90%
PENNINGTON	50+%
POLK	80%
RED LAKE	90%
ROCK	60%
STEARNS	(1 INTEREST)
WADENA	75%
WRIGHT	80%

Comments:

- ANOKA - The county has taken judgement against one interest owned by an individual and many owned by the Federal Land Bank, but was unable to give an estimate of what percentage of the total interests that the Federal Land Bank owns. The interest owned by an individual will be forfeited in 1985.
- CHISAGO - The judgements taken by these five counties are only against
 FILLMORE severed mineral interests owned by the Federal Land Bank. In
 MEEKER 1983 the Minnesota Supreme Court held in the case of St. Louis
 ROCK County, State of Minnesota and Minnesota Chippewa Tribe v. Land
 WRIGHT Bank of St. Paul, 338 N.W.2d 741, that a federal statute
 exempted the Federal Land Bank from payment of the severed
 mineral interests tax for severed mineral interests owned by
 the Federal Land Bank in St. Louis County. Most other counties
 are not currently forfeiting the Federal Land Bank's severed
 mineral interests, and Wright County has now "abated" its

judgement against the Federal Land Bank interests. Fillmore County has some interests owned by other parties that will go to judgement in 1985. In Chisago, Meeker, Rock and Wright counties, the owners of all the other severed mineral interests are paying the tax.

CROW WING - The county will forfeit these in 1985.

KANABEC - Severed mineral interests owned by the Federal Land Bank amounted to about 95% of all the interests ever filed. Taxes on these have been "cancelled."

MARSHALL - The Federal Land Bank and the Chicago, Rock Island Railroad filed the majority of severed mineral interests in this county. Judgement has been taken against one interest owned by another party, and no others, except the Federal Land Bank and Chicago, Rock Island, are delinquent.

STEARNS - Judgement against one interest and other interests are delinquent. The Federal Land Bank is the owner of more than 80% of the severed mineral interests filed in the county.

c. DELINQUENT

The following eight counties have severed mineral interests that are tax delinquent, but judgement has not yet been taken against those delinquent interests.

<u>COUNTY</u>	<u>APPROXIMATE % DELINQUENT</u>
CLAY	75%
COOK	75%
HENNEPIN	100%
KANDIYOHI	
LAKE	
MAHNOMEN	100%
MILLE LACS	
WILKIN	90%

Comments:

HENNEPIN COUNTY - The county will take judgement in 1985 and judgement will be against all filed severed mineral interests except those of the Federal Land Bank.

KANDIYOHI COUNTY - The owners of the severed mineral interests in this county have not had tax statements sent to them for a couple of years.

LAKE COUNTY - The county has tax-delinquent severed mineral interests, but the auditor's office was unable to estimate how many.

MAHNOMEN COUNTY - Only one interest of all the severed mineral interests filed is owned by someone other than the Federal Land Bank, and that interest is tax delinquent.

MILLE LACS - There is only one tax-delinquent interest in the county when the Federal Land Bank interests are excluded. Two other owners are paying the tax.

Average delinquency percentage - 88%.

d. NO DELINQUENCY (EXCEPT FEDERAL LAND BANK)

In the following counties, all the owners of severed mineral interests, except the Federal Land Bank, have been paying the severed mineral interests tax.

<u>COUNTY</u>	<u>APPROXIMATE % OF THE TOTAL NUMBER OF SEVERED MINERAL INTERESTS OWNED BY FEDERAL LAND BANK</u>	<u>OWNED BY ALL OTHERS</u>
BENTON	50%	50%
BIG STONE	98%	2%
CHIPPEWA	70%	30%
NORMAN	*	*
OLMSTED	*	*
RENVILLE	90%	10%
SHERBURNE	40%	60%
STEVENS	*	*
TRAVERSE	80%	20%
WASHINGTON	*	*
WINONA	96%	4%
YELLOW MEDICINE	99%	1%

*FIGURES NOT AVAILABLE

Average percentage owned by the Federal Land Bank: 78%
Average percentage owned by all others : 22%

e. FEDERAL LAND BANK

The Federal Land Bank is the only registered owner of severed mineral interests in the following thirty counties.

BLUE EARTH	ISANTI	PIPESTONE
BROWN	JACKSON	POPE
CARVER	LAC QUI PARLE	REDWOOD
COTTONWOOD	LE SUEUR	RICE
DAKOTA	LINCOLN	SCOTT
DODGE	LYON	SIBLEY
DOUGLAS	MCLEOD	STEELE
FARIBAULT	MARTIN	SWIFT
FREEBORN	MURRAY	WABASHA
GOODHUE	NICOLLET	WATONWAN

SMI TAX

Names and telephone numbers of county auditors or the person in that office who handles the severed mineral interest tax.

Aitkin	Helena Dotzler, Auditor	218-927-2102
Anoka	Ed Treska	612-421-4760 ext.1128
Becker	Conrad J. Ohm, Auditor	218-847-7659
Beltrami	Julie Thompson; Kay Mack	218-751-7300
Benton	Ray Cariveau, Auditor	612-968-7221
Big Stone	Judy Pattison, Auditor	612-839-2105
Blue Earth	Milton Owens, Auditor	507-625-3031
Brown	Otis Loose, Auditor	507-359-7900
Carlton	Debra Bottem, Dep. Aud.	218-384-4281
Carver	Joann Hecklin, Dep. Aud.	612-448-3435 ext.221
Cass	Jewell Anderson	218-547-3300
Chippewa	Byron Zurn, Auditor	612-269-7447
Chisago	Dennis Freed, Auditor	612-257-1300
Clay	Betty Sweetland, Treas.	218-299-5006
Clearwater	Lorraine Theis; Helen Holm	218-694-6520
Cook	Karen Brickman, Dep. Aud.	218-387-2282
Cottonwood	C.W. Langley, Auditor	507-831-1905
Crow Wing	Roy Luukkonen, Dep. Aud.	218-829-1481
Dakota	Norma Marsh, Chief Dep. Aud.	612-437-3191
Dodge	Steven Gransee, Auditor	507-635-2321
Douglas	William Anderson, Auditor	612-762-2382
Faribault	Palmer Eckhardt, Auditor	507-526-5145
Fillmore	Richard Stensgard, Auditor	507-765-4701
Freeborn	William Brown, Aud.-Treas.	507-373-0628
Goodhue	William Miller, Auditor	612-388-8261
Grant	Delores Flint, Auditor	218-685-4520
Hennepin	Marie Kunze, Tax Rec. Div. Mgr.	612-348-5100
Houston	Douglas K. Moen, Auditor	507-724-5211
Hubbard	Norma J. Loomer, Dep. Aud.	218-732-3196
Isanti	Doris Sandquist, Auditor	612-689-1644
Itasca	Mary Jean Eichorn	218-326-9628
Jackson	Luther Glaser, Auditor	507-847-2763
Kanabec	Marie Salmonson, Dep. Aud.	612-679-1030
Kandiyohi	A. Hoogeveen, Auditor	612-235-2727
Kittson	Marilyn Gustafson, Dep. Aud.	218-843-2655
Koochiching	Vicki Giauque	218-283-2581 ext.203
Lac Qui Parle	Raymond L. Olson, Auditor	612-598-7444
Lake	Beverly Erickson	218-834-5581
Lake of the Woods	Mae Slick, Dep. Aud.	218-634-2836
LeSueur	Terry Overn, Auditor	612-357-2251
Lincoln	D.D. Sagmoe, Auditor	507-694-1529
Lyon	Catherine Seifert, Auditor	507-537-6728
McLeod	Edward Ide, Auditor	612-864-5551
Mahnomen	Joanne Terway, Auditor	218-935-5669
Marshall	Gwen Schmidt	218-745-4851
Martin	Robert Katzenburger, Auditor	507-238-4757
Meeker	Donald Herzog, Auditor	612-693-2887
Mille Lacs	Elmer Warolin, Auditor	612-983-2561
Morrison	Elvira J. Johnson, Auditor	612-632-2941
Mower	Graham Uzlik, Auditor	507-433-2077

