

### **What are mineral rights and severed minerals?**

Mineral rights are an ownership interest in minerals including iron, gas, coal, oil, copper, gold, or other valuable minerals.

Properties can have surface rights and mineral rights together or they can be severed. Severed mineral rights are an ownership interest in minerals that is separate from the ownership of the surface of the property.

### **How do I know if I owned the minerals prior to forfeiture?**

If you have a title search verifying mineral ownership or a deed that verifies mineral ownership, please submit that documentation with any claim. If your property was forfeited for nonpayment of taxes in the past, then it is likely that the minerals were severed and reserved by the State at that time.

### **How do I know if my forfeited property contains minerals of value?**

Examples of minerals of value in Minnesota may include iron, dimension stone granites and limestone, manganese, cobalt, gold, silver, copper, nickel, platinum and palladium. Peat, sand, gravel and other common construction aggregates are considered with the surface estate and are not part of the mineral estate. While properties with minerals of value are rare or very rare, it may be possible that your property has minerals of value if:

- Mining of minerals is happening nearby
- Exploration for minerals on your property, including exploratory drilling, that resulted in the discovery of minerals of interest, has taken place
- Someone has approached you with interest in purchasing your mineral rights with the intent to explore or mine minerals of value

### **What factors determine if my forfeited property has mineral value?**

For minerals to have value, they must be able to be mined or extracted. Even if your forfeited property does contain minerals, if they cannot be extracted from the ground, then they will not be determined to have value.

Some circumstances that could prevent minerals from being extracted include:

- Environmental regulations, prohibitions, or concerns
- Inability to obtain all permits and approvals that would be needed
- Location, including proximity to towns or lakes
- Size of the known mineral resource (e.g., the resource is not large enough to support the cost of developing a mine, or the surrounding land cannot be controlled to operate a mine)
- The depth of the deposit makes it too difficult or too expensive to extract
- The grade of the minerals is too low for the project to be economically feasible

### **What information will the state use to assess the value of the minerals on my forfeited property?**

The state will use any information that is provided by the owner of the forfeited property along with any other available data to determine if minerals of value exist. Examples of data used for this assessment includes exploratory drilling data and laboratory certified sampling that would confirm the presence of minerals on the forfeited property. The existence of minerals of value and the probability that they can be mined in the foreseeable future will be the main determinants of the value of the minerals. Minerals that cannot be mined due to depth, location, economics or environmental concerns will be determined to not have value.

### **Would I get the total value of the mineral estate now if there are valuable minerals on my forfeited property?**

Owners of minerals are usually paid an agreed upon fee per ton of ore extracted from the property. This is called a royalty rate. The royalty rate multiplied by the tons of minerals that are expected to be extracted from the forfeited property would determine the value of the minerals to the owner. This future value from when the minerals would be expected to be mined would then be adjusted to a Net Present Value. Net Present Value is a common way to account for the expected timing of mineral extraction. This adjustment to value is made because money now is more valuable than money in the future. The farther into the future the minerals are expected to be mined, the greater depreciation against the current value of the minerals. At a certain point in the future, the minerals would have no real current value.

### **How long will it take to evaluate my minerals surplus claim?**

Short answer: it depends on the complexity and data available for the minerals claim. There is no mandated timeline per legislation, however, DNR will process claims as rapidly as possible based on numbers and complexity of claims.

### **How will the DNR pay my claim?**

If there is a substantiated mineral surplus claim greater than the minimum bid (taxes, special assessments, penalties, interest and costs owed to the county), the DNR will appropriate funds as provided by the legislature and send a payment to the county for distribution to interested parties.

### **Is there a timeline to make my claim?**

Counties will mail a notice and claim form to any “interested parties” as defined in the statute 60 days after the surface sale required by section 282.005 (“Tyler auction”). You must file your claim within six months of the date of mailing of the first notice of Tyler auction and claim form from the county.

### **Will I get payment for any mineral value over the minimum bid?**

You will receive payment as funds are appropriated by the legislature for any mineral value in excess of the minimum bid.