

Public Law 87-796

AN ACT

October 11, 1962
[H. R. 5423]

To amend title 10, United States Code, to authorize the Secretary of the Navy to take possession of the naval oil shale reserves, and for other purposes.

Navy.
Naval oil
shale reserves,
possession.
70A Stat. 457.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That title 10, United States Code, is amended as follows:

(1) Section 7421 is amended to read as follows:

"(a) The Secretary of the Navy shall take possession of all properties inside the naval petroleum and oil shale reserves that are or may become subject to the control of and use by the United States for naval purposes, except as otherwise provided in section 7438 hereof.

"(b) The Secretary has exclusive jurisdiction and control over those lands inside naval petroleum reserves numbered 1 and 2 that are covered by leases granted under sections 181-184, 185-188, 189-194, 201, 202-209, 211-214, 223, 224-226, 226d, 226e, 227-229a, 241, 251, and 261-263 of title 30, and shall administer those leases."

41 Stat. 437.
Administration.
Post, p. 906.

(2) Section 7422 is amended to read as follows:

"(a) Except as otherwise provided in section 7438 hereof, the Secretary of the Navy, directly or by contract, lease, or otherwise, shall explore, prospect, conserve, develop, use, and operate the naval petroleum and oil shale reserves in his discretion, subject to approval by the President.

"(b) The naval petroleum and oil shale reserves and lands outside naval petroleum reserve numbered 1 covered by contracts under section 7426 of this title, shall be used and operated for—

70A Stat. 459.

"(1) the protection, conservation, maintenance, and testing of those reserves; or

"(2) the production of petroleum, gas, oil shale and products thereof whenever and to the extent that the Secretary, with the approval of the President, finds that it is needed for national defense and the production is authorized by a joint resolution of Congress."

(3) Section 7423 is amended to read as follows:

Production
requirements.
Reexamination.

"The Secretary of the Navy shall from time to time reexamine the need for the production of petroleum or products from oil shale for national defense when that production is authorized under section 7422 of this title. If he finds that the authorized quantity is no longer needed, he shall reduce production to the amount currently needed for national defense."

(4) Section 7424 is amended to read as follows:

Oil reserves,
contracts with
owners, etc.

"(a) To consolidate and protect the oil lands owned by the United States, the Secretary of the Navy may—

"(1) contract with owners and lessees of land inside or adjoining naval petroleum and oil shale reserves for—

"(A) conservation in the ground of oil and gas; and

"(B) compensation for estimated drainage in lieu of drilling or operating offset wells; and

"(2) acquire privately owned lands or leases inside naval petroleum reserve numbered 1 by exchange of—

"(A) lands of the United States inside naval petroleum reserve numbered 1;

"(B) the right to royalty production from any of the naval petroleum reserves; and

"(C) the right to any money due the United States as a result of the wrongful extraction of petroleum products from lands inside naval petroleum reserve numbered 1.

"(b) The Secretary shall report annually to Congress all agreements under this section."

(5) Section 7428 is amended to read as follows:

"Every unit or cooperative plan of development and operation, except a plan authorized by section 7426 of this title, and every lease affecting lands owned by the United States within the naval petroleum and oil shale reserves shall contain a provision authorizing the Secretary of the Navy, subject to approval by the President and to any limitation in the plan or lease, to change from time to time the rate of prospecting and development on, and the quantity and rate of production from, lands of the United States under the plan or lease, notwithstanding any other provision of law."

Agreements and
leases.
70A Stat. 460.

(6) Section 7430 is amended to read as follows:

"(a) The Secretary of the Navy in administering the naval petroleum and oil shale reserves under this chapter shall use, store, sell, or exchange for other petroleum or refined products, the oil and gas products, including royalty products, oil shale and products therefrom produced, from lands in the naval petroleum and oil shale reserves and lands outside petroleum reserve numbered 1 covered by joint, unit, or other cooperative plans for the benefit of the United States.

Disposition
of products.

"(b). Each sale of petroleum, gas, other hydrocarbons, oil shale, or products therefrom, under this section shall be made by the Secretary at public sale to the highest qualified bidder at such time, in such amounts, and after such advertising as the Secretary considers proper."

(7) Section 7431 is amended to read as follows:

"The Committees on Armed Services of the Senate and the House of Representatives must be consulted and the President's approval must be obtained before any condemnation proceedings may be started under this chapter and before any of the following transactions authorized by this chapter may be effective:

Prior approval
for certain
transactions.