Murray	Duane Bondhus, Auditor	507-836-6148
Nicollet	Lawrence Overn, Auditor	507-931-6800
Nobles	Ken W. Roberts, Auditor	507-372-7711
Norman	Tom Mosher	218-784-2101
Olmsted	Hazel Pearson, Auditor	507-285-8145
Otter Tail	Sylvia Bergerud, Auditor	218-739-2271
Pennington	Kenneth Olson, Auditor	218-681-4011
Pine	Lawrence D. Perrault, Aud.	612-629-6781
Pipestone	Gorden Baden, Auditor	507-825-4494
Polk	Gerald Amiot, Chief Dep.Aud.	218-281-2554
Pope	Bill Boyle, Auditor	612-634-5301
Ramsey	Lou McKenna, Auditor	612-298-4012
Red Lake	Dave Kankel, Auditor	218-253-2598
Redwood	Larry Bunting, Auditor	507-637-8325
Renville	Doug Knutson, Treasurer	612-523-2071
Rice	Lorraine Nelson, Auditor	507-334-2281
Rock	Evelyn Bremer	507-283-8212
Roseau	Richard Bergan, Auditor	218-463-1282
St. Louis	Dick Fuller, Dep.Aud.	218-726-2380
Scott	Thomas Hennen, Auditor	612-445-7750
Sherburne	Ramona Doeblner, Dep.Aud.	612-441-1441
Sibley	Gene Solmonson, Auditor	612-237-2369
Stearns	Jerry Roering	612-255-6091
Steele	John Hallenberger, Auditor	507-451-8040
Stevens	Keith Falvey	612-589-4660
Swift	Byron Giese, Auditor	612-842-6271
Todd	Melvin Bense, Auditor	612-732-6181
Traverse	John Mueltenbach, Auditor	612-563-4242
Wabasha	Charles McDonald, Auditor	612-565-3978
Wadena	Shirley Borden	218-631-2425
Waseca	Roy Nelson, Auditor	507-835-1880
Washington	Tom Greeder, Auditor	612-439-3220
Watsonwan	Ronald Revne, Auditor	507-375-3341
Wilkin	Carolyn Ellingson, Auditor	218-643-4981
Winona	Sherry MacLennan	507-452-3337
Wright	Darla Groshens	612-339-6881
Yellow Medicine	Audrey Hanson, Dep.Aud.	612-564-3132

B. ACCESSIBILITY AND PROTECTION OF COUNTY RECORDS

Information has been gathered on the condition, accessibility and protection of the county land records throughout the state. The county land records are the official source of information on land ownership and, except for federal and state trust fund and acquired land, are often the only source of information. Thus, it is important that these vital records be easily accessible, be protected and be preserved.

1. ACCESSIBILITY

The primary method of accessing county land records is through the use of a public tract index. A tract index will identify every document that has been recorded against a particular tract. A tract index is very important when doing land and mineral rights title research.

Four counties do not have a complete tract index: Crow Wing County has a tract index only for its torrens property, St. Louis County has a tract index that only goes back to 1945, Winona County has a tract index that only goes back five years, and Goodhue County does not have a public tract index at all. When doing title research in these counties, it is necessary to contact local private abstract companies to obtain access to a tract index. As these abstract companies are privately owned, access to their tract indexes can often be costly.

There are basically two types of public tract indexes, which we are describing using the terms "blind" and "descriptive". Both types of index list all documents affecting a particular tract, but a "blind" tract index only refers the researcher to the book and page number or the microfilm number where the document can be found, while a "descriptive" tract index also gives the researcher a brief description of what kind of document it

is, e.g., WD for warranty deed, lien for lien, cert. for certificate of forfeiture, and SSMI for statement of severed mineral interests. When researching title to mineral rights, a person using a "blind" tract index would have to take the time to look at each and every document listed in the tract index to see if it was relevant, whereas, a person using a "descriptive" index could ignore documents of record that do not affect the mineral rights title.

Chart B-1 on pages 19-21 indicates for each county whether it has a "blind" or "descriptive" tract index. Eighteen of the counties have a "blind" tract index. Four more changed from a "blind" to a "descriptive" tract index during the period from 1967 to 1980. Thus, with the one county (Goodhue) that does not have a tract index and the one county (McLeod) that has not yet responded to our survey, that totals sixty-three counties that have "descriptive" indexes.

Thirty-four counties maintain a separate index of severed mineral interests that have been recorded. Chart B-2 on pages 21-24 identifies these and indicates what each index contains. As can be seen, the information contained in these indexes varies from one county to another.

Chart B-3 on page 25 shows which counties have a licensed abstractor employed in the recorder's office. That abstractor could be employed as an abstractor by the county, or may be a private abstractor who works for the county in another capacity.

PUBLIC TRACT INDEX

The counties listed below maintain a Public Tract Index and the entries therein are as indicated.

