

HERBERT J. STINNETT
LOIS C. STINNETT

IBLA 85-191

Decided April 8, 1986

Appeal from a decision of the Alaska State Office, Bureau of Land Management, denying Class I reinstatement of oil and gas lease AA-48604-Z.

Affirmed.

1. Oil and Gas Leases: Reinstatement--Oil and Gas Leases: Termination

Under 30 U.S.C. § 188(c) (1982), BLM has no authority to reinstate a noncompetitive oil and gas lease terminated by operation of law for failure to pay annual rental timely unless the full amount of the rental due is submitted within 20 days after the anniversary date and other requirements are met.

APPEARANCES: Herbert J. Stinnett, and Lois C. Stinnett, pro sese.

OPINION BY ADMINISTRATIVE JUDGE ARNESS

Herbert J. and Lois C. Stinnett have appealed from the November 15, 1984, decision of the Alaska State Office, Bureau of Land Management (BLM), denying their petition for Class I reinstatement of oil and gas lease AA-48604-Z. Appellants' lease was originally part of a larger lease issued to Alaska Federal Petroleum Corporation (Alaska Federal), effective July 1, 1983. The assignment of a portion of that lease to appellants was approved, effective April 1, 1984.

Rental for the next year of the lease was due on its anniversary date, July 1, 1984. Because rental for the lease was not paid by the anniversary date, the following provision of 30 U.S.C. § 188(b) (1982) took automatic effect: "[U]pon failure of a lessee to pay rental on or before the anniversary date of the lease, for any lease on which there is no well capable of producing oil or gas in paying quantities, the lease shall automatically terminate by operation of law." (Emphasis added.) Under the terms of the statute, the termination of the lease occurs automatically when the rental is not received, and does not depend on or result from action by a BLM administrative official. Thus, appellants' lease automatically terminated on July 1, 1984.

On September 4, 1984, the State Office issued a notice to appellants informing them the lease had automatically terminated on July 1, 1984. The notice advised appellants of their right to petition for reinstatement of the lease either under Class I, see 30 U.S.C. § 188(c) (1982), or Class II, see 30 U.S.C. § 188(d) (1982). Appellants acknowledged receipt of the notice of rent due. In their petition for Class I reinstatement, appellants stated they thought they had paid the rental in advance at the time of the purchase of the lease from Alaska Federal. In fact, however, no lease rental had been paid for the year commencing July 1, 1984.

[1] Under 30 U.S.C. § 188(c) (1982), the statutory provision authorizing Class I reinstatement, BLM has no authority to reinstate a noncompetitive oil and gas lease terminated by operation of law for failure to pay annual rental timely unless the full amount of the rental due is submitted within 20 days after the anniversary date of the lease and other requirements are met. Thus, unless the required payment were tendered on or before July 20, 1984, a Class I reinstatement could not be granted. J. Edward Hollington, 86 IBLA 345 (1985); see Jerry D. Powers, 85 IBLA 116 (1985). Although appellants contend "it was not a requirement that the rental must be paid 20 days of the anniversary date in order to be reinstated," the statute applicable to Class I reinstatements clearly provides otherwise.

Appellant's petition for a class I reinstatement is not, however, quite so anomalous as it may appear. In the termination notice sent by BLM to appellants on September 4, 1984, BLM indicated appellants had the right to petition for a class I reinstatement, provided they complied with enumerated conditions for such reinstatement. As the third condition to be met by them, they were informed they were to furnish "required rental including any back rental that has accrued from the termination date of the lease, or a showing that rental was paid or tendered within 20 days of the anniversary date of the lease * * *." (Emphasis supplied.) Notice dated September 4, 1984 at 1. The emphasized word "or" is, of course, an erroneous substitution for the word "and," which changed the meaning of the instruction altogether, and consequently misled appellants into petitioning for relief for which they were not eligible, since they clearly had not paid their rental within 20 days of the time it was due.

Because appellants could not demonstrate they met this fundamental requirement, BLM properly held it lacked authority to reinstate appellants' lease, notwithstanding other arguments appellants have raised as justification for the delay in payment.

Appellants are not the only people who have purchased assignments of leases from Alaska Federal which have terminated because the rental due on the first anniversary date of the lease was not paid. E.g., Otto C. Svancara, 87 IBLA 319 (1985). In that case we observed that a person who purchases a lease agrees to be bound by the terms and condition of the lease so that no prudent person would consider purchasing an interest in the lease without first learning what the terms and conditions are. The lease itself would have indicated to appellants that rental was due on July 1, 1984. If appellants are correct that Alaska Federal misinformed them on this matter, they must look to Alaska Federal for redress. See Otto C. Svancara, supra at 322.

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

Franklin D. Arness
Administrative Judge

We concur:

Will A. Irwin
Administrative Judge

Gail M. Frazier
Administrative Judge