"(1) A lease of any part of the naval petroleum or oil shale reserves.

"(2) A contract to alienate from the United States the use, control, or possession of any part of the naval petroleum or oil shale reserves (except that consultation and Presidential approval are not required in connection with the issuance of permits, licenses, easements, grazing and agricultural leases, rights-of-way, and similar contracts pertaining to use of the surface area of the naval petroleum and oil shale reserves).

"(3) A contract to sell the oil and gas (other than royalty oil and gas), oil shale, and products therefrom produced from any part of the naval petroleum and oil shale reserves.

"(4) A contract for conservation or for compensation for estimated drainage.

"(5) An agreement to exchange land, the right to royalty production, or the right to any money due the United States."

(8) Section 7432 is amended to read as follows:

"(a) Expenses incurred by the Secretary of the Navy with respect to the naval petroleum and oil shale reserves shall be paid from appropriations made available for the purposes specified in this chapter.

Expenditures.

"(b) Expenditures necessary to carry out this chapter shall be made under the direction of the President, who shall submit estimates for these expenditures as prescribed by law."

(9) Section 7433 is amended to read as follows:

"(a) Any oil, gas, gasoline or other substance accruing to the United States as royalty from any lease under this chapter shall be delivered

Disposition of
royalties.

to the United States, or shall be paid for in money, as the Secretary of the Navy elects.

"(b) All money accruing to the United States from lands in the naval petroleum and oil shale reserves shall be covered into the Treasury."

Quarterly
reports.

(10) Section 7434 is amended to read as follows:

"Within thirty days after the close of each quarter, the Secretary of the Navy shall report to the Committees on Armed Services of the Senate and House of Representatives the production from the naval petroleum and oil shale reserves during the preceding quarter."

Foreign
interests.

(11) Section 7435 is amended to read as follows:

"(a) If the laws, customs, or regulations of any foreign country deny the privilege of leasing public lands to citizens or corporations of the United States, citizens of that foreign country, or corporations controlled by citizens of that country, may not, by contract made after July 1, 1937, or by stock ownership, holding, or control, acquire or own any interest in, or right to any benefit from, any lease of land in the naval petroleum, naval oil shale, or other naval fuel reserves made under sections 181-184, 185-188, 189-194, 201, 202-209, 211-214, 223, 224-226, 226d, 226e, 227-229a, 241, 251, and 261-263 of title 30, or under this chapter.

41 Stat. 437.

"(b) The Secretary of the Navy may cancel any lease for any violation of this section."

Rifle, Colo.,
demonstration
facility.
Possession
and use.

(12) Section 7438 is amended to read as follows:

"§ 7438. Rifle, Colorado, Plant; possession, use, and transfer of

"(a) The Secretary of the Interior shall take possession of the experimental demonstration facility near Rifle, Colorado, which was constructed and operated by the Department of the Interior on lands on or near the naval oil shale reserves under the Act of April 5, 1944, chapter 172 (58 Stat. 190), as amended.

30 USC 321-325.

"(b) The Secretary of the Interior, subject to the approval of the President, shall by contract, lease, or otherwise encourage the use of the facility described in subsection (a) above in research, development, test, evaluation, and demonstration work. For such purposes the Secretary of the Interior may use, lease for use by institutions, organizations, or individuals, public or private, or transfer by letter to the Secretary of the Navy the facility described in subsection (a) above and may construct, install, and operate, or lease for operation additional experimental facilities on such lands. The Secretary of the Interior may, after consultation by the Secretary of the Navy with the Committees on Armed Services of the Senate and the House of Representatives, mine and remove, or authorize the mining and removal, of any oil shale or products therefrom from lands in the naval oil shale reserves that may be needed for such experimentation.

"(c) Nothing herein contained shall be construed—

"(1) to authorize the commercial development and operation of the naval oil shale reserves by the Government in competition with private industry; or

"(2) in diminution of the responsibility of the Secretary of the Navy in providing oil shale and products therefrom for needs of national defense."

(13) The analysis of chapter 641 is amended as follows: In the last line after the figure "7438" delete the words

"Exclusion of naval oil shale reserves"

and insert in lieu thereof the words

"Rifle, Colorado, plant; possession, use, and transfer of."

Approved October 11, 1962.