Example of Book and Page Numbers only: 5D-212

Example of Brief Description and Book and Page Number: QCD 5D-212
(QCD=Quit Claim Deed)

	Book and Page Numbers Only	Brief Description and Book and Page Numbers
Aitkin		X
Anoka		X
Becker	X	
Beltrami		X
Benton		X
Big Stone	X	
Blue Earth	Before 7-1-67	After 7-1-67
Brown		X
Carlton		X
Carver		X
Cass	X	
Chippewa		X
Chisago	X	
Clay		X
Clearwater		X
Cook		X
Cottonwood	X	
Crow Wing	X (Tract Index for Torrens Property Only)	
Dakota		X
Dodge		X
Douglas		X
Faribault		X
Fillmore		X
Freeborn		X
Goodhue	No Public Tract Index	
Grant		X
Hennepin		X
Houston		X
Hubbard	X	
Isanti		X

	Book and Page Numbers Only	Brief Description and Book and Page Numbers
Itasca		X
Jackson		X
Kanabec		X
Kandiyohi		X
Kittson		X
Koochiching		X
Lac Qui Parle		X
Lake	X	
Lake of the Woods		X
LeSueur		X
Lincoln		X
Lyon		X
McLeod		
Mahnomen		X
Marshall		X
Martin		X
Meeker		X
Mille Lacs		X
Morrison		X
Mower		X
Murray		X
Nicollet		X
Nobles		X
Norman		X
Olmsted		X
Otter Tail		X
Pennington		X
Pine	X	
Pipestone		X
Polk	X	

	Book and Page Numbers Only	Brief Description and Book and Page Numbers
Pope	X	
Ramsey		X
Red Lake		X
Redwood	X	
Renville		X
Rice		X
Rock		X
Roseau		X
St. Louis	X (Tract Index Goes Back Only to 1945)	
Scott		X
Sherburne	Before early 70's(no exact dates)	After early 70's
Sibley		X
Stearns	X	
Steele		X
Stevens	X	
Swift	Before 6-1-80	After 6-1-80
Todd		X
Traverse		X
Wabasha	X	
Wadena		X
Waseca	X	
Washington		X
Watonwan	X	
Wilkin		X
Winona	(Tract Index Only Goes Back 5 Years).	X
Wright	Before 1-1-79	After 1-1-79
Yellow Medicine		X

SMI Index

This list indicates whether or not the county maintains a separate index for Severed Mineral Interests.

Aitkin	NO	Itasca	YES	Pope	NO
Anoka	YES	Jackson	NO	Ramsey	NO
Becker	NO	Kanabec	NO	Red Lake	YES
Beltrami	YES	Kandiyohi	NO	Redwood	NO
Benton	NO	Kittson	NO	Renville	NO
Big Stone	YES	Koochiching	YES	Rice	NO
Blue Earth	NO	Lac Qui Parle	YES	Rock	YES
Brown	YES	Lake	YES	Roseau	YES
Carlton	YES	Lake of the Woods	YES	St. Louis	NO
Carver	YES	LeSueur	YES	Scott	YES
Cass	NO	Lincoln	NO	Sherburne	YES
Chippewa	YES	Lyon	NO	Sibley	NO
Chisago	NO	McLeod	NO	Stearns	YES
Clay	NO	Mahnomen	NO	Steele	NO
Clearwater	NO	Marshall	YES	Stevens	NO
Cook	YES	Martin	NO	Swift	NO
Cottonwood	NO	Meeker	YES	Todd	NO
Crow Wing	YES	Mille Lacs	YES	Traverse	NO
Dakota	NO	Morrison	YES	Wabasha	NO
Dodge	NO	Mower	NO	Wadena	YES
Douglas	NO	Murray	NO	Waseca	NO
Faribault	NO	Nicollet	NO	Washington	YES
Fillmore	YES	Nobles	YES	Watsonwan	YES
Freeborn	NO	Norman	NO	Wilkin	NO
Goodhue	NO	Olmsted	NO	Winona	NO
Grant	NO	Otter Tail	YES	Wright	YES
Hennepin	YES	Pennington	NO	Yellow Medicine	NO
Houston	NO	Pine	NO		
Hubbard	YES	Pipestone	NO		
Isanti	NO	Polk	NO		

INFORMATION CONTAINED IN THE SEPARATE INDEX FOR SEVERED MINERAL INTERESTS

1. ANOKA - Has a folder containing the entire statement of severed mineral interest.
2. BELTRAMI - Name and address of owner; document number; date of filing; recording data of deed creating severed mineral interest.
3. BIG STONE - Book and page numbers.
4. BROWN - Copy of the entire severed mineral interest statement.
5. CARLTON - Name of owner; document number; date of filing.
6. CARVER - Name of owner; legal description; book and page numbers.
7. CHIPPEWA - Name of owner; document number; book and page numbers; date of filing.
8. COOK - Book and page numbers.
9. CROW WING - Instrument number; date of filing.
10. FILLMORE - Name of owner; description.
11. HENNEPIN - Name of owner; document number; date of filing; legal description; file number.
12. HUBBARD - Name of owner; where recorded; lot recorded.
13. ITASCA - Name of owner; instrument number; date of filing.
14. KOOCHICHING - Name of owner; document number; date of filing.
15. LAC QUI PARLE - Description; copy of instrument.
16. LAKE - Name and address of owner; document number; book and page number.
17. LAKE OF THE WOODS - Maintain a notebook listing by name and document number.
18. LESUEUR - Name and address of owner; instrument number; book and page; date of filing; date of mailing expiration.
19. MARSHALL - Name of owner; document number; book and page numbers; date of filing.

- 20. MEEKER
 - Name and address of owner; book and page numbers; instrument numbers; date of filing.
- 21. MILLE LACS
 - Name and address of owner; date recorded; where recorded.
- 22. MORRISON
 - Name of owner; instrument number; date and time of filing.
- 23. NOBLES
 - Name and address of owner; document number; date and time of filing.
- 24. OTTER TAIL
 - Name of owner; recording information.
- 25. RED LAKE
 - Copy of the entire statement of severed mineral interest.
- 26. ROCK
 - Name of owner; legal description.
- 27. ROSEAU
 - Name of owner; book and page; date of filing; instrument number.
- 28. SCOTT
 - Name of owner; document number; date of filing; date of mailing expiration notice
- 29. SHERBURNE
 - Name and address of owner; instrument number; date of filing.
- 30. STEARNS
 - Name and address of owner; instrument number; book and page numbers; date of filing.
- 31. WADENA
 - Name and address of owner; document number; date of filing.
- 32. WASHINGTON
 -
- 33. WATONWAN
 - Name of owner; file and card number; date of filing; book and page numbers.
- 34. WRIGHT
 - Name and address of owner; instrument number; book and page numbers date of filing; percentage ownership.

