

O. R. WEYRICH, JR.

IBLA 80-575

Decided August 22, 1980

Appeal from decision of the Colorado State Office, Bureau of Land Management, declining to terminate the period of liability for an oil and gas lease bond. C-14820-A (Acq.).

Affirmed.

1. Oil and Gas Leases: Bonds

An oil and gas lease bond may not have its period of liability terminated until all the terms and conditions of the lease have been satisfied.

APPEARANCES: Walfrid B. Hankla, Esq., Minot, North Dakota, for appellant.

OPINION BY ADMINISTRATIVE JUDGE HENRIQUES

O. R. Weyrich, Jr., has appealed the March 10, 1980, decision of the Colorado State Office, Bureau of Land Management (BLM), which held that the period of liability of the lease bond for oil and gas lease C-14820-A (Acq.) could not be terminated as the well drilled on the leasehold had not been satisfactorily plugged and abandoned. The decision also stated that the lease had terminated March 1, 1980, for failure to the lessee to pay the annual rental due on or before that date for the 9th lease year.

Oil and gas lease C-14820 (Acq.) was issued March 1, 1972. A partial assignment of 240.38 acres in lots 1, 2, S 1/2 NE 1/4, N 1/2 SE 1/4 sec. 3, T. 11 N., R. 57 W., sixth principal meridian, Colorado, was designated as lease C-14820-A (Acq.), effective October 1, 1972. After several mesne assignments, record title to lease C-14820-A (Acq.) vested in O. R. Weyrich, Jr.

A \$10,000 lease bond, No. 197E373-7, was issued to Weyrich by The Travelers Indemnity Co. on September 15, 1976. Thereafter, a well was drilled unsuccessfully in the SE 1/4 NE 1/4 sec. 3, within the leasehold of C-14820-A (Acq.). As no report had been received from the Geological Survey that the well had been properly plugged and abandoned, BLM declined to terminate the period of liability under the lease bond.

Appellant now asks that he be advised of the exact measures which must be taken by him to effect a release of his bond.

As the land in the leasehold was acquired as part of the Pawnee National Grasslands, compliance with the Forest Service requirements set out in the grasslands operating plan must be had.

The rehabilitation of the well site must include the following:

1. Fencing the well site (this has been done).
2. Cut the surface monument (well pipe) at least 2 feet below the surface of the ground.
3. Reseed inside the fenced area with 3 pounds of seed mix, consisting of 50 percent western wheatgrass, 25 percent sand dropseed, and 25 percent sand lovegrass or side oats grama.
4. Following establishment of a new grass cover (after 2 or 3 years), the fence will have to be removed unless Weyrich will waive ownership of the fence to the Forest Service.

[1] Any further specific instructions may be obtained from the Forest Service and Geological Survey. Until such time as the rehabilitation work is done and accepted as satisfactory by both the Forest Service and the Geological Survey, termination of the period of liability under bond No. 197E373-7 may not be allowed. The pertinent regulation, 43 CFR 3104.8, provides:

§ 3104.8 Termination of period of liability.

The authorized officer will not give consent to termination of the period of liability of any bond unless an acceptable alternative bond has been filed or until all the terms and conditions of the lease have been met. [41 FR 45566, Oct. 15, 1976]

Accordingly, pursuant to the authority delegated to the Board of Land Appeals by the Secretary of the Interior, 43 CFR 4.1, the decision appealed from is affirmed.

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Douglas E. Henriques  
Administrative Judge

We concur:

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James L. Burski  
Administrative Judge

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Joan B. Thompson  
Administrative Judge

