Mr. Harreld, from the Committee on Indian Affairs, submitted the following

REPORT

[To accompany H. R. 16074]

The Committee on Indian Affairs, to whom was referred the bill (H. R. 16074) to amend section 2 of the act of Congress of March 3, 1921 (41 Stat. L., p. 1249), entitled "An act to amend section 3 of the act of Congress of June 28, 1906, entitled 'An act for the division of the lands and funds of the Osage Indians in Oklahoma, and for other purposes,'" having considered the same, report favorably thereon with the recommendation that the bill do pass with the following amendments:

Page 3, lines 1 and 2, strike out the words "the United States district court for the district in which Osage County is or may hereafter be situated" and insert in lieu thereof the words "a court of competent jurisdiction".

Page 3, line 7, after the word "damage," change the comma to a period and strike out all that follows to the end of the bill.

The facts are fully set forth in House Report No. 1967, Sixty-ninth Congress, second session, which is attached hereto and made a part of this report.


The Committee on Indian Affairs, to whom was referred the bill (H. R. 16074) to amend section 2 of the act of Congress of March 3, 1921 (41 Stat. 1249), entitled "An act to amend section 3 of the act of Congress of June 28, 1906, entitled 'An act for the division of the lands and funds of the Osage Indians in Oklahoma, and for other purposes,'" having considered the same, report thereon with a recommendation that it do pass.

The letter of the Secretary of the Interior to your committee fully sets forth the reasons why this legislation is desired, and is incorporated as a part of this report.
Hon. Scott Leavitt,
Chairman Committee on Indian Affairs,
House of Representatives, Washington, D. C.

My Dear Mr. Leavitt: Reference is again made to your letter of January 10, 1927, forwarding for report thereon a copy of H. R. 16074 to amend section 2 of the act of Congress of March 3, 1921. (41 Stat. 1249.)

The section of law which the bill would amend reads as follows:

"That the bona fide owner or lessee of the surface of the land shall be compensated, under rules and regulations prescribed by the Secretary of the Interior in connection with oil and gas mining operations, for any damage that shall accrue after the passage of this act as a result of the use of such land for oil and gas mining purposes or out of damages to the land or crops thereon occasioned thereby, but nothing herein contained shall be construed to deny to the surface owner or lessee the right to appeal to the courts without the consent of the Secretary of the Interior, in the event he is dissatisfied with the amount of damages awarded him."

The regulations of the department prescribed pursuant to the provisions above quoted provide for the appointment of a board of arbitration to consider and settle questions of disputed damages arising between mineral lessees and surface owners or lessees.

There are inclosed four copies of the regulations of this department approved March 7, 1923, to govern the leasing of lands for oil and gas mining purposes in the Osage Indian Reservation. Sections Nos. 35, 36, 37, 38, and 39 of these regulations constitute the regulations prescribed and promulgated by this department for the arbitration of questions of damages under section 2 of the act of March 3, 1921. In general these regulations have been satisfactory. Several cases have arisen where the surface owners or lessees have attempted to interfere with the operations of the oil and gas lessees properly entitled to possession of the land, and in which it has been found necessary to institute court proceedings looking to obtaining restraining orders.

The pending bill appears somewhat broader and more specific in its terms than the law it proposes to amend. The law as it now stands provides that the surface owner or lessee may appeal from the award of the board of arbitration. Should H. R. 16074 be enacted, either party concerned in the award would have the right of appeal. Arbitration, or a bona fide written offer to arbitrate, by the terms of the bill, is made a condition precedent to a resort to the courts by either party, which is not the case under the present law. The bill specifically clothes the United States district court having jurisdiction in Osage County, Okla., with exclusive original jurisdiction in all such cases where court action is to be had, whereas the question of jurisdiction as between the Oklahoma State and the Federal courts is left open in the existing statute.

It is believed that the terms of H. R. 16074 are fair both to the interests of the Osage Tribe affected through the development of oil and gas leases and those of the individual surface owner or lessee. This department will offer no objection to the enactment of the bill.

Very truly yours,

Hubert Work.