Licensed Abstractors

This list indicates whether or not the county recorder or any employee of that office is a licensed abstractor.

Aitkin_____	YES	Itasca_____	NO	Pope_____	NO
Anoka_____	NO	Jackson_____	YES	Ramsey_____	NO
Becker_____	NO	Kanabec_____	YES	Red Lake_____	YES
Beltrami_____	NO	Kandiyohi_____	NO	Redwood_____	YES
Benton_____	NO	Kittson_____	YES	Renville_____	YES
Big Stone_____	YES	Koochiching_____	YES	Rice_____	NO
Blue Earth_____	YES	Lac Qui Parle_____	NO	Rock_____	YES
Brown_____	YES	Lake_____	NO	Roseau_____	NO
Carlton_____	NO	Lake of The Woods_____	NO	St. Louis_____	NO
Carver_____	YES	LeSueur_____	NO	Scott_____	YES
Cass_____	NO	Lincoln_____	YES	Sherburne_____	YES
Chippewa_____	YES	Lyon_____	YES	Sibley_____	YES
Chisago_____	YES	McLeod_____	NO	Stearns_____	NO
Clay_____	NO	Mahnomen_____	NO	Steele_____	YES
Clearwater_____	NO	Marshall_____	NO	Stevens_____	NO
Cook_____	YES	Martin_____	YES	Swift_____	YES
Cottonwood_____	YES	Meeker_____	YES	Todd_____	YES
Crow Wing_____	NO	Mille Lacs_____	NO	Traverse_____	YES
Dakota_____	NO	Morrison_____	NO	Wabasha_____	NO
Dodge_____	YES	Mower_____	YES	Wadena_____	NO
Douglas_____	YES	Murray_____	YES	Waseca_____	YES
Faribault_____	NO	Nicollet_____	NO	Washington_____	NO
Fillmore_____	NO	Nobles_____	NO	Watonwan_____	YES
Freeborn_____	NO	Norman_____	NO	Wilkin_____	NO
Goodhue_____	NO	Olmsted_____	YES	Winona_____	NO
Grant_____	YES	Otter Tail_____	NO	Wright_____	NO
Hennepin_____	NO	Pennington_____	YES	Yellow Medicine_____	YES
Houston_____	NO	Pine_____	NO		
Hubbard_____	NO	Pipestone_____	YES		
Isanti_____	YES	Polk_____	NO		

2. PROTECTION AND PRESERVATION OF RECORDS

Our research also included asking the counties about the steps they have been able to take to protect and preserve their land records. The most common method used is to microfilm the records. See chart B-4 on pages 27-29. Sixty-nine counties have microfilmed all or part of their records, although many have just recently started doing so, and some are doing it on a two to three year update basis. Chart B-4 indicates whether or not a county has microfilmed its records and to what extent it has.

Part of the microfilm process involves making an extra microfilm copy of the document and storing it away from the county courthouse. This is done to provide a second copy of the official records in case the courthouse copy is somehow destroyed or lost. Fifty-two counties have taken the precaution of storing a copy of the records off the courthouse premises. The counties that have or have not been able to take this precaution are indicated on chart B-4.

Computers are another method used to protect and preserve records as well as to provide easier access to records. It has only been in the last few years that some counties have started to utilize computers. Chart B-5 on page 30 lists the seven counties that have started to use computers in connection with land records. It also indicates what records have been or are being put on computer. Part II of chart B-5 identifies the fourteen counties that have indicated a desire or intention to, at some time in the future, computerize some of their land records. The use of computers is more common in the auditor's offices with the tax records.

PROTECTION OF RECORDS - MICROFILM

This chart indicates whether or not a county has microfilmed (or microfiched) its land records and to what extent. It also indicates whether or not a county has stored a copy of those records off the courthouse premises, e.g. in a local bank vault.

	RECORDS MICRO- FILMED	HOW COMPLETE & UP-TO-DATE	COPY STORED OFF COURTHOUSE PREMISES
Aitkin	X	Most of the land records; updated daily	X
Anoka	X	50% Abstract & 40% Torrens Filmed; updated daily	
Becker			
Beltrami	X	Bound Books filmed in 1965; updated daily	X
Benton			
Big Stone			
Blue Earth	X	Complete; updated daily	X
Brown	X	75% Complete; updated daily	
Carlton	X	Records back to 1959 are filmed; updated daily	
Carver	X	Abstract complete, Torrens not filmed; updated daily	X
Cass	X	Complete back to 1965; updated 3 times/week	
Chippewa	X	Complete through 1981; updated every 5 years	X
Chisago	X	Complete; updated daily	X
Clay	X	Complete back to June, 1970; updated daily	X
Clearwater			
Cook	X	Abstract records & tract index; updated occasionally	X
Cottonwood	X	Complete; updated daily	X
Crow Wing			
Dakota	X	Abstract complete; updated daily	
Dodge	X	Complete Back to 1977; updated daily	X
Douglas	X	Complete; updated daily	X
Faribault	X	Complete; updated daily	X
Fillmore	X	Last 20 years are complete	
Freeborn	X	Complete; updated weekly	X
Goodhue	X	10% complete from 1930; updated daily	
Grant			
Hennepin	X	Complete; updated daily	X
Houston	X	Complete; updated once a year	X
Hubbard	X	Complete	X
Isanti	X	Complete to 1983; updated yearly	X

