

That where such prospecting permit is granted upon land within any known geologic structure of a producing oil or gas field, the royalty to be fixed in any lease thereafter granted thereon or any portion thereof shall be not less than 12½ per-centum of all the oil or gas produced except oil or gas used for production purposes on the claim, or unavoidably lost: *Provided, however,* That the provisions of this section shall not apply to lands reserved for the use of the Navy. No claimant for a permit or lease who has been guilty of any fraud or who had knowledge or reasonable grounds to know of any fraud, or who has not acted honestly and in good faith shall be entitled to any of the benefits of this section.

All permits or leases hereunder shall inure to the benefit of the claimant and all persons claiming through or under him by lease, contract, or otherwise, as their interests may appear.

(Feb. 25, 1920, ch. 85, § 19, 41 Stat. 445.)

REFERENCES IN TEXT

Section 227 of this title, referred to in text, was omitted from the Code.

§ 229. Preference right to permits or leases of claimants of lands bona fide entered as agricultural land; terms and conditions

In the case of lands bona fide entered as agricultural, and not withdrawn or classified as mineral at the time of entry, but not including lands claimed under any railroad grant, the entryman or patentee, or assigns, where assignment was made prior to January 1, 1918, if the entry has been patented with the mineral right reserved, shall be entitled to a preference right to a permit and to a lease, as herein provided, in case of discovery; and within an area not greater than a township such entryman and patentees, or assigns holding restricted patents may combine their holdings, not to exceed two thousand five hundred and sixty acres for the purpose of making joint application. Leases executed under this section and embracing only lands so entered shall provide for the payment of a royalty of not less than 12½ per centum as to such areas within the permit as may not be included within the discovery lease to which the permittee is entitled under section 223 of this title.

(Feb. 25, 1920, ch. 85, § 20, 41 Stat. 445.)

§ 229a. Water struck while drilling for oil and gas

(a) Acquisition; condition in lease

All prospecting permits and leases for oil or gas made or issued under the provisions of this chapter shall be subject to the condition that in case the permittee or lessee strikes water while drilling instead of oil or gas, the Secretary of the Interior may, when such water is of such quality and quantity as to be valuable and usable at a reasonable cost for agricultural, domestic, or other purposes, purchase the casing in the well at the reasonable value thereof to be fixed under rules and regulations to be prescribed by the Secretary.

(b) Prior leases

In cases where water wells producing such water have heretofore been or may hereafter be

drilled upon lands embraced in any prospecting permit or lease heretofore issued under this chapter, the Secretary may in like manner purchase the casing in such wells.

(c) Disposition

The Secretary may make such purchase and may lease or operate such wells for the purpose of producing water and of using the same on the public lands or of disposing of such water for beneficial use on other lands, and where such wells have heretofore been plugged or abandoned or where such wells have been drilled prior to the issuance of any permit or lease by persons not in privity with the permittee or lessee, the Secretary may develop the same for the purposes of this section: *Provided,* That owners or occupants of lands adjacent to those upon which such water wells may be developed shall have a preference right to make beneficial use of such water.

(d) Revolving fund

The Secretary may use so much of any funds available for the plugging of wells as he may find necessary to start the program provided for by this section, and thereafter he may use the proceeds from the sale or other disposition of such water as a revolving fund for the continuation of such program, and such proceeds are hereby appropriated for such purpose.

(e) Operations under lease not restricted

Nothing in this section shall be construed to restrict operations under any oil or gas lease or permit under any other provision of this chapter.

(Feb. 25, 1920, ch. 85, § 40, as added June 16, 1934, ch. 557, 48 Stat. 977; amended Pub. L. 94-579, title VII, § 704(a), Oct. 21, 1976, 90 Stat. 2792.)

AMENDMENTS

1976—Subsec. (a). Pub. L. 94-579 struck out proviso relating to reservation of land as a water hole under section 300 of title 43.

EFFECTIVE DATE OF 1976 AMENDMENT

Section 704(a) of Pub. L. 94-579 provided that the amendment made by that section is effective on and after Oct. 21, 1976.

SAVINGS PROVISION

Amendment by Pub. L. 94-579 not to be construed as terminating any valid lease, permit, patent, etc., existing on Oct. 21, 1976, see section 701 of Pub. L. 94-579, set out as a note under section 1701 of Title 43, Public Lands.

§§ 230 to 233. Repealed. June 22, 1948, ch. 605, § 3, 62 Stat. 576

Section 230, act Mar. 4, 1923, ch. 249, § 1, 42 Stat. 1448, authorized permits and leases for certain United States citizens and corporations in Oklahoma.

Section 231, act Mar. 4, 1923, ch. 249, § 2, 42 Stat. 1448, required applications for permits and leases to be made not later than sixty days after Mar. 4, 1923.

Section 232, act Mar. 4, 1923, ch. 249, § 3, 42 Stat. 1448, limited amount of land any one person or corporation could be granted.

Section 233, act Mar. 4, 1923, ch. 249, § 4, 42 Stat. 1448, provided for payment of royalties to United States.

SAVINGS PROVISION

Section 3 of act June 22, 1948, provided that the repeal of these sections is subject to existing valid rights.

§ 233a. Permits or leases of certain lands in Oklahoma; retention of royalties

The Secretary of the Interior is directed to retain in his custody until otherwise directed by law the 12½ per centum and other royalties heretofore or hereafter received by him in pursuance of section 233¹ of this title.

