

Public Law 97-78
97th Congress

An Act

Nov. 16, 1981
[H.R. 3975]

To facilitate and encourage the production of oil from tar sand and other hydrocarbon deposits.

Oil production.
Mineral land
leasing.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (1) section 1 (30 U.S.C. 181), sections 21 (a) and (c) (30 U.S.C. 241 (a) and (c)), and section 34 (30 U.S.C. 182) of the Mineral Lands Leasing Act of 1920, as amended, are amended by deleting "native asphalt, solid and semi-solid bitumen, and bituminous rock (including oil-impregnated rock or sands from which oil is recoverable only by special treatment after the deposit is mined or quarried)" and by inserting in lieu thereof "gilsonite (including all vein-type solid hydrocarbons)", except that in the first sentence of section 21(a) the word "and" should be inserted before "gilsonite" and the comma after the parenthesis should be eliminated in section 21.

(2) Section 27(k) of such Act (30 U.S.C. 184(k)) is amended by deleting "native asphalt, solid and semisolid bitumen, bituminous rock," and by inserting in lieu thereof "gilsonite (including all vein-type solid hydrocarbons),".

(3) Section 39 of such Act (30 U.S.C. 209) is amended by inserting "gilsonite (including all vein-type solid hydrocarbons)," after "oil shale".

Definitions.

(4) Section 1 of such Act (30 U.S.C. 181) is further amended by adding after the first paragraph the following new paragraphs:

"The term 'oil' shall embrace all nongaseous hydrocarbon substances other than those substances leasable as coal, oil shale, or gilsonite (including all vein-type solid hydrocarbons).

"The term 'combined hydrocarbon lease' shall refer to a lease issued in a special tar sand area pursuant to section 17 after the date of enactment of the Combined Hydrocarbon Leasing Act of 1981.

"The term 'special tar sand area' means (1) an area designated by the Secretary of the Interior's orders of November 20, 1980 (45 FR 76800-76801) and January 21, 1981 (46 FR 6077-6078) as containing substantial deposits of tar sand."

(5) Section 27(d)(1) of such Act (30 U.S.C. 184(d)(1)) is amended by inserting before the period at the end of the first sentence the following: "Provided, however, That acreage held in special tar sand areas shall not be chargeable against such State limitations."

(6)(a) Section 17(b) of such Act (30 U.S.C. 226(b)) is amended by inserting "(1)" after "(b)" and adding a new subsection to read as follows:

"(2) If the lands to be leased are within a special tar sand area, they shall be leased to the highest responsible qualified bidder by competitive bidding under general regulations in units of not more than five thousand one hundred and twenty acres, which shall be as nearly compact as possible, upon the payment by the lessee of such bonus as may be accepted by the Secretary. Royalty shall be 12½ per centum in amount or value of production removed or sold from the lease,

Royalties.

subject to section 17(k)(1)(c). The Secretary may lease such additional lands in special tar sand areas as may be required in support of any operations necessary for the recovery of tar sands.” *Infra.*

(b) Section 17(c) of such Act (30 U.S.C. 226(c)) is amended by deleting “within any known geological structure of a producing oil or gas field,” and inserting in lieu thereof “subject to leasing under subsection (b).”

(c) Section 17(e) of such Act (30 U.S.C. 226(e)) is amended by inserting before the period at the end of the first sentence the following: “: *Provided, however,* That competitive leases issued in special tar sand areas shall also be for a primary term of ten years.”

