

GEORGE REDDY & ASSOCIATES

IBLA 81-303

Decided November 9, 1981

Appeal from decision of New Mexico State Office, Bureau of Land Management, rejecting oil and gas lease offer NM 39136.

Affirmed.

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

Lands within a known geologic structure of a producing oil or gas field may be leased only after competitive bidding under the provisions of 43 CFR Part 3120, and a noncompetitive oil and gas lease offer filed for such lands is properly rejected where, during the pendency thereof, the land is determined to be within the known geologic structure of a producing oil or gas field. Neither the fact that the noncompetitive offeror followed all of the applicable rules and regulations in making its offer nor the fact that the Bureau of Land Management delayed in getting a report from Geological Survey regarding the known geologic structure determination vitiates this conclusion.

APPEARANCES: George R. Reddy, Chairman, George Reddy & Associates, for appellant.

OPINION BY ADMINISTRATIVE JUDGE FRAZIER

George Reddy & Associates appeal from a decision of the New Mexico State Office, Bureau of Land Management (BLM), dated November 6, 1980, rejecting oil and gas lease offer NM 39136.

The offer was drawn with first priority for parcel NM 140 at the public drawing held on November 14, 1979. On July 8, 1980, Geological

Survey (Survey) reported to BLM that the parcel is within an undefined addition to the Daugherty and Artesia-Maljamar Known Geologic Structure effective July 8, 1980. Accordingly, BLM rejected the lease offer.

On appeal appellant states that it had met all requirements necessary for issuance of the lease by March 21, 1980, when BLM received the first annual rental payment. Appellant also asserts that since the known geologic structure determination was made in June 1980, after a reevaluation by Survey, timely action by BLM would have resulted in issuance of the lease prior to its reclassification. In view of this alleged inordinate delay by BLM, appellant requests that BLM's decision rejecting the lease offer be reversed.

[1] Land within a known geologic structure of a producing oil or gas field may be leased only after competitive bidding under the provisions of Part 3120 of 43 CFR, and appellant's noncompetitive lease offer is properly rejected where, before the lease is actually issued, BLM determines that the land is within the known geologic structure of a producing oil or gas field. 30 U.S.C. § 226(b) (1976); 43 CFR 3101.1-1, 3100.7-2. Donnie R. Clouse, 51 IBLA 221 (1980); Pauline C. Lebsack, 50 IBLA 361 (1980); Curtis Wheeler, 31 IBLA 221 (1977); Geral Beveridge, 14 IBLA 351, 81 I.D. 80 (1974). The fact that the offeror followed all of the applicable rules and regulations in making its offer does not vitiate this conclusion. Donnie R. Clouse, *supra*; Pauline C. Lebsack, *supra*. Nor is appellant aided by the fact that BLM delayed in getting a structure report from Survey. Donnie R. Clouse, *supra* at 222; see Minetta A. Miller, 17 IBLA 245 (1974); Silver Monument Minerals, Inc., 14 IBLA 137 (1974); F. William Johnson, Jr., 3 IBLA 232 (1971); cf. McDade v. Morton, 353 F. Supp. 1006 (D.D.C. 1973), *aff'd*, 494 F.2d 1156 (1974).

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.

Gail M. Frazier
Administrative Judge

We concur:

Bernard V. Parrette
Chief Administrative Judge

Douglas E. Henriques
Administrative Judge