RECORDS
MICRO-
FILMED

HOW COMPLETE & UP-TO-DATE

COPY
STORED OFF
COURTHOUSE
PREMISES

Itasca	X	Documents complete, indexes not; updated daily	X
Jackson	X	Complete; updated daily	X
Kanabec			
Kandiyohi	X	Complete; updated daily	X
Kittson			
Koochiching	X	Complete; updated daily	X
Lac Qui Parle			
Lake	X	In the process of being filed	
Lake of the Woods	X	Tract Index & Deeds to 1981; not updated	
LeSueur	X	Complete Back to 1961; index updated every 3 years	X
Lincoln			
Lyon	X	Complete; updated daily	
McLeod			
Mahnomen	X	Complete up to 1980	X
Marshall			
Martin	X	Complete; updated daily	X
Meeker			
Mille Lacs	X	Complete; updated daily	X
Morrison	X	Complete back to June, 1972; updated daily	X
Mower	X	Complete; updated daily	X
Murray	X	Complete; updated daily	X
Nicollet	X	Abstract complete, Torrens not; updated yearly	X
Nobles	X	Complete; updated daily	X
Norman	X	Complete back to 1961; updated weekly	X
Olmsted	X	Complete; updated daily	
Otter Tail	X	Complete; updated daily	X
Pennington			
Pine	X	Complete Back to 1978; updated daily	X
Pipestone	X	Complete; updated daily	X
Polk	X	Complete Back to August, 1974	X

RECORDS
MICRO-
FILMED

HOW COMPLETE & UP-TO-DATE

COPY
STORED OFF
COURTHOUSE
PREMISES

Pope	X	In the process of doing-nearly completed	
Ramsey	X	Complete	X
Red Lake	X	Complete up to 12-19-83; update every 2 years	X
Red Wood	X	Complete through 1981; update every 2-3 years	X
Renville	X	In the process of doing; update weekly	X
Rice	X	Deed Mortgage books complete; updated daily	X
Rock	X	Complete; updated weekly	X
Roseau			
St. Louis	X	Complete	X
Scott	X	Backlogged; updated daily	X
Sherburne	X	Complete; updated daily	X
Sibley	X	Complete-for security purposes only	
Stearns	X	Started filming in May 1984	
Steele	X	Complete; updated daily	X
Stevens	X	In process, complete through 1983; updated yearly	X
Swift	X	Complete through 1979; not updated yet	X
Todd	X	Complete back to 1960; updated daily	X
Traverse	X	Complete; updated every 2 years	X
Wabasha	X	Complete	
Wadena			
Waseca			
Washington	X	Abstract complete, Torrens not	X
Watsonwan	X	85% complete; updated daily	
Wilkin			
Winona	X	Complete back to 1967; updated daily	X
Wright	X	Complete; updated daily	X
Yellow Medicine	X	Complete through 1978; updated every 5 years	X

TOTALS: 69 counties have microfilmed all for part of their land records.

52 counties have stored a copy of those records off the courthouse premises.

Protection of Records-Computers

- I. The seven counties listed below have put part of their land records onto computer.

<u>County</u>	<u>What is on Computer</u>
Aitkin	In process of entering Grantor/Grantee and Numerical Indexes.
Anoka	Grantor/Grantee and Numerical Indexes since November 1, 1983 are entered.
Dakota	Grantor/Grantee and Numerical Indexes.
Hennepin	Grantor/Grantee and Numerical Indexes back to 1973.
St. Louis	Grantor/Grantee Index entered in recent years.
Washington	Grantor/Grantee Index.
Winona	Grantor/Grantee Index being entered.

- II. The fourteen counties listed below have indicated an intention to at some time in the future computerize some of their land records.

Beltrami	Redwood
Blue Earth	Renville
Carver	Scott
Fillmore	Sherburne
Morrison	Stevens
Nicollet	Watsonwan
Ramsey	Wright

C. RESEARCH TECHNIQUES AND FINDINGS.

To date, research under the program is principally being conducted under two research plans or techniques. The first is a research technique which is designed to provide a broad overview of the probability of the state's ownership of mineral rights in a given county. The second research technique is one of detailed title research as to mineral rights ownership on specific tax forfeited tracts.

During the course of the research, some common problems were discovered. In almost all of the counties in which research was done, there were discrepancies and errors in the taxation and forfeiture of severed mineral interests. In some cases severed mineral interests that had been recorded were not being taxed as they were not on the county auditor's tax roll. In other cases errors had been made in the transcription of the severed mineral interests from the recorded statement to the tax roll and from the tax roll to the forfeiture certificate. The result being that some severed mineral interests were not taxed, taxes were assessed on legal descriptions of purported severed mineral interests when in fact they did not exist, severed mineral interests that should have forfeited were not on the forfeiture certificates, and forfeitures were recorded against tracts on which no severed mineral ownership interests were filed. One goal of this program is to develop a system whereby these errors can be identified and whereby the counties can be notified so that corrective actions may be taken.

A second situation discovered is one that complicates the research process. Some of the county auditors, when preparing the certificates of forfeiture of severed mineral interests, just list the legal description. This can make detailed research very time-consuming when there are many

fractional, undivided interests filed against a single tract. It would be very beneficial if the undivided interest that forfeited, and even the name of the delinquent taxpayer, were indicated on the certificate.

1. BROAD OVERVIEW RESEARCH

The idea in this research technique is to gather all of the available information about tax forfeited lands, severed mineral interests, and forfeited severed mineral interests from a particular county or part of a county, and to compare, contrast and analyze that information to arrive at a good overview of the state's ownership of mineral rights in that county. Copies of all the statements of severed mineral interests recorded in the county are obtained, and copies of all the auditor's certificates of forfeiture for severed mineral interests are obtained. The severed mineral interest tax roll is reviewed to determine on which interests the tax is being paid and to determine those that are delinquent. The state land records on tax forfeited and trust fund lands are also reviewed. All this information is collated, either manually or by the computer program, and a pattern of mineral rights ownership in that county is developed.

The computer method is being used for Lake, Cook and Koochiching Counties, with plans to extend its use to Itasca and St. Louis Counties. All the information from the above-described documents is being entered into the computer program data base. The manual method has been used for Beltrami and Lake of the Woods Counties. All the information from the above-described documents was collated and compared by hand in those two counties.

This collation and comparison of filed severed mineral interests against known tax forfeited tracts provides a good overview of the state's

mineral ownership in tax forfeited lands. Tracts which forfeited for nonpayment of taxes can be divided into two groups: those that have a severed mineral interests ownership statement filed and those that do not. By analyzing these, certain generalities can be made.

If the severed mineral interests filed against a tax forfeited tract have all forfeited for nonpayment of the severed mineral interest tax, then there is a high probability that the state owns the mineral rights in that tract. The state's ownership interest would be through one or more of the following: the forfeiture for nonpayment of general real estate taxes; the forfeiture for nonpayment of the severed mineral interest tax; or forfeiture proceedings to be instituted for failure to file a severed mineral interests registration statement. (The failure to file wouldn't be known until detailed title research had been done on that tract, but for broad overview purposes the fact that no statement is of record is enough to conclude a high probability of present or future state ownership of mineral rights.)

