

STATE OF MONTANA

ENVIRONMENTAL QUAL EQC ARCHIVES--1978-3

26034

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Terrence D. Carmody, Executive Director



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TO: EQC Members
FROM: Terry Carmody
RE: OIL AND GAS LEASING PROGRAM

Enclosed is a copy of our report on the Oil and Gas Leasing Program by the Department of State Lands. The list of recommendations is by no means all inconclusive but is used as a starting point to institute dialogue on the subject.

Time has been allotted at the August 3 meeting to discuss this report. If you have any questions, feel free to contact our office or we will discuss it with you during the meeting.

ENVIRONMENTAL QUALITY COUNCIL

Oil and Gas Leasing Program
Department of State Lands
July 13, 1978

I. Introduction

The Department of State Lands is responsible for administering the oil and gas leasing program on over 6,000,000 acres throughout the state. The lands were granted to the state by the United States Congress through the Enabling Act when Montana became a state. Provisions for the disposition of state lands including leases is mentioned in the Enabling Act, Montana Constitution, the laws concerning the Department of State Lands, and the regulations implementing the law.

The Department of State Lands has the mandate to generate as much revenue as possible for the school trust fund from all sources, under the supervision of the Department. Oil and gas leasing is but one of many programs which generate revenue for the fund.

II. Application

The Department has all lands available for leasing on file by township, range, and section. A company or individual, interested in a particular tract, may call or write inquiring about the availability of a certain tract. If the tract is not under lease prior to the inquiry, the potential lessee has two options. He can apply on a form prescribed by the department which requires a filing fee of \$10. This automatically establishes an opening bid of \$1.50/acre at the lease sale. Or the individual can wait and allow someone else to apply, thus avoiding the \$10 filing fee. In either instance, anyone can bid on a parcel once it has been applied for. The department does not