

**PART 226—LEASING OF OSAGE  
RESERVATION LANDS FOR OIL  
AND GAS MINING**

## Sec.

226.1 Definitions.

## LEASING PROCEDURE, RENTAL AND ROYALTY

- 226.2 Sale of leases.  
226.3 Surrender of lease.  
226.4 Form of payment.  
226.5 Leases subject to current regulations.  
226.6 Bonds.  
226.7 Provisions of forms made a part of the regulations.  
226.8 Corporation and corporate information.  
226.9 Rental and drilling obligations.  
226.10 Term of lease.  
226.11 Royalty payments.  
226.12 Government reserves right to purchase oil.  
226.13 Time of royalty payments and reports.  
226.14 Contracts and division orders.  
226.15 Unit leases, assignments and related instruments.

## OPERATIONS

- 226.16 Commencement of operations.  
226.17 How to acquire permission to begin operations on a restricted homestead allotment.  
226.18 Information to be given surface owners prior to commencement of drilling operations.  
226.19 Use of surface of land.  
226.20 Settlement of damages claimed.  
226.21 Procedure for settlement of damages claimed.  
226.22 Prohibition of pollution.  
226.23 Easements for wells off leased premises.  
226.24 Lessee's use of water.  
226.25 Gas well drilled by oil lessees and vice versa.  
226.26 Determining cost of well.  
226.27 Gas for operating purposes and tribal use.

## CESSATION OF OPERATIONS

- 226.28 Shutdown, abandonment, and plugging of wells.  
226.29 Disposition of casings and other improvements.

## REQUIREMENTS OF LESSEES

- 226.30 Lessees subject to Superintendent's orders; books and records open to inspection.  
226.31 Lessee's process agents.  
226.32 Well records and reports.  
226.33 Line drilling.  
226.34 Wells and tank batteries to be marked.

- 226.35 Formations to be protected.  
226.36 Control devices.  
226.37 Waste of oil and gas.  
226.38 Measuring and storing oil.  
226.39 Measurement of gas.  
226.40 Use of gas for lifting oil.  
226.41 Accidents to be reported.

## PENALTIES

- 226.42 Penalty for violation of lease terms.  
226.43 Penalties for violation of certain operating regulations.

## APPEALS AND NOTICES

- 226.44 Appeals.  
226.45 Notices.  
226.46 Information collection.

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**§ 226.1 Definitions.**

As used in this part 226, terms shall have the meanings set forth in this section.

(a) *Secretary* means the Secretary of the Interior or his authorized representative acting under delegated authority.

(b) *Osage Tribal Council* means the duly elected governing body of the Osage Nation or Tribe of Indians of Oklahoma vested with authority to lease or take other actions on oil and gas mining pertaining to the Osage Mineral Estate.

(c) *Superintendent* means the Superintendent of the Osage Agency, Pawhuska, Oklahoma, or his authorized representative acting under delegated authority.

(d) *Oil lessee* means any person, firm, or corporation to whom an oil mining lease is made under the regulations in this part.

(e) *Gas lessee* means any person, firm, or corporation to whom a gas mining lease is made under the regulations in this part.

(f) *Oil and gas lessee* means any person, firm, or corporation to whom an oil and gas mining lease is made under the regulations in this part.

(g) *Primary term* means the basic period of time for which a lease is issued during which the lease contract may be kept in force by payment of rentals.

(h) *Major purchaser* means any one of the minimum number of purchasers taking 95 percent of the oil in Osage County, Oklahoma. Any oil purchased by a purchaser from itself, its subsidiaries, partnerships, associations, or other corporations in which it has a financial or management interest shall be excluded from the determination of a major purchaser.

(i) *Casinghead gas* means gas produced from an oil well as a consequence of oil production from the same formation.

(j) *Natural gas* means any fluid, either combustible or noncombustible, recovered at the surface in the gaseous phase and/or hydrocarbons recovered at the surface as liquids which are the result of condensation caused by reduction of pressure and temperature of hydrocarbons originally existing in a reservoir in the gaseous phase.

(k) *Authorized representative* of an oil lessee, gas lessee, or oil and gas lessee means any person, group, or groups of persons, partnership, association, company, corporation, organization or agent employed by or contracted with a lessee or any subcontractor to conduct oil and gas operations or provide facilities to market oil and gas.

(l) *Oil well* means any well which produces one (1) barrel or more of crude petroleum oil for each 15,000 standard cubic feet of natural gas.

(m) *Gas well* means any well which:

(1) Produces natural gas not associated with crude petroleum oil at the time of production or

(2) Produces more than 15,000 standard cubic feet of natural gas to each barrel of crude petroleum oil from the same producing formation.

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#### LEASING PROCEDURE, RENTAL AND ROYALTY

##### § 226.2 Sale of leases.

(a) Written application, together with any nomination fee, for tracts to be offered for lease shall be filed with the Superintendent.

(b) The Superintendent, with the consent of the Osage Tribal Council, shall

publish notices for the sale of oil leases, gas leases, and oil and gas leases to the highest responsible bidder on specific tracts of the unleased Osage Mineral Estate. The Superintendent may require any bidder to submit satisfactory evidence of his good faith and ability to comply with all provisions of the notice of sale. Successful bidders must deposit with the Superintendent on day of sale a check or cash in an amount not less than 25 percent of the cash bonus offered as a guaranty of good faith. Any and all bids shall be subject to the acceptance of the Osage Tribal Council and approval of the Superintendent. Within 20 days after notification of being the successful bidder, and said bidder must submit to the Superintendent the balance of the cash bonus, a \$10 filing fee, and the lease in completed form. The Superintendent may extend the time for the completion and submission of the lease form, but no extension shall be granted for remitting the balance of moneys due. If the bidder fails to pay the full cash consideration within said period or fails to file the completed lease within said period or extension thereof, or if the lease is rejected through no fault of the Osage Tribal Council or the Superintendent, 25 percent of the cash bonus bid will be forfeited for the use and benefits of the Osage Tribe. The Superintendent may reject a lease made on an accepted bid, upon evidence satisfactory to him of collusion, fraud, or other irregularity in connection with the notice of sale. The Superintendent may approve oil leases, gas leases, and oil and gas leases made by the Osage Tribal Council in conformity with the notice of sale, regulations in this part, bonds, and other instruments required.

(c) Each oil and/or gas lease and activities and installations associated therewith subject to these regulations shall be assessed and evaluated for its environmental impact prior to its approval by the Superintendent.

(d) Lessee shall accept a lease with the understanding that a mineral not covered by his lease may be leased separately.

(e) No lease, assignment thereof, or interest therein will be approved to any employee or employees of the Government and no such employee shall be