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TAX-FORFEITED MINERAL RIGHTS PROGRAM
1987 FISCAL YEAR-END REPORT

MINNESOTA DEPARTMENT OF NATURAL RESOURCES
Division of Minerals

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I. Introduction

1987 Fiscal Year-end Report on the Tax-Forfeited Mineral Rights Program

The purpose of the Tax-Forfeited Mineral Rights program is to further determine the State's ownership of mineral interests in tax forfeited lands. The state, through the Department of Natural Resources, leases lands to mining and exploration companies for the purpose of prospecting and eventually mining these minerals. Through the Tax-Forfeited Mineral Rights Program the state clarifies its mineral ownership. This will enhance the mineral leasing which in turn should bring more revenue to the state and to the respective counties in which the minerals exist. Research under the tax-forfeited mineral rights program has concentrated on those parcels which have been identified as currently tax-forfeited or having been tax-forfeited at one time. The parcels were identified by reference to the department's land records or by reference to outside sources, such as the county recorder's tract index or the county auditor's certificates of unredeemed lands.

This report will cover the results of mineral rights ownership research conducted during the fiscal year 1987. In some instances the State still retains ownership of the surface; however in other cases the surface has been sold to a third party. The research concentrated on whether or not the mineral rights had been severed from the surface ownership at any time before the real estate tax forfeiture. In cases where the mineral interests were not severed from the surface interests, the mineral interest forfeited with surface interests to the state for nonpayment of general real estate taxes. If the minerals were severed from the surface interests

prior to the forfeiture for general real estate taxes, the next issue addressed is whether or not the owner of the mineral rights had complied with Minnesota Statutes, sections 93.52-.58 concerning registration and taxation of these severed mineral interests. This requires the owner of a severed mineral interest to file a "Statement of Severed Mineral Interest." This gives record notice that an interest in the minerals as separate from the surface exists. The statutes governing severed mineral interests were enacted to address the problems in the identification and the ascertainment of mineral rights ownership. In some instances the severed mineral interests were so fractionalized that true ownership was extremely obscure and this inhibited the development of these natural resources.

If the severed minerals interest owner has failed to comply with the statute or to pay the severed mineral interest tax, the interest forfeits to the state. If the severed minerals interest owner timely filed a severed mineral interest statement, but taxes are not paid, the interest forfeits to the state as other real property forfeits for non-payment of general real estate taxes. If the severed minerals interest owner failed to timely file a severed minerals interest statement, the commissioner of natural resources provides notice and opportunity for hearing before the forfeiture becomes absolute.

During the fiscal year ending June 30, 1987, research under the tax-forfeited mineral rights program was conducted in Koochiching, Lake, and St. Louis counties with the majority of the research performed in Koochiching county. This report discusses the results of the 1987 research along with the cumulative results of all the research done to-date under the program. The first subsection will present the overall results of the

detailed research on mineral ownership for fiscal year 1987. Next presented will be a discussion of the ownership results concerning the frequency of mineral severance from the surface and compliance with the Severed Mineral Interest Statute. Also identified will be the state's immediate potential to acquire all or part of the area researched. Attached, as an appendix, is a list of the terms used in this report along with a brief explanation and/or definition of their use in this context.

II. Fiscal Year 1987

A. Mineral Ownership Results

A total of 25,124.49 acres were researched during the 1987 fiscal year. The overall results showed that the state owns 100% of the mineral rights on 15,817.70 acres (62.96%). On another 4,512.07 acres or 17.96%, the state owns part (1-99%) of the mineral rights. Thus on 20,329.77 acres (80.92%), the research showed that the state owns all or part of the mineral rights.

On the remaining 4,794.72 acres or 19.08%, the research showed that the state does not own any part of the mineral rights. However, on 2,325.93 acres or 48.51% of the 4,794.72 acres, the state does have the immediate potential to own 100% of the mineral rights; and on 78.16 acres or 1.63% of the 4,794.72 acres, the state has the immediate potential to own part of the mineral rights. Thus, it is on 2,390.63 acres that the state neither owns nor has the immediate potential to own any part of the mineral rights. The following Table 1. summarizes the results of research performed during fiscal year 1987, and Chart 1 is a tabulation of the results for each county.

CHART 1.
MINERAL RIGHTS OWNERSHIP RESEARCH RESULTS (IN ACRES) - FISCAL '87

STATE OWNERSHIP STATUS	KOOCHICHING	LAKE	ST. LOUIS	OVERALL
1. STATE OWNS 100% OF THE MINERAL RIGHTS.	14,728.31 63.78%	681.82 46.68%	407.57 71.88%	15,817.70 62.96%
a. Through real estate tax forfeiture.	14,609.50 63.27%	681.82 46.48%	367.57 64.83%	15,658.89 62.32%
b. Through severed mineral interest tax forfeiture.				
c. Trust Fund Lands/Patent forfeiture.				
d. Acquired condemnation	118.81 .51%			118.81 .47%
e. Through forfeiture for non-filing of statement of severed mineral interest.				
f. Parts through each of a. and b.			40.00 7.05%	40.00 .16%
2. STATE OWNS PART (1-99%) OF THE MINERAL RIGHTS.	4,352.07 18.84%	160.00 10.90%		4,512.07 17.95%
a. Through real estate tax forfeiture.	4,009.32 17.36%	160.00 10.90%		4,169.32 16.59%
b. Through severed mineral interest tax forfeiture.				
c. Parts through each of a. and b.				
d. Through gift.	342.75 (1.48%)			342.75 (1.36%)
e. Part gift and part real estate tax forfeiture.				
3. STATE OWNS NONE BUT HAS THE IMMEDIATE POTENTIAL TO OWN 100% OF THE MINERAL RIGHTS.	2,100.50 9.09%	145.36 9.90%	80.00 14.10%	2,325.93 9.25%
4. STATE OWNS NONE BUT HAS THE IMMEDIATE POTENTIAL TO OWN PART (1-99%) OF THE MINERAL RIGHTS.	38.50 .17%	39.66 2.70%		78.16 .31%
5. STATE OWNS NONE AND HAS NO IMMEDIATE POTENTIAL TO OWN ANY PART OF THE MINERAL RIGHTS.	1,871.23 8.10%	440.00 29.99%	79.40 14.00%	2,390.63 9.51%
TOTAL ACRES RESEARCHED.	23,090.68	1,466.84	566.97	25,124.49

