

§ 256.70

and is bound by the terms of the lease as though the lease had been obtained from the United States in the assignee's own name, and the assignment, after its approval, shall be the basis of a new record. Royalty, minimum royalty and rental provisions of the original lease shall apply separately to each segregated portion.

(b) For assignments of a portion of an oil and gas lease approved after the effective date of this section, each segregated lease shall continue in full force and effect for the primary term of the original lease and so long thereafter as oil or gas is produced from that segregated portion of the leased area in paying quantities or drilling or well reworking operations as approved by the Secretary are conducted.

(c) For those assignments approved prior to the effective date of this section, each segregated lease shall continue in full force and effect for the primary term of the original lease and so long thereafter as oil and gas may be produced from the original leased area in paying quantities or drilling or well reworking operations, as approved by the Secretary, are conducted.

§ 256.70 Extension of lease by drilling or well reworking operations.

The term of a lease shall be extended beyond the primary term so long as drilling or well reworking operations are approved by the Secretary according to the conditions set forth in 30 CFR 250.180.

[44 FR 38276, June 29, 1979, as amended at 55 FR 32908, Aug. 13, 1990; 64 FR 9066, Feb. 24, 1999; 64 FR 72795, Dec. 28, 1999]

§ 256.71 Directional drilling.

In accordance with an approved exploration plan or development and production plan, a lease may be maintained in force by directional wells drilled under the leased area from surface locations on adjacent or adjoining land not covered by the lease. In such circumstances, drilling shall be considered to have commenced on the leased area when drilling is commenced on the adjacent or adjoining land for the purpose of directional drilling under the leased area through any directional well surfaced on adjacent or adjoining land. Production, drilling or rework-

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ing of any such directional well shall be considered production or drilling or reworking operations on the leased area for all purposes of the lease.

§ 256.72 Compensatory payments as production.

If an oil and gas lessee makes compensatory payments and if the lease is not being maintained in force by other production of oil or gas in paying quantities or by other approved drilling or reworking operations, such payments shall be considered as the equivalent of production in paying quantities for all purposes of the lease.

[44 FR 38276, June 29, 1979. Redesignated at 47 FR 47006, Oct. 22, 1982, and amended at 54 FR 50617, Dec. 8, 1989]

§ 256.73 Effect of suspensions on lease term.

(a) A suspension may extend the term of a lease (see 30 CFR 250.171) with the extension being the length of time the suspension is in effect except as provided in paragraph (b) of this section.

(b) A Directed Suspension does not extend the lease term when the Regional Supervisor directs a suspension because of:

(1) Gross negligence; or (2) A willful violation of a provision of the lease or governing regulations.

(c) MMS may issue suspensions for a period of up to 5 years per suspension. The Regional Supervisor will set the length of the suspension based on the conditions of the individual case involved. MMS may grant consecutive suspensions. For more information on suspension of operations or production refer to the section under the heading "Suspensions" in 30 CFR part 250, subpart A.

[64 FR 72795, Dec. 28, 1999]

Subpart K—Termination of Leases

§ 256.76 Relinquishment of leases or parts of leases.

A lease or any officially designated subdivision thereof may be surrendered by the record title holder by filing a written relinquishment, in triplicate, with the appropriate OCS office of the