

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 C. Smith Wyatt Kemmis*  
 3 *VINCENT Helen Menden 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-

HOUSE BILL NO. 792

INTRODUCED BY DAY, KVAALEN, C. SMITH, MYRICK,  
KEMMIS, VINCENT, HARPER, MENAHAN, MANUEL

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

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

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

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

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

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

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

SECTION 4. THERE IS A NEW MCA SECTION THAT READS:

Grandfather clause. This act does not apply to any  
settlement or contract concluded before the effective date  
of this act.

SECTION 5. THERE IS A NEW MCA SECTION THAT READS:

Nonapplicability. In the event a lump sum settlement is  
arrived at between the oil company and the surface owner,  
this act does not apply.

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

-End-