TABLE 1.
Mineral Rights Ownership Research Results -- Overall - Fiscal '87

	<u>Acres</u>	<u>Percent</u>	<u>Acres</u>	<u>Percent</u>
1. State owns 100% of the Mineral Rights			15,817.70	62.96
a. Through Real Estate Tax Forfeiture	15,658.89	62.33		
b. Through Severed Mineral Interest Tax Forfeiture				
c. Trust Fund Lands/Patent-Forfeiture				
d. Acquired Condemnation	118.81	.47		
e. Through Forfeiture for Non-Filing of Statement of Severed Mineral Interest				
f. Parts Through each of a. and b.	40.00	.16		
2. State Owns Part (1-99%) of the Mineral Rights			4,512.07	17.96
a. Through Real Estate Tax Forfeiture	4,169.32	16.59		
b. Through Severed Mineral Interest Tax Forfeiture				
c. Parts Through Each of a. and b.				
d. Through Gift	342.75	1.36		
e. Part Gift and Part Real Estate Tax Forfeiture				
3. State Owns None But Has the Immediate Potential to Own 100% of the Mineral Rights			2,325.93	9.26
4. State Owns None But Has the Immediate Potential to Own Part (1-99%) of the Mineral Rights			78.16	.31
5. State Owns None and Has No Immediate Potential to Own any Part of the Mineral Rights			2,390.63	9.51
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TOTAL ACRES RESEARCHED			25,124.49	100.00
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B. Severances of Mineral Rights

The mineral rights were found to have been severed from the surface ownership on 8,589.60 (34.19%) of the acres researched during the 1987 fiscal year. Of these, 5,730.23 acres had no statements of severed mineral interests filed on behalf of these severed interests. On another 484.85 acres, statements had been filed for part of the severed mineral interest but not filed for the remaining part.

The severed mineral interest tax is current on 2,097.98 of the acres researched. This is 24.42% of the total acres researched with severed mineral rights and 8.34% of the total acres researched. On only 40.00 of the acres researched during fiscal year 1987, were the severed mineral interests forfeited for non-payment of the severed mineral interest tax.

The research results are summarized in Table 2, which follows. The severed mineral interest discussed may be all or part of the mineral interest for that tract. Chart 2 shows for each county researched during fiscal year 1987, the frequency with which the mineral rights were severed from the surface and the compliance by the owners of the severed minerals with the statutes governing taxation and registration. As in Table 2, the severed mineral interest may be all or an undivided part of the total mineral interest.

TABLE 2.
Severances of Mineral Rights Overall - Fiscal '87

	Fiscal '85	Fiscal '86	Fiscal '87	TOTAL
I. Total acres with either all or part of the mineral rights severed from the surface estate				8,589.60 34.19%
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A. Statements of severed mineral interest filed.			2,374.52 9.45%	
1. Severed mineral interest tax paid.		2,097.98 8.35%		
2. Severed mineral interest tax not paid.		276.54 1.10%		
a. Forfeited	40.00 .16%			
b. Not yet forfeited	236.54 .94%			
3. Severed mineral interest tax paid on part and not paid on another part				
a. Part tax not paid on forfeited				
b. Part tax not paid on not yet forfeited				
B. No statements of severed mineral interest filed.			5,730.23 22.80%	
C. Statement of severed mineral interest filed for part of the severed mineral interest and not filed for another part			484.85 1.93%	
1. Severed mineral interest tax paid on part filed				
2. Severed mineral interest tax not paid on part filed		484.85 1.93%		
a. Forfeited				
b. Not yet forfeited	484.85 1.93%			
3. Severed mineral interest tax paid on one part filed and not paid on another part filed				
a. Part not paid forfeited				
b. Part not paid not yet forfeited				
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II. Total acres with no severance of any part of the mineral rights from the surface estate				16,534.88 65.81%
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TOTAL ACRES RESEARCHED				25,124.49
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CHART 2.
SEVERANCES OF MINERAL RIGHTS - FISCAL '87

	KOOCHICHING	LAKE	ST. LOUIS	OVERALL
I. Total acres with either all or part of the mineral rights severed from the surface estate	7,605.18 32.93%	785.02 53.51%	199.40 35.16%	8,589.61 34.19%
A. Statements of severed mineral interest filed.	1,855.12 8.03%	400.00 27.26%	119.40 21.05%	2,374.52 9.45%
1. Severed mineral interest tax paid.	1,657.98 7.18%	400.00 27.26%	40.00 7.05%	2,097.98 8.35%
2. Severed mineral interest tax not paid.	197.14 .85%		79.40 14.00%	276.54 1.10%
a. Forfeited			40.00 7.05%	40.00 .16%
b. Not yet forfeited	197.14 .85%		39.40 6.94%	236.54 .94%
3. Severed mineral interest tax paid on part and not paid on another part				
a. Part tax not paid on forfeited				
b. Part tax not paid on not yet forfeited				
B. No statements of severed mineral interest filed.	5,424.87 23.49%	225.36 15.36%	80.00 14.11%	5,730.23 22.80%
C. Statement of severed mineral interest filed for part of the severed mineral interest and not filed for another part	325.19 1.40%	159.66 10.88%		484.85 1.93%
1. Severed mineral interest tax paid on part filed				
2. Severed mineral interest tax not paid on part filed	325.19 1.40%	159.66 10.88%		484.85 1.92%
a. Forfeited				
b. Not yet forfeited	325.19 1.40%	159.66 10.88%		484.85 1.92%
3. Severed mineral interest tax paid on one part filed and not paid on another part filed				
a. Part not paid forfeited				
b. Part not paid not yet forfeited				
II. Total acres with no severance of any part of the mineral rights from the surface estate	15,485.50 67.06%	681.82 46.48%	367.57 64.83%	16,534.88 65.81%
TOTAL ACRES RESEARCHED	23,090.68	1,466.84	566.97	25,124.49