If no severed mineral interest ownership claims are of record against a tax forfeited tract, then, again, there is a high probability that the state owns, or will own, the mineral rights on that tract, either through the original tax forfeiture or through future forfeiture proceedings instituted for failure to file the registration statement. If the severed mineral interests owner has timely filed the required statement and is paying the severed mineral interests tax, then there is a lesser likelihood that the state owns the mineral rights on that tract. It would depend upon whether or not that owner has good title to his mineral rights.

This broad overview research method will also identify tracts that are not tax forfeited, but that have severed mineral interests statements filed

of record against them. This analysis will reveal a potential for future state ownership of the mineral rights through forfeiture or current state ownership if the interests have forfeited for nonpayment of the severed mineral interests tax.

It is important to note that further title research is necessary concerning the severed mineral interests that forfeit to the state and the severed mineral interests that are filed of record. A party may have filed a statement of severed mineral interests ownership without having a good title to the mineral rights. Thus, a forfeited severed mineral interest may not convey good title in the mineral rights to the state. For example, in one county we identified a forfeited severed mineral interest in school trust fund land. The state owns the mineral rights in that tract, so the severed mineral interest owner did not have good title to the mineral interest that forfeited. Another obvious example is where greater than a 100% ownership interest in the mineral rights is of record in the statements. Some of those ownership claims must be invalid, at least in part.

a. BELTRAMI COUNTY RESEARCH RESULTS

For Beltrami County, the broad overview research was done manually. Copies of all the severed mineral interest statements that had been filed in the county were obtained, and from those, a list of severed mineral interests was compiled by legal description. This list was then compared against the state land records to identify those severed mineral interests that were claimed against tax forfeited tracts. Then, as there have been two forfeitures of severed mineral interests in Beltrami County, those interests that had forfeited were so indicated. Also, a visit was made to Beltrami County to review the severed mineral interests tax roll and to clarify questions between the interests as recorded and as forfeited.

Indications of whether an interest was tax delinquent or whether the taxes were fully paid up were made on our list. The results of the research are as follows.

There are a total of 2,401 tracts in Beltrami County that have one or more severed mineral interest ownership interests recorded against them. Of these, 764 (31.8%) have been identified as having forfeited for nonpayment of general real estate taxes by reference to the state's land records. (We have not yet obtained copies of the auditor's certificates of forfeiture for nonpayment of general real estate taxes. It is highly probable that if those certificates were compared to the list of 2,401 tracts, that more than 764 tracts would be identified as forfeited for nonpayment of general real estate taxes.)

The severed mineral interests filed against 566 (74.1%) of the 764 tracts that have forfeited for nonpayment of general real estate taxes have forfeited for nonpayment of the severed mineral interests tax. The combination of the tract having forfeited for nonpayment of general real estate taxes and the severed mineral interests having forfeited makes it highly probable that the state owns the mineral rights in these 566 tracts.

For 198 (25.9%) of the 764 tracts that forfeited for nonpayment of general real estate taxes, the severed mineral interests have not forfeited. The state would not have the potential to own any of the mineral rights in these 198 tracts unless the severed mineral interests filed did not total 100% of the total severed mineral interest, if the severed mineral interests owner with good title was not complying with the severed minerals interests law, or if one or more of the owners was paying the tax on an interest he didn't own.

There are 1,937 (68.2%) of the 2,401 tracts that have not forfeited

for nonpayment of general real estate taxes according to the state's land records. Of these 1,937 tracts, the severed mineral interests filed against 1,016 (62%) of the tracts have forfeited. Thus, the research has identified 1,016 tracts where the tract has never forfeited for nonpayment of general real estate taxes (to our knowledge) and in which the state owns severed mineral interests ownership claims to all or part of the mineral rights.

Of the 2,401 total number of tracts with severed mineral interests ownership statements filed against them, there are a combined total of 1,582 tracts (566 forfeited for nonpayment of general real estate taxes and 1,016 have not forfeited) on which the claimed severed mineral interests have forfeited. This is 65.8 percent of the total filed severed mineral interests. For those 1,582 tracts there are a total of 1,814 severed mineral interests that have forfeited. This means that there could be as many as 232 tracts that have more than one severed mineral interest recorded against them.

The research shows that multiple claims of severed mineral interest ownership against a particular tract may total less than 100%, may total 100%, or may total more than 100%. We researched title to five tracts with interests exceeding 100% to see if there was any consistent pattern. That preliminary research showed basically two scenarios. The first is the situation where one owner will sell his interest to another party and that second party will also file a severed mineral interests statement in his own name, resulting in two owners being of record.

The second scenario is the situation where persons outside the record chain of title file severed mineral interests statements. These can be persons who are complete strangers to the chain of title or they can be

persons who had, either themselves or their ancestors, an interest in the property in the past. The complete strangers found in this research usually didn't pay the tax and their interests forfeited. However, some of the persons with questionable title have been paying the tax.

In compiling all the Beltrami County information for this research, a couple of problems came to light that are common to all the counties. Basically, these have to do with the probability of human error when dealing with large amounts of legal descriptions and the manner in which the interests were described in the severed mineral interests ownership statements. We reviewed the county's records to check for discrepancies and errors between severed mineral interests as recorded, taxed and forfeited. In Beltrami County there are 35 tracts that have severed mineral interests recorded against them that do not appear on the tax roll. On the forfeiture lists, errors were made in township and range numbers; and the result is that tracts that should be listed as having a severed mineral interests forfeiture are not listed, and tracts that don't have severed mineral interests filed against them are listed as having a severed mineral interests forfeiture.

Another problem is that the forfeiture lists do not identify either the delinquent taxpayer's name or the percentage of severed mineral interests involved in the forfeiture. Title work is difficult in situations where there are many fractional undivided interests involved and not all of them forfeit.

b. LAKE OF THE WOODS COUNTY RESEARCH RESULTS

The same broad overview research technique was applied to Lake of the Woods County. In this county there are 184 tracts that have severed mineral interest ownership statements recorded against them. None of these

tracts are identified in the state land records as forfeited for nonpayment of general real estate taxes. However, 19 (10.3%) are identified as forfeited for nonpayment of ditch liens. These are classified as Consolidated Conservation Area lands and are administered by the Department of Natural Resources.

