

H-3107-1 - CONTINUATION, EXTENSION, OR RENEWAL OF LEASES

Solicitor's Opinion on Oil and Gas Extension Pursuant  
to Section 4(d) of the Mineral Leasing Act Revision of 1960  
(Meaning of Actual Drilling Operations) (M-36657, July 17, 1963)

UNITED STATES DEPARTMENT OF THE INTERIOR  
OFFICE OF THE SOLICITOR  
WASHINGTON 25, D. C.

M-36657

July 17, 1963

Memorandum

To: Chief, Division of Minerals, Bureau of Land Management

From: Associate Solicitor, Division of Public Lands

Subject: Oil and gas lease extensions pursuant to section 4(d) of the  
Mineral Leasing Act Revision of 1960

On July 5, 1963, the Assistant Solicitor, Branch of Minerals, of this Division, was informally asked by your office about the interpretation of section 4(d) of the Mineral Leasing Act Revision of 1960 (74 Stat. 781, 790; 30 U.S.C., sec. 226.1(d)). That subsection provides:

"(d) Any lease issued prior to the enactment of the Mineral Leasing Act Revision of 1960 which has been maintained in accordance with applicable statutory requirements and regulations and which pertains to land on which or for which under an approved cooperative or unit plan of development or operation, actual drilling operations were commenced prior to the end of its primary term and are being diligently prosecuted at that time shall be extended for two years and so long thereafter as oil or gas is produced in paying quantities."

The principal question asked was about the meaning of the term "actual drilling operations". We understand that certain lessees, in an endeavor to obtain 2-year extensions of their leases, have started drilling operations just before what would otherwise be the end of the primary term and, once that date has been passed, have terminated their drilling operations. Lessees have attempted to come within the technical requirements of actual drilling operations with drilling plans which have no reasonable prospect of success.

The legislative history of the Mineral Leasing Act Revision is not explicit on the meaning of this term, but it does reveal a significant fact. The original term employed was simply "drilling operations". Then it was amended to "actual drilling operations". It is obvious that the inclusion of the word "actual" was deemed of great importance by the Committee, and it should therefore, not be dismissed as mere verbiage. The word "actual" is opposed to the word "nominal", and thus the use of "actual" means that the drilling operations must be more than merely nominal. The purpose of drilling operations is to produce oil or gas. Therefore, an essential characteristic of actual drilling operations is that they be conducted in

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