

"AN ACT RELATING TO THE DISPOSITION OF UNCLAIMED MINERAL PROCEEDS; AND FOR OTHER PURPOSES."

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

SECTION 1. For the purposes of this act:

(a) "Mineral" means oil, gas, uranium, sulphur, lignite, coal, and any other substance that is ordinarily and naturally considered a mineral in this state, regardless of the depth at which the substance is found.

(b) "Mineral Proceeds" means:

(1) all obligations to pay resulting from the production and sale of minerals from this state; and

(2) all obligations for the acquisition and retention of a mineral lease to produce minerals located in this state.

(c) "Holder" means a person, wherever organized or domiciled, who is:

(1) in possession of property that belongs to another;

(2) a trustee; or

(3) indebted to another on an obligation.

SECTION 2. (a) All mineral proceeds that are held or owing by the holder and that have remained unclaimed by the owner for longer than seven (7) years after the mineral proceeds became payable or distributable are presumed abandoned. Abandoned mineral proceeds shall be subject to the unclaimed property provisions of Act 256 of 1979 as amended, The Uniform Disposition of Unclaimed Property Act, except that funds received by the Auditor of the State of Arkansas pursuant to this section shall be deposited by the Auditor in a special trust fund to be known as the "Abandoned Mineral Proceeds Trust Fund."

(b) The Abandoned Mineral Proceeds Fund shall be used by the Auditor to pay the claims of persons establishing ownership of mineral proceeds in possession of the state under this Act and for the enforcement and administration of this Act. At least once each fiscal year the Auditor shall transfer to the general revenues of the state all funds in excess of an amount determined by the Auditor to be sufficient to pay the anticipated expenses and claims of the trust fund.

SECTION 3. (a). A holder of mineral proceeds shall establish an escrow account for mineral proceeds if the person entitled to the receipt of the proceeds is unknown or has not been located within one (1) year after the funds became payable or distributable. The escrow account shall be for the benefit of the rightful recipient of the mineral proceeds. Any person showing to the holder sufficient proof of identity and ownership of the property shall be promptly paid the sum accumulated for his benefit in the escrow account.

(b). If a holder of mineral proceeds is required to establish more than one escrow account by operation of this section, then the mineral proceeds accruing may be comingled in a single account. Separate records of each deposit and withdrawal on behalf of specific persons shall be maintained.

(c). The State Auditor shall require a report of each such account to be filed annually. The report shall include, but shall not be limited to:

1. the name and last known address of the property owner;

2. the legal description of the property interest;

3. the location and account number of the escrow account;

4. the person authorized to order withdrawals from the account; and

5. such other information as the State Auditor may require.

(d) Any holder of mineral proceeds who violates this section shall be guilty of a misdemeanor and shall be subject to a fine not to exceed one thousand dollars (\$1,000.00) for each violation.

SECTION 4. All laws and parts of laws in conflict with this Act are hereby repealed.

APPROVED: 3/23/87

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