Of the 19 that are forfeited for nonpayment of ditch liens and have severed mineral interests of record against them, the severed mineral interests on 13 (68%) of them have forfeited for nonpayment of the severed mineral interests tax. On these 13, then, there is a high probability that the state owns, or will own, the mineral rights either through the original forfeiture, the forfeiture of the filed severed mineral interest or the institution of forfeiture proceedings for failure to file a severed mineral interests registration statement.

The remaining 165 (89.7%) of the 184 tracts are not identified as forfeited for nonpayment of either general real estate taxes or ditch liens. Of these, the the severed mineral interests on 12 (7.3%) of them have forfeited for nonpayment of the severed mineral interests tax. The tax is being paid on 127 (69%) of them and 25 (13.6%) of them do not appear on the copy of the tax roll provided to us.

Given the fact that the vast majority (89.7%) of severed mineral interests are against tracts that have not forfeited for nonpayment of general real estate taxes or ditch liens, the inference can be drawn that, in regard to the vast majority of tracts that forfeited in Lake of the Woods County, there was no severance of minerals prior to forfeiture.

2. DETAILED TITLE RESEARCH

The object of detailed title research is to determine exactly who is

the record owner of the mineral rights on specific selected tax forfeited tracts. This type of research is the only means that can give a complete answer on mineral rights ownership. Detailed research in certain areas can provide an idea of the pattern of severed mineral rights ownership in a county. In areas of high potential mineral interest and areas where the state may in the future lease its interests, this is the preferred method of research. With the limited funding of the program and limited staff, this is not a feasible method of research for the majority of tax forfeited tracts. However, the information gathered now and in the future will greatly aid in the clarification of the state's mineral rights ownership.

Detailed mineral rights ownership research is being conducted on certain tracts of land in Aitkin, Crow Wing, Itasca, Koochiching and St. Louis Counties. Limited, detailed research will be conducted in Beltrami, Carlton, Cook, Lake, Lake of the Woods and Pine Counties in the next few months.

The first step in detailed title research is to define the specific area of the county to be researched. The next step is to use the state's land records and the county's land and tax records to identify all the tracts within the defined area that are now, or have ever been, tax forfeited for nonpayment of general real estate taxes. The third step is to go to the county in question and, using the records found in the offices of the county recorder and the county auditor, conduct a detailed title review of each tract.

a. AITKIN COUNTY RESEARCH

In Aitkin County, 64 tracts in four townships in the west-central part of the county have been researched. All of these are, or were at one time, tracts that had forfeited for nonpayment of general real estate taxes.

The detailed research revealed that on 36 (56%) of the 64 tracts, the state is the record owner of 100% of the mineral rights. On 21 (33%) of the 64 tracts, the state is the record owner of part, but not all, of the mineral rights. On seven (11%) tracts, the state does not own any of the minerals.

On 32 of the 64 tracts, there had been a severance of the mineral rights prior to the tax forfeiture for nonpayment of general real estate taxes of the surface (31 by private individuals and one by the state pursuant to Section 2483, Revised Laws of 1905 - Sale of Swamp Lands). Only on one of those is the severed mineral interests tax being paid by a party who actually owns the severed mineral interests. On nine other tracts parties are paying the tax on fractional portions of the severed mineral interest but the record does not show that they own those interests.

Of the 36 tracts in which the state owns 100% of the mineral rights, on 32 of them those mineral rights were acquired through the forfeiture for nonpayment of general real estate taxes of the surface. That is, the mineral rights had not been severed prior to the forfeiture. On three of the tracts, the mineral rights were acquired through forfeiture of the severed mineral interests for failure to pay the severed mineral interests tax. The mineral rights on the final tract were reserved by the state in accordance to Section 2483, Revised Laws of 1905, which reserved mineral rights when swamp lands were sold by the state.

As described above, there are seven tracts in which the record shows that the state does not own any of the mineral rights. However, the state does have the potential to own the mineral rights in six of those tracts. For five of those six tracts, the record owner of the severed mineral

interests has not filed the required severed mineral interests statement. Thus, the state can institute forfeiture proceedings for failure to file those statements. For one of those six tracts, the record owner of the mineral interest has filed the statement, but that interest does not appear on the tax roll and has never been taxed. However, this owner is not paying the tax on other severed mineral interests that he owns, so there is the potential for future state ownership. The seventh tract in which the state does not own any of the mineral rights is a tract on which the owner of the severed mineral interests is paying the tax.

Of the 21 tracts in which the state owns part of the mineral rights, there are nine tracts where part of the privately-owned mineral rights are owned by private parties who also own part of the surface. For the other 12 tracts, however, the record owners of the balance of the mineral rights that the state doesn't own have all failed to file the required severed mineral interest registration statements. Thus, the state can institute forfeiture proceedings for that failure to file and, if successful, the state would then own 100% of the mineral rights on those 12 tracts.

To summarize all of the above, on 54 (84%) of the 64 tracts researched that forfeited for nonpayment of general real estate taxes, the state either owns, or has the immediate potential to own, 100% of the mineral rights. On another nine (14%), the state owns part of the mineral rights. Only on one of the 64 tracts does the state not own, or have the immediate potential to own, any of the mineral rights.

A correlated objective of this research is to add information to the state's land records. For Aitkin County, 61 of the 64 tracts researched are on the state's land records. The state's records indicate that for 57 of those 61 tracts the mineral rights ownership is uncertain. Of those 57

tracts, the detailed research shows that the state owns 100% of the mineral rights on 32 of them, part of the mineral rights on nine, part of the mineral rights with the immediate potential to own 100% on twelve, none of the mineral rights but the immediate potential to own 100% on three, and on only one does the state not own any of the mineral rights. The state's records and county records indicate that three of the tracts are trust fund lands, with the state owning both the surface and the minerals. For one of the 61 tracts, the state land records indicate that the state does not own the minerals. The research also shows that to be the case, but the record owner of the severed minerals has not filed a severed mineral interests statement. From the above, it can be seen that the detailed research under this program can greatly clarify the state's land records on the state's ownership of mineral rights.

b. CROW WING COUNTY RESEARCH

In Crow Wing County, detailed mineral rights ownership has been done on 12 tracts in two townships. That research showed that the state owns 100% of the mineral rights in all 12 tracts, and that those mineral rights were all acquired through forfeiture for nonpayment of general real estate taxes. There had been no severances of mineral rights prior to the forfeitures on any of the tracts. All 12 of the tracts are listed on the state's land records as mineral rights ownership uncertain.

