

AMBRA OIL AND GAS CO.

IBLA 81-916

Decided September 22, 1981

Appeal from the decision of the Colorado State Office, Bureau of Land Management, increasing the rental for oil and gas lease C-27418.

Affirmed.

1. Oil and Gas Leases: Generally--Oil and Gas Leases: Known Geologic Structure

A determination by the Geological Survey that lands are within an undefined known geologic structure will not be disturbed in the absence of a clear showing that the determination was improperly made.

2. Oil and Gas Leases: Rentals--Oil and Gas Leases: Known Geologic Structure

Where the Geological Survey has determined that any part of the lands described in a noncompetitive oil and gas lease is within an undefined known geologic structure, the lessee is required to pay increased rental in accordance with 43 CFR 3103.3-2(b)(1).

APPEARANCES: Kerry M. Miller, Land Manager, and Kent A. Swanson, Geologist, Ambra Oil and Gas Company.

OPINION BY ADMINISTRATIVE JUDGE HENRIQUES

Ambra Oil and Gas Company has appealed the decision of the Colorado State Office, Bureau of Land Management (BLM), dated July 13, 1981, increasing the rental for oil and gas lease, C-27418, to \$2 per acre or fraction thereof because part of the lands in the lease have been determined to be within an undefined known geologic structure (KGS).

Appellant's lease covers 2,080 acres of Federal lands as follows:

T. 36 N., R. 14 W., New Mexico principal meridian
 Sec. 21: All
 Sec. 27: NE 1/4 NE 1/4
 Sec. 28: N 1/2 Sec. 34: N 1/2, N 1/2 S 1/2, S 1/2 SE 1/4
 Sec. 35: N 1/2, SW 1/4, NE 1/4 SE 1/4

The Geological Survey reported to BLM on May 27, 1981, that based on a discovery of gas in sec. 2, T. 35 N., R. 14 W., New Mexico principal meridian, certain lands including the S 1/2 SW 1/4, SW 1/4 SE 1/4, sec. 35, T. 36 N., R. 14 W., New Mexico principal meridian, are within an undefined KGS effective May 27, 1981.

In its statement of reasons, appellant argues that the lands within its lease should not be considered as within a KGS. Appellant states that the lease is "updip from producing wells in T35N and indicates a permeability barrier for hydrocarbons." Appellant reports it has drilled a dry hole in sec. 34 and "[b]ecause of the southerly regional dip of the Dakota Formation, hydrocarbons are not to be expected on [its] lands."

In declaring land within an oil and gas lease to be within a known geologic structure, the Bureau of Land Management relies on the reports of the Geological Survey. The Director, Geological Survey, is the person to whom the Secretary of the Interior has delegated the task of determining the extent of the known geologic structure of producing oil or gas fields. 220 DM 4.1(G). Duncan Miller, 19 IBLA 86, 88 (1975).

A "known geologic structure" is technically the trap in which an accumulation of oil or gas has been discovered by drilling and determined to be productive, the limits of which include all acreage that is presumptively productive. 43 CFR 3100.0-5(a).

The fact that there is a dry hole near a given field is not of itself sufficient to warrant a redefinition of the known geologic structure or the revocation of the classification of the field in the absence of a proper showing that the area does not in fact contain valuable deposits of oil or gas. See Duncan Miller, supra; McClure Oil Co., 4 IBLA 255 (1972). The determination of the boundary lines of the known geologic structure of a producing oil or gas field or of an undefined addition to such field does not guarantee the productiveness of the area so designated. Id.

[1] A determination by the Geological Survey that lands are within an undefined KGS will not be disturbed in the absence of a clear showing that the determination was improperly made. CO[2]-In-Action, Inc., 50 IBLA 54 (1980); Duncan Miller, supra. Appellant's report that it drilled a dry hole in an adjoining section and its unsubstantiated

opinion that lands in its lease do not contain hydrocarbons are not sufficient of themselves to warrant a redefinition of the KGS or the revocation of the classification.

[2] Where the Geological Survey has determined that any part of the lands described in a noncompetitive oil and gas lease is within an undefined KGS, the lessee is required to pay increased rental in accordance with 43 CFR 3103.3-2(b)(1). CO[2]-In-Action, Inc., supra; H. B. Cahoon Investment Co., 27 IBLA 210 (1976); Duncan Miller, supra.

Therefore, 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.

Douglas E. Henriques
Administrative Judge

We concur:

Edward W. Stuebing
Administrative Judge

Anne Poindexter Lewis
Administrative Judge