C. Record Owners of Severed Mineral Interests

There are 640 private party record owners of severed mineral interests on the 25,124.49 acres researched during the 1987 fiscal year. A private party record owner is an owner required to file a statement of severed mineral interest under Minn. Stat. 93.52 et seq. The U.S.A. and the State of Minnesota are not considered Private Party record owners for purposes of this report.

The total number of record owners identified in the preceding paragraph is the total prior to any forfeitures for non-payment of the real estate tax or the severed mineral interest tax. This total number also may include some owners who are counted more than once. For purposes of this report and the following chart, a party is counted separately each time its name appears as a record owner on different tracts. This is done because an owner may treat different tracts differently in that the owner may pay the severed mineral interest on one tract and not on another.

Seventy-nine statements of severed mineral interests have been filed by the 640 record owners. The remaining 571 record owners have not filed a statement of severed mineral interest, however 15 statements were filed by predecessors in title. Thus 94 or 14.69% of the record owners or predecessors in title have filed.

Of the 79 record owners who have filed statements of severed mineral interests, 52 are paying the tax. This is 65.82% of all filers, and 8.13% of the total number of private party record owners identified during the 1987 fiscal year. Out of the 59 of non-record owners who filed, 14 are

paying the severed mineral interest tax. Additionally, there were five non record owners who later conveyed away their interests on the record. In each case the new owner has filed a statement of severed mineral interests and is paying the tax. Chart 3 is a breakdown by county of party record owner status.

CHART 3. PRIVATE PARTY RECORD OWNERS

	KOOCHICHING	LAKE	ST. LOUIS	OVERALL
I. TOTAL RECORD OWNERS - PRIVATE PARTIES	562	70	8	640
A. RECORD OWNERS WHO HAVE FILED SSMI'S	64	10	5	79
1. Paying SMI tax	41	10	1	52
2. Not paying SMI tax	23		4	27
a. Forfeited			3	3
b. Not taxed, etc. County problem				
c. UNMD. TAC. or other tax being paid				
d. Other (Delinquent, etc)	23		1	24
B. RECORD OWNERS WHO HAVE NOT FILED SSMI'S	498	60	3	561
1. Prior owner filed		15		15
a. Paying SMI tax				
b. Not paying SMI tax		15		15
i. Forfeited				
ii. Not taxed, etc. - County problem				
iii. UNMD. TAC. or other tax being paid				
iv. Other (Delinquent etc.)		15		15
2. No prior filings	498	45	3	546

D. Statement of Severed Mineral Interest Filers

This section discusses those persons who have filed statements of severed mineral interests. This section, as in the previous section, counts some filers more than once since a party is counted separately each time a statement is filed on a different tract. This is done because a single filer may treat tracts differently by paying the tax on one tract and not on another.

On 2374.52 of the acres researched during the 1987 fiscal year, statements of severed mineral interests had been filed for all of the severed mineral interest and on 484.85 acres, statements had been filed for part of the severed interest. This gives a total of 2859.37 acres against which statements have been filed for all or part of the severed mineral interest. These statements were filed by a total of 151 filers.

As discussed previously, 79 or 52.32% of these filers are record owners. An additional 13 or 8.61% are not current record owners because they have, on the record, conveyed their interest to a third party. Of these, ten parties have filed statements; of these all are current and paying the severed mineral interest tax. The remaining 3 filers have not paid the severed mineral interest tax and are delinquent.

The last group of filers, 59 of the 151 filers or 39.07%, appear to have not been record owners at the time of filing. Of these 59 filers, 14 are paying the severed mineral tax; 45 are not and are delinquent. None of these interests have yet been forfeited for non-payment of the tax.

Chart 4 which follows, is a summary of the statement filers for each county researched during the 1987 fiscal year.

CHART 4. STATEMENT OF SEVERED MINERAL INTEREST FILERS

	KOOCHICHING	LAKE	ST. LOUIS	OVERALL
I. TOTAL NUMBER OF FILERS OF SSMI's	114	17	20	151
A. RECORD OWNERS	64	10	5	79
B. DON'T OWN OF RECORD - ABSOLUTELY - AT TIME OF FILING	45	4	10	59
1. Paying SMI tax	4		10	14
2. Not paying SMI tax	41	4		45
a. Forfeited				
b. Not taxed, etc.- County problem				
c. UNMD, TAC, or other tax being paid				
d. Other (Delinquent, etc)	41	4		45
C. DON'T OWN OF RECORD - LATER CONVEYED AWAY ON RECORD	5	3	5	13
1. Latter owner has filed SSMI	5		5	10
a. Paying SMI tax			5	5
b. Not paying SMI tax				
i. Forfeited				
ii. Not taxed, etc. - County problem				
iii. UNMD, TAC, or other tax being paid				
iv. Other (Delinquent, etc.)	5			5
2. Latter owner has not filed SSMI		3		
a. Paying SMI tax				3
b. Not paying SMI tax				
i. Forfeited				
ii. Not taxed, etc. - County problem				
iii. UNMD, TAC, or other tax being paid				
iv. Other (Delinquent, etc.)				3

E. Immediate Potential

There are a total of 6490.21 acres, researched in fiscal year 1987, where the determination was made that the state has the immediate potential to own all or part of the mineral rights. (For a definition of immediate potential, please refer to the appendix for a list of definitions used in this report.) The state already owns part of the mineral rights on 4086.12 acres along with the immediate potential to own the remainder or an additional part. On the remaining 2,404.09 acres the state does not own any of the mineral rights but has the immediate potential to own all or part of the mineral rights.

