

HOUSE BILL NO. 122

**INTRODUCED BY ADDY, HEMSTAD, ROUSH, UNDERDAL, LORY, BENGTSON,
J. HAMMOND, HAGER, EUDAILY, BARDANOUE, DARKO, SWITZER,
NEUMAN, SAUNDERS, DAILY, NORDTVEDT, PECK, SWIFT, DONALDSON,
SCHYE, FARRIS, LYBECK, J. JENSEN, VAN VALKENBURG, SHONTZ**

BY REQUEST OF THE DEPARTMENT OF STATE LANDS

IN THE HOUSE

January 7, 1983	Introduced and referred to Committee on Natural Resources.
January 26, 1983	Committee recommend bill do pass. Report adopted.
January 27, 1983	Bill printed and placed on members' desks.
January 28, 1983	Second reading, do pass.
January 29, 1983	Considered correctly engrossed.
January 31, 1983	Third reading, passed. Transmitted to Senate.

IN THE SENATE

February 1, 1983	Introduced and referred to Committee on Natural Resources.
February 17, 1983	Committee recommend bill be concurred in as amended. Report adopted.
March 3, 1983	Second reading, concurred in.
March 5, 1983	Third reading, concurred in. Ayes, 49; Noes, 0.

IN THE HOUSE

March 5, 1983

Returned to House with
amendments.

March 9, 1983

Second reading, amendments
concurred in.

March 10, 1983

Third reading, amendments
concurred in.

Sent to enrolling.

Reported correctly enrolled.

Approved by Committee
on Natural Resources

Key
1 House BILL NO. 122 J. JENSEN
2 INTRODUCED BY Wally Kelly Ken Stang Thos. J. Hendricks
3 Bengtson J. Hendrick Wally Kelly
BY REQUEST OF THE DEPARTMENT OF STATE LANDS
4 Baranowski Carl Switzer Norman Samuelson
5 Barly Wendell Bob Malcolm Salvo Jamie
6 A BILL FOR AN ACT ENTITLED: "AN ACT TO AUTHORIZE THE BOARD

7 OF LAND COMMISSIONERS TO SET THE PRIMARY TERM OF OIL AND GAS
8 LEASES AT 10 YEARS OR LESS; AMENDING SECTION 77-3-421, MCA."

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

10 Section 1. Section 77-3-421, MCA, is amended to read:

11 "77-3-421. Duration of lease. (1) All state oil and
12 gas leases entered by the board shall be granted for a
13 primary term ~~or period~~ of 10 years or less and as long
14 thereafter as oil or gas in paying quantities is produced,
15 on condition that all drilling, rental, and other
16 obligations are fully kept and performed by the lessee.

17 (2) Oil or gas produced from any part of a unit in
18 which state lands are included by virtue of a pooling
19 agreement are considered to be produced from the state lands
20 therein within the meaning of this part."

-End-

SECOND READING
HB 122

1 *key* *House* BILL NO. *122* *J. JENSEN*
 2 INTRODUCED BY *Walter D. Montgomery*
 3 BY REQUEST OF THE DEPARTMENT OF STATE LANDS *Richard Wagoner*

4 *Barbara* *Walter D. Montgomery* *Richard Wagoner* *James* *Samuel*
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17 (2) Oil or gas produced from any part of a unit in
 18 which state lands are included by virtue of a pooling
 19 agreement are considered to be produced from the state lands
 20 therein within the meaning of this part."

-End-

THIRD READING

HB 122

February 17, 1983

SENATE STANDING COMMITTEE REPORT
(Natural Resources)

That House Bill No. 122 be amended as follows:

1. Page 1, line 13.

Following: "of"

Insert: "not more than"

Following: "or less"

Insert: "than 5 years"

2. Page 1, line 16.

Following: "lessee."

Insert: "However, leases for a period of less than 5 years may be issued if the board determines that such shorter term is necessary to ensure full compensation for the oil and gas resource."

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3 UNDERDAL, LORY, BENGTON, J. HAMMOND,
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5 SWITZER, NEUMAN, SAUNDERS, DAILY,
6 NORDTVEDT, PECK, SWIFT, DONALDSON,
7 SCHYE, FARRIS, LYBECK, J. JENSEN,

8 VAN VALKENBURG, SHONTZ

9 BY REQUEST OF THE DEPARTMENT OF STATE LANDS

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12 OF LAND COMMISSIONERS TO SET THE PRIMARY TERM OF OIL AND GAS
13 LEASES AT 10 YEARS OR LESS; AMENDING SECTION 77-3-421, MCA."

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

16 Section 1. Section 77-3-421, MCA, is amended to read:

17 "77-3-421. Duration of lease. (1) All state oil and
18 gas leases entered by the board shall be granted for a
19 primary term or period of NOT MORE THAN 10 years or less
20 THAN 5 YEARS and as long thereafter as oil or gas in paying
21 quantities is produced, on condition that all drilling,
22 rental, and other obligations are fully kept and performed
23 by the lessee. HOWEVER, LEASES FOR A PERIOD OF LESS THAN 5
24 YEARS MAY BE ISSUED IF THE BOARD DETERMINES THAT SUCH
25 SHORTER TERM IS NECESSARY TO ENSURE FULL COMPENSATION FOR

1 THE OIL AND GAS RESOURCE.

2 (2) Oil or gas produced from any part of a unit in
3 which state lands are included by virtue of a pooling
4 agreement are considered to be produced from the state lands
5 therein within the meaning of this part."

-End-