

SENATE BILL NO. 165

INTRODUCED BY E. SMITH, TVEIT

BY REQUEST OF THE DEPARTMENT OF STATE LANDS

IN THE SENATE

January 17, 1981	Introduced and referred to Committee on Natural Resources.
	Fiscal note requested.
January 23, 1981	Fiscal note returned.
February 3, 1981	Committee recommended bill do pass. Report adopted.
February 4, 1981	Bill printed and placed on members' desks.
February 5, 1981	Second reading, do pass.
February 6, 1981	Correctly engrossed.
February 7, 1981	Third reading, passed. Transmitted to House.

IN THE HOUSE

February 9, 1981	Introduced and referred to Committee on Natural Resources.
March 5, 1981	Committee recommend bill be concurred in. Report adopted.
March 7, 1981	Second reading, concurred in.
March 10, 1981	Third reading, concurred in. Ayes, 97; Noes, 0.

IN THE SENATE

March 11, 1981	Returned from House. Concurred in. Sent to enrolling.
	Reported correctly enrolled.

1 *Agate* BILL NO. *165*
 2 INTRODUCED BY *E. Smith Trist*
 3 BY REQUEST OF THE DEPARTMENT OF STATE LANDS
 4

5 A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE FOR
 6 COMPENSATORY ROYALTIES IN LIEU OF OFFSET DRILLING ON STATE
 7 OIL AND GAS LEASES; AMENDING SECTION 77-3-427, MCA."
 8

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

10 Section 1. Section 77-3-427, MCA, is amended to read:
 11 "77-3-427. Provision for offset wells ~~is~~ compensatory
 12 royalties. Oil and gas leases granted by the state shall
 13 contain suitable provisions imposing upon all lessees the
 14 obligation to drill offset wells wherever and whenever
 15 necessary to prevent waste and damage to the property of the
 16 state. The board may allow the lessee the option of paying
 17 a compensatory royalty in lieu of drilling an offset well if
 18 it determines that such compensatory royalty will fully
 19 compensate the state for waste and damage to the property of
 20 the state. The compensatory royalty shall be based upon the
 21 estimated drainage, as determined by the board, and shall be
 22 paid on a monthly basis unless circumstances require
 23 otherwise."

-End-

INTRODUCED BILL
 SB 165

STATE OF MONTANA

REQUEST NO. 151-81

FISCAL NOTE

Form BD-15

In compliance with a written request received January 20, 1981, there is hereby submitted a Fiscal Note for Senate Bill No. 165 pursuant to Title 5, Chapter 4, Part 2 of the Montana Code Annotated (MCA).

Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

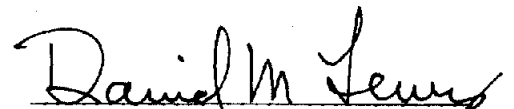
Description of Proposed Legislation:

An act to provide for compensatory royalties in lieu of offset drilling on State oil and gas leases; Amending Section 77-3-427, MCA.

Comments:

No additional expenses will be incurred by the enactment of this legislation. Any additional work will be absorbed by present staff.

Revenues are not expected to increase because of the passage of this legislation. The department would either receive royalties from the offset wells, as we do now, or receive compensatory royalty in lieu of drilling.



BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 1-23-81

Approved by Committee
on Natural Resources

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-End-

SECOND READING
SB 165

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REFERENCE BILL

SB 165