The following chart 5 summarizes the immediate potential results for the fiscal year 1987.

This is an area in which the mineral division of the department can expand its research to identify additional parcels which the state may have the immediate potential to own. Currently, the research is concentrated on parcels which have had a real estate or severed mineral interest tax forfeiture. Very little research has been done on parcels that have not had, or have been identified as having a tax forfeiture. Additional interests which the state may have the immediate potential to own may be identified by expanding the research to tracts wherein the records evidence a severance of the mineral interest without evidence of compliance with the statute notwithstanding any tax forfeiture.

CHART 5.
IMMEDIATE POTENTIAL

	OWN PART-I.P. BALANCE		OWN PART-I.P. ADD'L PART		OWN NONE-I.P. ALL		OWN NONE-I.P. PART		TOTALS	
	TRACTS	ACRES	TRACTS	ACRES	TRACTS	ACRES	TRACTS	ACRES	TRACTS	ACRES
1. KOCHICHING	94	3,760.93	4	165.19	55	2,100.57	1	38.50	148	5,908.36
2. LAKE	1	40.00	3	120.00	4	145.36	1	39.66	9	345.02
3. ST. LOUIS					2	80.00			2	80.00
SUB-TOTALS	95	3,800.93	7	285.19	61	2,325.93	2	78.16	159	6,490.21
			4,086.12 (62.96)				2,404.09 (37.04)			

F. Severed Mineral Tax-forfeiture Status

Our tax forfeited mineral rights program progress report dated March 1985 identified for each of the 86 counties with severed mineral interests the status of the taxation-forfeiture process. (Waseca County is the only one of Minnesota's 87 counties that has no severed mineral interest registrations filed.) Those that had been identified as having taken judgments or as having delinquent taxes were again contacted to up-date the status of these judgments and delinquencies. The following five counties indicated that a forfeiture had recently been taken: Anoka, Becker, Grant, Kanabec, and Wadena. Kittson, Marshall, Meeker, Otter Tail, Pennington, Polk, and Stearns counties indicated that they had judgments against delinquent severed mineral interest taxes but have not yet taken a forfeiture. Cook, Kandiyohi, Lake, Mahnomen, and Wilkin counties all have delinquencies but have not yet taken any judgment against the delinquent taxes. Chisago, Clay, Fillmore, Mower, Rock, Wilkin, and Wright indicated that they had delinquent taxes; however, the registered owner was the Federal Land Bank, thus no judgments would be taken. Hopefully, more counties will be taking judgments and forfeitures against delinquent severed mineral interests in the near future. This will greatly aid the division in ascertaining the extent of the state's mineral ownership and should hence aid in the development and leasing of mineral resources. The following Chart A. outlines the severed mineral interest status for each county mentioned above.

CHART A

Severed Mineral Tax-forfeiture Status

County	A.	B.	C.	D.
Anoka	X			
Becker	X			
Chisago				X
Clay				X
Cook			X	
Fillmore				X
Grant	X			
Kanabec	X			
Kandiyohi			X	
Kittson		X		
Lake			X	
Mahnomen			X	
Marshall		X		
Meeker		X		
Mower				X
Otter Tail		X		
Pennington		X		
Polk		X		
Rock				X
Stearns		X		
Wadena	X			
Wilkin			X	X
Wright				X

- A. Forfeiture has recently been taken
- B. Judgements taken but no forfeiture
- C. Delinquent taxes but no forfeiture or judgements
- D. Federal Land Bank as registered owner of delinquent taxes

III. Totals - Fiscal Years 1985, 1986 and 1987

To-date 121,178.94 acres have been researched under the tax-forfeited mineral rights program. The state owns 100% of the mineral rights on 76,257.48 acres. Real estate tax forfeiture was the method by which the state gained title to 61.09% or 74,029.48 acres. Title to an additional .89%, or 1083.10 acres was obtained by severed mineral interest tax forfeiture; and title to 40.00 acres or .03% was obtained through forfeiture for failure of the owner to register or file as required by statute. The research showed that on another 15,686.46 acres or 12.94%, the state owned part but not all of the mineral rights through real estate tax forfeiture. Forfeiture for failure to pay the severed mineral tax accounted for title to the state of a part interest in another 1.52% or 1,843.06 acres.

The following charts 6 and 7 summarizes the research results to-date, year by year and charts 8, 9, and 10 show the mineral ownership results by county to-date. Tables 3 and 4 depict the cumulative results on the research to-date.