(Mar. 4, 1925, ch. 550, § 2, 43 Stat. 1302.)

REFERENCES IN TEXT

Section 233 of this title, referred to in text, was repealed by act June 22, 1948, ch. 605, § 3, 62 Stat. 576.

CODIFICATION

Section was not enacted as part of act Feb. 25, 1920, ch. 85, 41 Stat. 437, known as the Mineral Leasing Act, which comprises this chapter.

§§ 234 to 236. Repealed. June 22, 1948, ch. 605, § 3, 62 Stat. 576

Section 234, act Mar. 4, 1923, ch. 249, § 5, 42 Stat. 1449, provided for application of other laws to leases and permits granted under sections 230 to 233 and 234 to 236 of this title, and for disposition of lands and deposits remaining unappropriated and undisposed of.

Section 235, act Mar. 4, 1923, ch. 249, § 6, 42 Stat. 1449, prohibited interference with certain lands in possession of receivers appointed by the Supreme Court.

Section 236, act Mar. 4, 1923, ch. 249, § 7, 42 Stat. 1450, authorized promulgation of rules and regulations necessary to accomplish purposes of sections 230 to 233 and 234 to 236 of this title.

SAVINGS PROVISION

Section 3 of act June 22, 1948, provided that the repeal of these sections is subject to existing valid rights.

§ 236a. Lands in naval petroleum reserves and naval oil-shale reserves; effect of other laws

Nothing in sections 185, 221,¹ 223, 223a,¹ and 226 of this title and this section shall be construed as affecting any lands within the borders of the naval petroleum reserves and naval oil-shale reserves or agreements concerning operations thereunder or in relation to the same, but the Secretary of the Navy is hereby authorized, with the consent of the President, to enter into agreements such as those provided for under sections 184 and 226 of this title, which agreement shall not, unless expressed therein, operate to extend the terms of any lease affected thereby.

(Aug. 21, 1935, ch. 599, § 3, 49 Stat. 679.)

REFERENCES IN TEXT

Section 221 of this title, referred to in text, was omitted from the Code.

Section 223a of this title, referred to in text, was repealed by act Aug. 8, 1946, ch. 916, § 14, 60 Stat. 958.

CODIFICATION

Section was not enacted as part of act Feb. 25, 1920, ch. 85, 41 Stat. 437, known as the Mineral Leasing Act, which comprises this chapter.

§ 236b. Existing leases within naval petroleum reserves not affected

Nothing in this act shall be construed as affecting existing leases within the borders of the

naval petroleum reserves, or agreements concerning operations thereunder or in relation thereto.

(Aug. 8, 1946, ch. 916, § 13, 60 Stat. 958; Aug. 10, 1956, ch. 1041, § 53, 70A Stat. 675.)

REFERENCES IN TEXT

This act, referred to in text, is act Aug. 8, 1946, ch. 916, 60 Stat. 950, as amended, which is classified generally to sections 181, 184, 187a, 187b, 188, 193, 209, 225, 226, 226c to 226e, 236b, and 285 of this title. For complete classification of this Act to the Code, see Tables.

CODIFICATION

Section was not enacted as part of act Feb. 25, 1920, ch. 85, 41 Stat. 437, known as the Mineral Leasing Act, which comprises this chapter.

AMENDMENTS

1956—Act Aug. 10, 1956, repealed the portion of this section after “thereto” which authorized the Secretary of the Navy, with the consent of the President, to enter into agreements such as those provided for in section 236e of this title, which agreements, should not, unless expressed therein, operate to extend the term of any lease affected thereby.

§ 237. Omitted

CODIFICATION

Section, Pub. L. 95-372, title VI, § 602, Sept. 18, 1978, 92 Stat. 694, which required the Secretary of the Interior to submit annual reports to Congress on delinquent royalty accounts under leases issued under any Act regulating development of oil and gas on Federal lands, terminated, effective May 15, 2000, pursuant to section 3003 of Pub. L. 104-66, as amended, set out as a note under section 1113 of Title 31, Money and Finance. See, also, page 111 of House Document No. 103-7.

SUBCHAPTER V—OIL SHALE

§ 241. Leases of lands

(a) In general

(1) The Secretary of the Interior is hereby authorized to lease to any person or corporation qualified under this chapter any deposits of oil shale, and gilsonite (including all vein-type solid hydrocarbons) belonging to the United States and the surface of so much of the public lands containing such deposits, or land adjacent thereto, as may be required for the extraction and reduction of the leased minerals, under such rules and regulations, not inconsistent with this chapter, as he may prescribe.

(2) No lease hereunder shall exceed 5,760 acres of land, to be described by the legal subdivisions of the public-land surveys, or if unsurveyed, to be surveyed by the United States, at the expense of the applicant, in accordance with regulations to be prescribed by the Secretary of the Interior.

(3) Leases may be for indeterminate periods, upon such conditions as may be imposed by the Secretary of the Interior, including covenants relative to methods of mining, prevention of waste, and productive development.

(4) For the privilege of mining, extracting, and disposing of the oil or other minerals covered by a lease under this section the lessee shall pay to the United States such royalties as shall be specified in the lease and an annual rental, payable at the beginning of each year, at the rate of \$2.00 per acre per annum, for the lands included

¹ See References in Text note below.

¹ See References in Text note below.