

HOUSE BILL 792

IN THE HOUSE

February 14, 1979	Introduced and referred to Committee on Natural Resources.
February 16, 1979	On motion, by chief sponsor, Senator Thiessen, added as co-sponsor.
February 21, 1979	Committee recommend bill, do not pass.
	Report adopted. Objection.
February 23, 1979	Second reading, as amended, do not pass.

1 *House* BILL NO. 792  
2 INTRODUCED BY *Don Kvaalen* *Samuel Wyrick* *Kennis*  
3 *VINCENT* *Alfonso* *Manuel*

4 A BILL FOR AN ACT ENTITLED: "AN ACT TO ESTABLISH  
5 COMPENSATION FOR THE SURFACE OWNER DUE TO DAMAGE TO THE  
6 SURFACE AND INTERFERENCE WITH THE USE OF THE SURFACE ARISING  
7 FROM OIL AND GAS DRILLING AND PRODUCTION; AND PROVIDING AN  
8 EFFECTIVE DATE."

9  
10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

11 Section 1. Findings. It is necessary to establish an  
12 overriding royalty payment on producing oil and gas wells in  
13 Montana to be paid to the owner of the surface land by the  
14 producing company to help compensate the surface owner for  
15 damages to his property and interference with the use of his  
16 property due to oil and gas drilling and production.

17 Section 2. Surface owner compensation. (1) A company  
18 which is producing oil or gas from a well in Montana shall  
19 pay the surface owner an overriding royalty of 2 1/2% of  
20 production from each such well or other equivalent  
21 compensation for surface damage due to drilling and  
22 production.

23 (2) In the event a well is abandoned or shut down the  
24 company responsible for plugging the well is responsible for  
25 payment to the surface owner of an annual amount to pay for

1 all actual damages incurred during the year.  
2 Section 3. Severability. If a part of this act is  
3 invalid, all valid parts that are severable from the invalid  
4 part remain in effect. If a part of this act is invalid in  
5 one or more of its applications, the part remains in effect  
6 in all valid applications that are severable from the  
7 invalid applications.

8 Section 4. Effective date. This act is effective on  
9 passage and approval.

-End-

10  
11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:  
12  
13 Section 1. Findings. It is necessary to establish an  
14 overriding-royalty ANNUAL payment on producing oil and gas  
15 wells in Montana to be paid to the owner of the surface land  
16 by the producing company to help compensate the surface  
17 owner for damages to his property and interference with the  
18 use of his property due to oil and gas drilling and  
production.

19           Section 2. Surface owner compensation. (1) A company  
20       which is producing oil or gas from a well in Montana shall  
21       pay the surface owner an overriding--royalty--of--2-1/2%--of  
22       production--from--each--such--well--or--other--equivalent ANNUAL  
23       compensation BY NEGOTIATION for surface damage due to  
24       drilling and production.

25 (2) In the event a well is abandoned or shut down the

1 company responsible for plugging the well is responsible for  
2 payment to the surface owner of an annual amount to pay for  
3 all actual damages incurred during the year.

4 Section 3. Severability. If a part of this act is  
5 invalid, all valid parts that are severable from the invalid  
6 part remain in effect. If a part of this act is invalid in  
7 one or more of its applications, the part remains in effect  
8 in all valid applications that are severable from the  
9 invalid applications.

10 SECTION 4. THERE IS A NEW MCA SECTION THAT READS:  
11 Grandfather clause. This act does not apply to any  
12 settlement or contract concluded before the effective date  
13 of this act.

14 SECTION 5a. THERE IS A NEW MCA SECTION THAT READS:  
15 Nonapplicability. In the event a lump sum settlement is  
16 arrived at between the oil company and the surface owner,  
17 this act does not apply.

18 Section 6. Effective date. This act is effective on  
19 passage and approval.

-End-