CHART 6.
OWNERSHIP - YEAR-BY-YEAR COMPARISON

	FISCAL '85	FISCAL '86	FISCAL '87	TOTAL
1. State owns 100% of the mineral rights	49,373.81 (70.48)	11,065.97 (42.56)	15,817.70 (62.92)	76,257.48 62.93
a. Through real estate tax forfeiture	48,006.37 (68.53) (97.23)	10,364.22 (39.86) (93.67)	15,658.89 (62.33) (99.00)	74,029.48 (61.09) (97.08)
b. Through severed mineral interest tax forfeiture	770.10 (1.10) (1.56)	313.90 (1.20) (2.83)		1,083.10 (.89) (1.42)
c. Trust Fund Lands/Patent Forfeiture	587.14 (.84) (1.19)	148.75 (.57) (1.34)		735.89 (.61) (.97)
d. Acquired - Condemnation	10.20 (.01) (.02)		118.81 (.47) (.75)	129.01 (.11) (.17)
e. Through forfeiture for non-filing of SSMI		40.00 (.15) (.36)		40.00 (.03) (.05)
f. Parts through each of a. and b.		200.00 (.77) (1.81)	40.00 (.16) (.25)	240.00 (.19) (.31)
2. State owns part (1-99%) of the mineral rights	8,499.80 (12.13)	5,469.31 (21.03)	4,512.07 (17.96)	18,481.18 (15.25)
a. Through real estate tax forfeiture	7,848.54 (11.20) (92.34)	3,668.60 (14.11) (67.08)	4,169.32 (16.60) (92.40)	15,686.40 (12.94) (88.88)
b. Through severed mineral interest tax forfeiture	321.25 (.46) (3.78)	1,521.81 (5.85) (27.82)		1,843.06 (1.52) (9.97)
c. Parts through each of a. and b.	211.01 (.30) (2.48)	278.90 (1.07) (5.10)		489.91 (.40) (2.65)
d. Through gift	40.00 (.06) (.47)		342.75 (1.36) (7.60)	382.75 (.32) (2.07)
e. Part gift and part real estate tax forfeiture	79.00 (.11) (.93)			79.00 (.07) (.43)
3. State owns none but has the immediate potential to own 100% of the mineral rights	3,047.56 (4.35) (25.02)	2,700.66 (10.39) (28.53)	2,325.93 (9.26) (48.51)	8,074.15 (6.66) (30.54)
4. State owns none but has the immediate potential to own part (1-99%) of the mineral rights	2,556.05 (3.65) (20.99)	279.12 (1.07) (2.95)	78.16 (.31) (1.63)	2,913.33 (2.40) (11.02)
5. State owns none and has no immediate potential to own any part of the mineral rights	6,575.21 (9.39) (53.99)	6,486.96 (24.95) (68.52)	2,390.63 (9.51) (49.86)	15,452.80 (12.75) (58.44)
TOTAL ACRES RESEARCHED	70,052.43	26,002.02	25,124.49	121,178.94

CHART 7.
SEVERANCES - YEAR-BY-YEAR COMPARISON

	Fiscal '85	Fiscal '86	Fiscal '87	TOTAL
I. Total acres with either all or part of the mineral rights severed from the surface estate	14,891.32 (21.26)	11,011.09 (42.35)	8,589.60 (34.19)	34,492.01 (28.46)
A. Statements of severed mineral interest filed.	3,547.07 (5.06) (23.82)	3,299.79 (12.69) (29.97)	2,374.52 (9.45) (27.64)	9,221.38 (7.61) (26.73)
1. Severed mineral interest tax paid.	2,184.78 (3.12) (61.59)	1,760.03 (6.77) (53.34)	2,097.98 (8.35) (88.35)	6,042.79 (4.99) (65.53)
2. Severed mineral interest tax not paid.	1,362.29 (1.94) (38.41)	1,072.35 (4.12) (32.50)	276.54 (1.10) (11.65)	2,711.18 (2.24) (29.40)
a. Forfeited	1,021.11 (1.45) (74.96)	553.00 (2.13) (51.57)	40.00 (0.16) (14.46)	1,614.11 (1.33) (59.53)
b. Not yet forfeited	341.18 (.49) (25.04)	519.35 (2.00) (48.43)	236.54 (0.94) (85.54)	1,097.07 (.91) (40.46)
3. Severed mineral interest tax paid on part and not paid on another part		467.41 (1.80) (14.16)		467.41 (.39) (5.07)
a. Part tax not paid on forfeited		256.00 (.98) (54.77)		256.00 (.21) (54.77)
b. Part tax not paid on not yet forfeited		211.41 (.81) (45.23)		211.41 (.17) (45.23)
B. No statements of severed mineral interest filed.	10,205.18 (14.57) (68.53)	5,661.97 (21.78) (51.42)	5,730.23 (22.81) (66.71)	21,597.38 (17.83) (62.62)
C. Statement of severed mineral interest filed for part of the severed mineral interest and not filed for another part	1,139.07 (1.63) (7.65)	2,049.33 (7.88) (18.61)	484.85 (1.93) (5.64)	3,673.25 (3.03) (10.65)
1. Severed mineral interest tax paid on part filed	707.45 (1.01) (62.11)	120.00 (.46) (5.86)		827.45 (1.68) (22.53)
2. Severed mineral interest tax not paid on part filed	431.62 (.62) (37.89)	780.37 (3.00) (38.08)	484.85 (1.93) (100.00)	1,696.84 (1.40) (46.19)
a. Forfeited	231.62 (.33) (53.66)	395.75 (1.52) (50.72)		627.37 (.52) (36.94)
b. Not yet forfeited	200.00 (.29) (46.34)	384.62 (1.48) (49.29)	484.85 (1.93) (100.00)	1,069.47 (.38) (63.03)
3. Severed mineral interest tax paid on one part filed and not paid on another part filed		1,148.96 (4.42) (56.06)		1,148.96 (.95) (31.28)
a. Part not paid forfeited		1,148.96 (4.42) (100.00)		1,148.96 (.95) (100.00)
b. Part not paid not yet forfeited				65,190.05
II. Total acres with no severance of any part of the mineral rights from the surface estate	55,161.11 (78.74)	14,990.93 (57.65)	16,534.88 (65.81)	86,686.92 (71.54)
TOTAL ACRES RESEARCHED	70,052.43	26,002.02	25,124.49	121,178.94

