

53C-2-409 Mineral leases -- Cancellation -- Use of surface land -- Liability for damage.

- (1) Upon violation by the lessee of any lawful provision in a mineral lease, the director may, without further notice or appeal, cancel the lease after 30 days notice by registered or certified return receipt mail, unless the lessee remedies the violation, rectifies the condition, or requests a hearing pursuant to Section 53C-1-304 within the 30 days or within any extension of time the director grants.
- (2)
 - (a) A mineral lessee, subject to conditions required by the director, has the right at all times to enter upon the leasehold for prospecting, exploring, developing, and producing minerals and shall have reasonable use of the surface.
 - (b) The lessee may not injure, damage, or destroy the improvements of the surface owner or lessee.
 - (c) The lessee is liable to the surface owner or lessee for all damage to the surface of the land and improvements, except for reasonable use.
- (3) Any mineral lessee may occupy as much of the surface of the leased land as may be required for all purposes reasonably incident to the exercise of lessee's rights under the lease by:
 - (a) securing the written consent or waiver of the surface owner or lessee;
 - (b) payment for the damage to the surface of the land and improvements to the surface owner or lessee where there is agreement as to the amount of the damage; or
 - (c) upon the execution of a good and sufficient bond to the director for the use and benefit of the surface owner or lessee of the land to secure the payment of damages as may be determined and fixed by agreement or in an action brought upon the bond or undertaking in a court of competent jurisdiction against the principal and sureties of the bond. The bond shall be in a form and amount as prescribed by the director and shall be filed with the administration.

Amended by Chapter 72, 1997 General Session