(7) Section 39 of such Act (30 U.S.C. 209) is amended by adding after the period following the first sentence: “*Provided, however,* That in order to promote development and the maximum production of tar sand, at the request of the lessee, the Secretary shall review, prior to commencement of commercial operations, the royalty rates established in each combined hydrocarbon lease issued in special tar sand areas. For purposes of this section, the term ‘tar sand’ means any consolidated or unconsolidated rock (other than coal, oil shale, or gilsonite) that either: (1) contains a hydrocarbonaceous material with a gas-free viscosity, at original reservoir temperature, greater than 10,000 centipoise, or (2) contains a hydrocarbonaceous material and is produced by mining or quarrying.” *“Tar sand.”*

(8) Section 17 of such Act (30 U.S.C. 226) is amended by adding at the end thereof the following new subsection:

“(k)(1)(A) The owner of (1) an oil and gas lease issued prior to the date of enactment of the Combined Hydrocarbon Leasing Act of 1981 or (2) a valid claim to any hydrocarbon resources leasable under this section based on a mineral location made prior to January 21, 1926, and located within a special tar sand area shall be entitled to convert such lease or claim to a combined hydrocarbon lease for a primary term of ten years upon the filing of an application within two years from the date of enactment of that Act containing an acceptable plan of operations which assures reasonable protection of the environment and diligent development of those resources requiring enhanced recovery methods of development or mining. For purposes of conversion, no claim shall be deemed invalid solely because it was located as a placer location rather than a lode location or vice versa, notwithstanding any previous adjudication on that issue. *Application filing.*

“(B) The Secretary shall issue final regulations to implement this section within six months of the effective date of this Act. If any oil and gas lease eligible for conversion under this section would otherwise expire after the date of this Act and before six months following the issuance of implementing regulations, the lessee may preserve his conversion right under such lease for a period ending six months after the issuance of implementing regulations by filing with the Secretary, before the expiration of the lease, a notice of intent to file an application for conversion. Upon submission of a complete plan of operations in substantial compliance with the regulations promulgated by the Secretary for the filing of such plans, the Secretary shall suspend the running of the term of any oil and gas lease proposed for conversion until the plan is finally approved or disapproved. The Secretary shall act upon a proposed plan of operations within fifteen months of its submittal. *Regulations.*

“(C) When an existing oil and gas lease is converted to a combined hydrocarbon lease, the royalty shall be that provided for in the original oil and gas lease and for a converted mining claim, 12½ per *Royalties.*

centum in amount or value of production removed or sold from the lease.

“(2) Except as provided in this section, nothing in the Combined Hydrocarbon Leasing Act of 1981 shall be construed to diminish or increase the rights of any lessee under any oil and gas lease issued prior to the enactment of such Act.”

(9)(a) Section 2 of the Mineral Leasing Act for Acquired Lands (30 U.S.C. 351) is amended by adding at the end thereof: “The term ‘oil’ shall embrace all nongaseous hydrocarbon substances other than those leasable as coal, oil shale, or gilsonite (including all vein-type solid hydrocarbons).”

(b) Section 3 of such Act (30 U.S.C. 352) is amended by inserting “gilsonite (including all vein-type solid hydrocarbons),” after “oil shale”.

(10) Nothing in this Act shall affect the taxable status of production from tar sand under the Crude Oil Windfall Profit Tax Act of 1980 (Public Law 96-223), reduce the depletion allowance for production from tar sand, or otherwise affect the existing tax status applicable to such production.

(11) No provision of this Act shall apply to national parks, national monuments, or other lands where mineral leasing is prohibited by law. The Secretary of the Interior shall apply the provisions of this Act to the Glen Canyon National Recreation Area, and to any other units of the national park system where mineral leasing is permitted, in accordance with any applicable minerals management plan if the Secretary finds that there will be no resulting significant adverse impacts on the administration of such area, or on other contiguous units of the national park system.

Approved November 16, 1981.

30 USC 181
note.

26 USC 1 note.

Prohibition.
30 USC 181
note.

LEGISLATIVE HISTORY—H.R. 3975:

HOUSE REPORT No. 97-174 (Comm. on Interior and Insular Affairs).

SENATE REPORT No. 97-250 (Comm. on Energy and Natural Resources).

CONGRESSIONAL RECORD, Vol. 127 (1981):

July 14, considered and passed House.

Oct. 29, considered and passed Senate.