CHART 8.
MINERAL RIGHTS OWNERSHIP RESEARCH RESULTS (IN ACRES) - FISCAL '85, '86, & '87

STATE OWNERSHIP STATUS	AITKIN	BELTRAMI	CARLTON	COOK	CROW WING	ITASCA	KOOCHICHING	LAKE	LAKE OF THE WOODS	PINE	ST. LOUIS	OVERALL
1. STATE OWNS 100% OF THE MINERAL RIGHTS.	2,727.79 70.31%			1,631.40 61.48%	600.00 65.22%	3,522.84 34.44%	55,194.55 74.14%	1,428.27 22.46%	642.46 84.26%	1,399.16 92.10%	9,111.01 45.32%	76,257.48 33%
a. Through real estate tax forfeiture.	2,197.15 56.63%			1,631.40 61.48%	600.00 65.22%	3,482.84 34.05%	54,419.24 73.10%	1,428.27 22.46%	642.46 84.26%	1,399.16 92.10%	8,228.96 40.94%	74,029.48 61.09%
b. Through severed mineral interest tax forfeiture.	480.00 12.37%										603.10 3.00%	1,083.10 .89%
c. Trust Fund Lands/Patent forfeiture.	50.64 1.31%						656.50 .88%				28.75 .14%	735.89 .61%
d. Acquired condemnation.							118.81 .16%				10.20 .05%	129.01 .11%
e. Through forfeiture for non-filing of statement of severed mineral interest.						40.00 .39%						40.00 .03%
f. Parts through each of a. and b.											240.00 1.19%	240.00 .20%
2. STATE OWNS PART (1-99%) OF THE MINERAL RIGHTS.	826.32 21.30%	106.23 46.96%	80.00 100.00%	40.00 1.51%	120.00 13.04%	3,622.57 35.42%	6,903.57 9.27%	759.00 11.94%	40.00 5.25%		5,983.49 29.77%	18,481.18 15.25%
a. Through real estate tax forfeiture.	760.00 19.59%		80.00 100.00%	40.00 1.51%	120.00 13.04%	3,622.57 35.42%	6,560.82 8.81%	640.00 10.07%			3,863.07 19.22%	15,686.46 12.94%
b. Through severed mineral interest tax forfeiture.		66.23 29.28%							40.00 5.25%		1,736.83 8.64%	1,843.06 1.52%
c. Parts through each of a. and b.	66.32 1.71%	40.00 17.68%									383.59 1.91%	489.91 .40%
d. Through gift.							342.75 .46%	40.00 .63%				382.75 .32%
e. Part gift and part real estate tax forfeiture.								79.00 1.24%				79.00 .07%
3. STATE OWNS NONE BUT HAS THE IMMEDIATE POTENTIAL TO OWN 100% OF THE MINERAL RIGHTS.	285.75 7.36%			782.00 29.47%		2,078.63 20.32%	3,443.92 4.63%	305.36 4.80%	80.00 10.49%		1,098.49 5.46%	8,074.15 6.66%
4. STATE OWNS NONE BUT HAS THE IMMEDIATE POTENTIAL TO OWN PART (1-99%) OF THE MINERAL RIGHTS.						199.12 1.95%	567.09 .76%	79.66 1.25%			2,067.46 10.29%	2,913.33 2.40%
5. STATE OWNS NONE AND HAS NO IMMEDIATE POTENTIAL TO OWN ANY PART OF THE MINERAL RIGHTS.	40.00 1.03%	120.00 53.04%		200.00 7.54%	200.00 21.74%	804.77 7.87%	8,340.52 11.20%	3,785.96 59.54%		120.00 7.90%	1,841.55 9.16%	15,452.80 12.75%
TOTAL ACRES RESEARCHED.	3,879.86	226.23	80.00	2,653.40	920.00	10,227.93	74,449.65	6,358.25	762.46	1,519.16	20,102.00	121,178.94

CHART 9.
PRIVATE PARTY RECORD OWNERS - Fiscal '85, '86 & '87

	AITKIN	BELTRAMI	CARLTON	COOK	CROW WING	ITASCA	KOOCHICHING	LAKE	LAKE OF THE WOODS	PINE	ST. LOUIS
I. TOTAL RECORD OWNERS - PRIVATE PARTIES	68	13	0	96	6	315	739	168	5	0	1426
A. RECORD OWNERS WHO HAVE FILED SSMI'S	19 27.94%	11 84.62%		5 5.21%	5 83.33%	73 23.17%	97 13.13%	85 50.60%	1 20.00%		723 50.70%
1. Paying SMI tax	3 4.41%	8 61.54%		5 5.21%	2 33.33%	29 9.21%	67 9.07%	65 38.69%			532 37.31%
2. Not paying SMI tax	16 23.53%	3 23.08%			3 50.00%	44 13.97%	30 4.06%	20 11.91%	1 20.00%		191 13.39%
a. Forfeited	13 19.12%	3 23.08%							1 20.00%		92 6.45%
b. Not taxed, etc. County problem	1 1.47%					6 1.90%					9 .63%
c. UNMD, TAC, or other tax being paid											17 1.19%
d. Other (Delinquent, etc)	2 2.94%				3 50.00%	38 12.06%	30 4.06%	20 11.91%			73 5.12%
B. RECORD OWNERS WHO HAVE NOT FILED SSMI'S	49 72.06%	2 15.38%		91 94.79%	1 16.67%	242 76.83%	642 86.87%	83 49.40%	4 80.00%		703 49.30%
1. Prior owner filed						12 3.81%		20 11.91%			153 10.73%
a. Paying SMI tax											149 10.45%
b. Not paying SMI tax						12 3.81%		20 11.91%			4 .28%
i. Forfeited											
ii. Not taxed, etc. - County problem											
iii. UNMD, TAC, or other tax being paid											
iv. Other (Delinquent etc.)						12 3.81%		20 11.91%			4 .28%
2. No prior filings	49 72.06%	2 15.38%		91 94.79%	1 16.67%	230 73.02%	642 86.87%	63 37.50%	4 80.00%		550 38.57%