Obviously, such a limited amount of research does not provide a broad enough sampling to come to any conclusions about county-wide patterns of mineral rights ownership. More research is now in progress and should be completed shortly so that, in the fiscal year-end report update, a clearer picture can be presented.

c. ITASCA COUNTY RESEARCH

In Itasca County, 14 tracts have been researched for mineral rights ownership. For three of those tracts, the state owns 100% of the mineral rights through the forfeiture for nonpayment of general real estate taxes. On five of the tracts the mineral rights were severed prior to the forfeiture, but the record owners of those severed mineral rights have not filed the required severed mineral interest statements. Therefore, the state has the immediate potential to own 100% of the mineral rights on those tracts contingent upon the institution of forfeiture proceedings for that failure to file the statements. On four of these five tracts, parties not of record have filed severed mineral interest statements claiming ownership of fractional portions of the mineral rights. However, these parties have not paid the severed mineral interests tax. The county auditor took judgement against these interests in 1981 and they will forfeit in 1986.

For five other tracts, the state owns part of the mineral rights, those partial interests being acquired through forfeiture for nonpayment of general real estate taxes. The remaining partial interests of the mineral rights had been severed prior to the forfeitures, but the record owners of those interests have not filed the registration statements. Thus, the state has the immediate potential to own those partial interests by instituting forfeiture proceedings for failure to file. With these forfeitures, the state would then own 100% of the mineral rights on these five tracts.

The 14th tract researched has a complicated title picture that needs further research into the ability of an owner to sever the mineral interest at the time he did. Also, on this tract there is a severed mineral interest owner that has not paid the tax, but he was not billed for it as his

interest does not appear on the auditor's severed mineral interests tax roll.

All of these tracts are listed in the state's land records as mineral ownership uncertain. The detailed ownership research has greatly clarified the status of the state's mineral rights ownership in these tracts.

d. KOOCHICHING COUNTY RESEARCH

In Koochiching County, a total of 113 tracts in five townships have been researched thus far. All of these are, or were at one time, tax forfeited for nonpayment of general real estate taxes.

On 73 of the 113 tracts, the detailed research has shown that the state owns 100% of the mineral rights and that those mineral rights were acquired through forfeiture for nonpayment of general real estate taxes. On these 73 tracts there had been no severances of the mineral rights.

The state, through the forfeiture for nonpayment of general real estate taxes, owns an undivided one-half of the mineral rights in six of the tracts. The other one-half of the mineral rights had been severed prior to the forfeitures. However, the record owners of the severed halves have not filed the required statements. Therefore, the state has the immediate potential to own those interests upon the institution of forfeiture proceedings for failure to file the required statements.

The state is not the record owner of any part of the mineral rights in two of the tracts. These mineral rights were severed prior to the general real estate tax forfeitures and the record owners have filed the required statements of severed mineral interests ownership. However, they have not yet paid the severed mineral interests tax. Koochiching County will take judgement in 1985 for the first time against tax delinquent severed mineral

interests, so the interests on these two tracts won't forfeit for at least five years.

The mineral interests in the remaining 32 tracts researched are privately owned by the same party that owns the surface. While these tracts did at one time forfeit for nonpayment of general real estate taxes, the taxpayer, within the statutorily allowed time period, repurchased the tracts. In this type of a repurchase, the mineral interests are not reserved by the state.

To summarize, on 79 (70%) of the 113 tracts researched in Koochiching County, the state either owns, or has the immediate potential to own, 100% of the mineral rights. On two more tracts, the state will probably own 100% when the mineral interest forfeiture for nonpayment of taxes is completed. The remaining 32 tracts are privately owned with no immediate potential for state ownership of the mineral rights.

Only 60 of the 113 tracts researched were identified as forfeited for nonpayment of general real estate taxes from the state's land records. The remaining 53 were identified by a review of the tract index in the county recorder's office. All 60 of those listed in the state's land records were listed as mineral rights ownership uncertain. The detailed research showed that, on 54 of the 60, the state owns 100% of the mineral rights and that, on the remaining six, the state owns 50% and has the immediate potential to own the other 50%.

Of the 53 identified as forfeited for nonpayment of general real estate taxes by a review of the tract index, the research showed that the state owns 100% of the minerals in 19 of them and that the state will probably own 100% of the minerals in two more when the mineral interest forfeiture is complete. The 19 tracts in which the state owns 100% of the

minerals rights, are tracts that forfeited for nonpayment of general real estate taxes, the surface of which the state has sold while reserving the mineral rights. In comparison with Aitkin County, this illustrates that the state's land records will often not list potential state ownership of mineral rights for tracts that the state sold between the 1930's and the 1960's.

As can be seen, the detailed research in Koochiching County clarifies the state's ownership of mineral rights in that county. It provides definite answers as to who owns the mineral rights on certain tracts and it added to the state's inventory of owned mineral rights those interests that were discovered as a result of the review of the county's tract index.

IV. FUTURE RESEARCH AND NEEDS

During the remainder of the fiscal year, the program will concentrate on adding information on the severed mineral statements and auditor's certificates of forfeiture to the division's computer program. The program will also concentrate on detailed title review of certain tracts of land in some of the selected counties.

There is a tremendous need to have this program continued as a part of the division's research budget appropriation for the next two fiscal years. Continuation of the program would allow the identification of new forfeitures of severed mineral interests and the addition of those interests to the state's land records. It would be possible to continue to review for discrepancies, errors, conflicts and other problems between severed mineral interests as recorded, taxed and forfeited. It would also be possible to conduct detailed title review on certain tracts of land in the counties selected for current research and other counties. Also, due to time

limitations, a lot of the data requested from the counties will not be fully assimilated by the end of the fiscal year. Continuation of this program will result in the productive use of this data and expansion of the broad overview research to other counties.

A matter of interest and concern has arisen in our minds from our contracts with the counties. There is a need for the counties to obtain financial assistance in order that their valuable land records are protected and preserved. Also, for the counties that do not have a tract index, there is a need to find a way for the county to develop such a tract index so it is not necessary to rely on a private company for title work.

Knowledge of mineral rights ownership is a vital factor for making decisions on implementing legislated mineral and other land use policy, entering into land exchanges, conducting geological drilling work and offering lands for mineral leasing. This program has expanded the state's knowledge of the ownership of mineral rights in tax forfeited lands. There is information available that can greatly expand this knowledge, and continuation of the program will allow us to work with that information.