

H-3105-1 - COOPERATIVE CONSERVATION PROVISIONS

KeywordsVI. Approved Development ContractA. General

The Mineral Leasing Act of 1920, as amended by the Act of March 4, 1931 (46 Stat. 1523; 30 U.S.C. 184, 226) provides the authority for approval of development contracts between lessees of oil and gas leases and other parties whenever the conservation of natural products or the public convenience, necessity, or interests of the United States will be best served by such approval.

DEVELOPMENT
CONTRACT

Unlike unit areas, the area covered by a development contract is usually much larger and relatively unexplored, i.e., nonproductive areas with no known potential. Approval is authorized by 43 CFR 3105.3 and is predicated on the kinds of work that will be done over the term of the contract. The contract normally calls for definite exploratory objectives, a timetable, significant financial expenditures, and may require a definite drilling obligation.

Approval of the contract has no affect on the leases subject to the contract, except that the lease acreage is exempt from acreage limitations (see 43 CFR 3101.2-3). Drilling or production within the contract area does not extend the leases, except those upon which producing wells are located, nor are leases segregated or extended by reason of inclusion in the development contract area.

LEASES IN
DEVELOPMENT
CONTRACT EXEMPT
FROM ACREAGE
CHARGEABILITY

NOTE: Leases are not extended upon elimination from the development contract or termination of the contract.

Inclusion of a lease within the development contract area has no effect on future actions involving the lease, such as approval of assignments, terminations, relinquishments, etc.

The approved development contract is to be entered into the ALMRS Case Recordation in accordance with the current data standards for agreements.

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B. Action on Leases Subject to Contract Approval

Responsible Official	Step	Action	Keywords
Adjudication	1.	Receive copy from Field Office fluid mineral operations of the transmittal letter to the contractor with a schedule of the leases subject to the approved development contract (see Illustration 19).	APPROVED DEVELOPMENT CONTRACT INFORMATION RECEIVED
	2.	Determine all leases affected by the development contract approval, and request the case files from Docket.	
Docket	3.	Charge case files to Adjudication.	
Adjudication	4.	Place a copy of the transmittal letter in each lease case file affected.	ACTION ON CASE FILES
		<u>OPTIONAL</u> : Stamp outside of case file: SUBJECT TO <u>(Name)</u> DEVELOPMENT CONTRACT, EFFECTIVE: <u>(Date)</u> .	
	5.	Route case files for ALMRS Entry and to Docket for filing.	
ALMRS Entry	6.	Enter Action Date (MANDATORY ACTION CODE): Date lease subject to approved development contract (effective date of development contract); DE 1775 Action Code 218/DE 2910 Action Code 243; Action Remarks: Serial number of development contract.	AUTOMATED NOTATION
Docket	7.	File case files.	

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C. Action on Leases Subject to Contract Termination

Responsible Official	Step	Action	Keywords
Adjudication	1.	Receive copy from Field Office fluid mineral operations of development contract termination letter sent to contractor, that indicates the effective date of its termination.	TERMINATION NOTIFICATION
	2.	Determine leases affected by the termination of development contract, and request case files from Docket.	
Docket	3.	Charge case files to Adjudication.	
Adjudication	4.	File copy of termination letter in each affected lease case file. If the outside of the lease case file has been stamped to indicate that the lease is subject to the contract, remove such notations.	ACTION ON CASE FILES
	5.	Route case file for ALMRS Entry and to Docket for filing.	
ALMRS Entry	6.	Enter Action Date (MANDATORY ACTION CODE): Date development contract terminated; DE 1775 Action Code 261/DE 2910 Action Code 248; Action Remarks: Development contract serial number.	AUTOMATED NOTATION
Docket	7.	File case files	

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