CHART 10. - IMMEDIATE POTENTIAL - Fiscal '85, '86 & '87

	OWN PART-I.P. BALANCE	OWN PART-I.P. ADD'L PART	OWN NONE-I.P. ALL	OWN NONE-I.P. PART	TOTALS
	TRACTS ACRES	TRACTS ACRES	TRACTS ACRES	TRACTS ACRES	TRACTS ACRES
1. AITKIN	12 480.00	6 240.00	8 285.75		26 1,005.75
2. BELTRAMI	2 66.23				2 66.23
3. CARLTON					
4. COOK	1 40.00		20 782.00		21 822.00
5. CROW WING	1 40.00				1 40.00
6. ITASCA	79 3,158.89	8 305.50	53 2,078.63	5 199.12	145 5,742.14
7. KOOCHICHING	158 6,114.38	4 165.19	90 3,443.92	14 567.09	266 10,290.58
8. LAKE	2 80.00	5 200.00	8 305.36	2 79.66	17 665.02
9. LAKE OF THE WOODS			2 80.00		2 80.00
10. PINE					
11. ST. LOUIS	<u>43 1,554.36</u>	<u>52 2,033.73</u>	<u>30 1,098.49</u>	<u>54 2,067.46</u>	<u>179 6,754.04</u>
TOTALS	298 11,533.86 (45.29%)	75 2,944.42 (11.56%)	211 8,074.15 (31.71%)	75 2,913.33 (11.44%)	659 25,465.76
	373 -- 14,478.28 (56.85%)		286 -- 10,987.48 (43.15%)		

TABLE 3.
Breakdown of Severance Totals Fiscal Years '85 - '87
(Percentage of Total Severed Acres)

I. Total acres with either all or part of the mineral rights severed from the surface estate		34,492.01 (28.46)
<hr/>		
A. Statements of severed mineral interest filed.		9,221.38 (7.61)
1. Severed mineral interest tax paid.	6,042.79 (4.99)	
2. Severed mineral interest tax not paid.	2,711.18 (2.24) (32.50)	
a. Forfeited	1,614.11 (1.33)	
b. Not yet forfeited	1,097.07 (.91)	
3. Severed mineral interest tax paid on part and not paid on another part	467.41 (.39)	
a. Part tax not paid on forfeited	256.00 (.21)	
b. Part tax not paid on not yet forfeited	211.41 (.17)	
B. No statements of severed mineral interest filed.		21,597.38 (17.83)
C. Statement of severed mineral interest filed for part of the severed mineral interest and not filed for another part		3,673.25 (3.03)
1. Severed mineral interest tax paid on part filed	827.45 (1.68)	
2. Severed mineral interest tax not paid on part filed	1,696.84 (1.40)	
a. Forfeited	627.37 (.52)	
b. Not yet forfeited	1,069.47 (.88)	
3. Severed mineral interest tax paid on one part filed and not paid on another part filed	1,148.96 (.95) (56.06)	
a. Part not paid forfeited	1,148.96 (.95)	
b. Part not paid not yet forfeited		
<hr/>		
II. Total acres with no severance of any part of the mineral rights from the surface estate		86,686.92 (71.54)
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TOTAL ACRES RESEARCHED		121,178.94
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TABLE 4.
Mineral Rights Ownership Research Results -- Overall - Fiscal '85, '86 and '87

	<u>Acres</u>	<u>Percent</u>	<u>Acres</u>	<u>Percent</u>
State owns 100% of the Mineral Rights			76,257.48	62.93
a. Through Real Estate Tax Forfeiture	74,029.48	61.09		
b. Through Severed Mineral Interest Tax Forfeiture	1,083.10	.89		
c. Trust Fund Lands/Patent-Forfeiture	735.09	.61		
d. Acquired Condemnation	129.01	.11		
e. Through Forfeiture for Non-Filing of Statement of Severed Mineral Interest	40.00			
f. Parts Through each of a. and b.	240.00	.19		
State Owns Part (1-99%) of the Mineral Rights			18,481.18	15.25
a. Through Real Estate Tax Forfeiture	15,686.46	12.94		
b. Through Severed Mineral Interest Tax Forfeiture	1,843.06	1.52		
c. Parts Through Each of a. and b.	489.91	.40		
d. Through Gift				
e. Part Gift and Part Real Estate Tax Forfeiture	79.00	.07		
State Owns None But Has the Immediate Potential to Own 100% of the Mineral Rights			8,074.15	6.66
State Owns None But Has the Immediate Potential to Own Part (1-99%) of the Mineral Rights			2,913.33	2.40
State Owns None and Has No Immediate Potential to Own any Part of the Mineral Rights			15,452.80	12.75
TOTAL ACRES RESEARCHED			121,178.94	•

IV. Map Project - Mineral Ownership Plats

To graphically show the results of the research done under this program, mineral ownership plats are being developed for those parts of the state where research is being done or where research is contemplated to be done in the future. Each plat will cover a single township and plats are being prepared for a total of 199 townships in 13 counties of northern and northeastern Minnesota. As research under the program expands to additional townships, additional plats will be prepared.

The plats will identify those tracts within a township on which the state owns all or part of the mineral rights or has the immediate potential to own all or part of the mineral rights. They will also identify those tracts that have been researched with the research showing that the state does not own or have the immediate potential to own any part of the mineral rights. The plats will not identify in detail private party mineral rights ownership.

A color coding scheme has been devised to distinguish between types of state mineral ownership. Trust fund mineral rights will be differentiated from tax-forfeited mineral rights. Within the tax-forfeited category, distinctions will be made among mineral rights the state owns, has the immediate potential to own, and does not own. Separate codes are to be used if the state's ownership interest is of less than 100 percent of the mineral rights.

The preparation of these plats is being done in three phases. The first phase is to code on each plat all those mineral rights known to be owned by

the state. This means trust fund mineral rights and any other mineral rights that the state's land records show with certainty to be state-owned. This phase is nearing completion. The information has been coded on the plats and is being checked for accuracy. After the checking process is completed phase two will be commenced.

Phase two of the plat preparation process will be to code on the plats the results of the research on the acres that have been researched to date. Phase three will be the process of continually updating the plats as additional research is done. When research is done and results are ascertained, those results will immediately be coded on the plats.

V. Computerized Land Records

This section will briefly discuss the results of research concerning computerization of county land record indexing systems. Various counties were surveyed as to their use of computerized land records. The counties contacted in Minnesota were selected based on a 1985 survey to which they had responded that they had already implemented a computerized grantor-grantee index and/or indicated an intent to computerize their tract index at some time in the future. Non-Minnesota counties were selected basically at random with some consideration to geographical similarity to Minnesota or by referral from other county recorders.

The results indicate that the larger metropolitan counties, Hennepin, Washington, Ramsey, Scott, Dakota and Anoka all have computerized indexing systems. These counties have all developed their programs through use of in-house staff or their data processing departments. Hennepin and Washington counties are expanding their computerized records to include a computerized tract index as well as the grantor/grantee index. Scott county also has in use a program that can search by name, legal and parcel identification number. Dakota county also has a program that can do limited tract search on a limited legal description.

Minnesota County Information Systems (MCIS), a non-profit organization, has also developed a software program for a grantor-grantee index. At the time of this writing, MCIS is upgrading this program to include a tract indexing system. Carver, Morrison, Itasca, Sherburne and St. Louis are among the counties that have purchased programs through MCIS. Beltrami and Winona

counties have indicated an interest in purchasing an indexing program through MCIS some time in the future.

Nicollet and Renville are among the counties which have acquired a grantor-grantee index through Business Records Incorporated. This program apparently cannot search by tract description.

There are other companies which can provide software programs to do specific tract searches. Minnesota Title Insurance Corporation has a software program which does tract indexing. This program, while apparently not for sale, can be leased with cost based upon the number of documents handled per month.

Utah County, at Provo Utah utilized a program which can do abstracting, indexing and cross correction. This system was developed by an independent agent, and could apparently be programmed to abstract a chain of title from the original land patent.

Computerization of tract indexes on a large scale would greatly aid the division in determining the State's ownership of mineral rights, particularly if the software program could abstract the title back to the original land patent. Washington County was the only county in Minnesota that indicated an intent to create a computerized tract index which would go back in time to the original land patent. The remaining counties will, at this time, only be implementing their computerized tract indexes on a day forward basis.

VI. Conclusion

To-date, 121,178.94 acres have been researched under the Tax-forfeited Mineral Rights Program. This far, the program has identified 76,257.48 acres upon which the state owns 100% of the mineral rights and an additional 18,481.18 acres upon which the state owns part (1-99%) of the mineral rights. It has also been determined that the state, although it presently owns none, has the immediate potential to own all or part of the mineral rights on 10,987.48 acres. This information will be of benefit to the public concerning such issues as mineral leasing, mineral exploration, land exchange, and land use. The research has expanded and made more precise the data base upon which decisions are made. As this program continues, this data base will expand the number of acres available for lease.

STATE--State of Minnesota

MINERAL RIGHTS--the minerals and mineral rights, together with the right to explore for, mine, and remove the same.

TRACT and ACRE--as used here, "tract" means either a forty-acre parcel, a United States Government Survey lot, or a platted land lot. As the size of each of these can vary considerably, this report, for the most part, uses acres rather than tracts. Acreages are carried out to two decimal places. United States Government Survey (USGS) acreages, except where there has been an official county resurvey, are used in this report.

TAX FORFEITED--means the land is either currently tax forfeited or has at some time in the past been tax forfeited.

REAL ESTATE TAX FORFEITURE--a forfeiture of land for nonpayment of general real estate taxes or ditch lien assessments. Lands that forfeited to the state for nonpayment of public drainage ditch assessments are, in accordance with Minnesota Session Laws 1931, Chapter 407 (approved April 25, 1931), classified as "conservation area" and are known as Consolidated Conservation Area (CCA) lands. These are lands set aside for afforestation, reforestation, flood control projects, or other public state purposes.

SEVERED MINERAL INTEREST FORFEITURE--a forfeiture of mineral rights for nonpayment of the severed mineral interest tax assessed by Minnesota Statute 272.039 and 273.165.

IMMEDIATE POTENTIAL--under Minnesota Statutes 93.52-.58 the owners of severed mineral interests were required, before January 1, 1975, or within one year of acquisition, if acquired thereafter, to file a statement of severed mineral interests with the appropriate county recorder. If the owner does not comply with this law, the commissioner of natural resources, on behalf of the state, may institute forfeiture proceedings for failure to file; if successful, absolute title to the mineral interests forfeits to the state. In this report when mineral rights are described as the state having the immediate potential to own them, it means that the owner of the mineral rights has failed to file the required statement within the required time limits and subject to completion of this forfeiture proceeding, the state owns the mineral rights.

DEPARTMENT'S LAND RECORDS--means the Department of Natural Resources' records on tax forfeited lands. The department has fairly accurate records of current tax forfeited lands and of tax forfeited lands whose surface was sold in the last fifteen years. The department has only a partial record of the tax forfeited lands which surfaces were sold from 1930 to 1970. In all cases it is not possible to tell from the department's land records whether or not the state owns the mineral rights on these tax forfeited lands. That is one of the reasons the detailed research under this program is necessary.

PATENT FORFEITURE--the surface of trust fund land was sold by the state with minerals and mineral rights reserved, and a patent was issued to the buyer. The surface subsequently forfeited for nonpayment of taxes.

The following abbreviations are used in this report.

RETF - Real Estate Tax Forfeiture

SMI - Severed Mineral Interest

SMIF - Severed Mineral Interest Tax Forfeiture

SSMI - Statement of Severed Mineral Interest

UNMD. TAC. - Unmined Taconite

I.P. - Immediate Potential