

Circular No. 1730

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
WASHINGTON

CODE OF FEDERAL REGULATIONS
TITLE 43 - PUBLIC LANDS: INTERIOR
CHAPTER 1 - BUREAU OF LAND MANAGEMENT

PART 192 - OIL AND GAS LEASES

GENERAL PROVISIONS

- | | |
|--|---|
| Sec. | Sec. |
| 192.1 Applicability of amendatory act to existing leases | 192.24 Combinations for joint operation of refinery, or for transportation of oil. |
| 192.2 Helium | 192.25 Subsurface storage of oil or gas |
| 192.3 Acreage limitations on leases. | ISSUANCE OF LEASES |
| 192.4 Acreage limitations on options. | 192.40 <u>Classes and terms</u> |
| 192.5 Lands within one mile of naval petroleum or helium reserves. | 192.40a Dating of competitive and non-competitive oil and gas leases. |
| 192.6 Boundaries of known geologic structures and productive limits of producing oil or gas fields and deposits. | 192.41 Leases for lands wholly or partly within unit areas. |
| 192.7 Agreements to compensate for drainage. | NONCOMPETITIVE LEASES |
| 192.8 Protection of leased lands from drainage. | 192.42 Applications for noncompetitive leases. |
| 192.9 Leases for wildlife refuge lands. | 192.43 Opening of lands to further filings where a noncompetitive oil and gas lease is cancelled or relinquished. |
| 192.20 Cooperative or unit plans. | 192.44 Form of lease. |
| 192.21 Application for approval of plan. | COMPETITIVE LEASES |
| 192.22 Communitization or drilling agreements. | 192.50 Designation and offer of lands for lease by competitive bidding. |
| 192.23 Approval of operating, drilling or development contracts without regard to acreage limitations. | 192.51 Notice of lease offer. |
| | 192.52 Qualifications of successful bidder. |

Sec.		CONTINUATION OR EXTENSION OF LEASE	
192.53	Award of lease.	Sec.	
192.54	Form of lease.	192.120	Single extension as to lands not in a production field.
EXCHANGE AND RENEWAL LEASES		192.121	Continuation of lease as to lands within producing fields and on termination of production.
192.60	Application to exchange lease for a new lease.	192.122	Extension for term of cooperative or unit plan.
192.61	Application for renewal.	192.123	Extension of lease eliminated from cooperative or unit plan or communitization or drilling agreement and of lease in effect at termination of such plan or agreement.
192.62	Action on application.		
192.63	Form of lease.	192.130	Preference right to a new lease
LEASES ON PATENTED OR ENTERED LAND		ASSIGNMENTS OR TRANSFERS	
192.70	Preference right of patentee or entryman to a lease.	192.140	Assignments or transfers of leases or interests therein.
192.71	Lands in entries or claims not impressed with a reservation of oil and gas.	192.141	Requirements for filing of operating agreements, assignments, or transfers.
192.72	Showing required of oil and gas applicants for unsurveyed lands.	192.142	Separate assignments required for transfer of record title to leases.
RENTALS AND ROYALTIES		192.143	Effect of assignment of particular tract.
192.80	Rentals.	192.144	Extension of leases segregated by assignment.
192.81	Minimum royalty.	192.145	Royalty interest in oil and gas leases and assignments thereof.
192.82	Royalty on production.	TERMINATION OF LEASES	
192.83	Limitation of overriding royalties.	192.160	Relinquishments of leases or portions thereof.
BONDS		192.161	Cancellation of lease.
192.100	Amount of bonds required of lessee.		
192.101	Form of bonds.		

Reprint April, 1949 of Circular No. 1624, October 28, 1946, as amended by Circular 1624a, June 6, 1947, Circular No. 1650, July 24, 1947, Circular No. 1662, October 29, 1947, Circular No. 1686, June 25, 1948, Circular No. 1719, December 29, 1948, and Circular 1727, April 5, 1949.

AUTHORITY: Sec. 192.1 to 192.161, issued under 41 Stat. 450, 30 U.S.C. 189, act of August 8, 1946 (60 Stat. 950; 30 U.S.C. 181 et seq.).

GENERAL PROVISIONS ^{1/}

Section 192.1 Applicability of amendatory act to existing leases. Prior to the filing of the notice of election hereinafter referred to the act of August 8, 1946 (60 Stat. 950; 30 U.S.C. 181 et seq.) applies to leases issued prior to the date of that act only where the amendatory act so provides. The owner of any lease issued prior to August 8, 1946, may elect pursuant to section 15 to come entirely under the provisions of that act by filing a notice of election to have his lease governed by the amendatory act, accompanied by the consent of the surety if there is a bond covering the lease. A notice of election so filed shall constitute an amendment of all provisions of the lease to conform with the provisions of the amendatory act and the regulations issued hereunder. [Circ. 1719, Dec. 29, 1948]

192.2 Helium. The ownership of and the right to extract helium from all gas produced from lands leased or otherwise disposed of under the act have been reserved to the United States. Appropriate provision is made in leases with respect to the recovery of helium. [Circ. 1624, Oct. 28, 1946]

192.3 Acreage limitations on leases. No person, association, or corporation, except as in the act provided, may hold more than 15,360 acres in any one state, whether directly through the ownership of leases or interests in leases; or indirectly as a member of an association, or associations, or as a stockholder of a corporation, or corporations, holding leases or interests therein or both. All leases committed to any unit or cooperative plan approved or prescribed by the Secretary of the Interior and all operating, drilling, or development agreements approved under section 17 (b) of the act, other than communitization agreements, and all leases issued under sections 18 and 19 of the act shall not be included in computing accountable acreage under section 27 of the act.

In computing acreage holdings or control, the accountable acreage of a party owning an undivided interest in a lease shall be such party's proportionate part of the total lease acreage. Likewise, the accountable acreage of a party owning an interest in a corporation or association shall be his proportionate part of the corporation's or association's accountable acreage. Parties owning a royalty or other interest determined by or payable out of a percentage of production from a lease will be charged with a similar percentage of the total lease acreage.

No lease will be issued and no assignment will be approved until it has been shown pursuant to the requirements of sec. 192.42 (a)(2) and (a)(3)

^{1/} Until an election is filed as provided for in the regulations in this part leases issued prior to August 8, 1946 shall continue to be governed by the pertinent provisions of the regulations in this part theretofore in force as well as by the regulations in this part to the extent that they are applicable.

that the lessee or assignee is entitled to hold the acreage. Any party found to hold or control accountable acreage computed in accordance with the principles above set forth in excess of the prescribed limitations, shall be given thirty days within which to file proof of the reduction of his holdings or control so as to conform with the prescribed limitation. [Circ. 1624, Oct. 28, 1946; Circ. 1719, Dec. 29, 1948]

192.4 Acreage limitations on options. (a) Acreage held under a non-renewable option, valid only for two years or such longer period as may be authorized by the Secretary, for the purpose of geological or geophysical exploration, shall not be chargeable under sec. 192.3, but no optionee, except as permitted by the act of August 8, 1946, may hold options at any one time for more than 100,000 acres in any one State.

(b) No such option shall be taken for more than two years without the prior approval of the Secretary of the Interior, except that an option hereafter taken on a lease application may be for the period of time until issuance of the lease and two years thereafter. Where it is sought to obtain options for periods in excess of those provided in the preceding sentence, an application should be filed with the Director, Bureau of Land Management, accompanied by a complete showing as to the special or unusual circumstances which are believed to justify approval of the application by the Secretary.

(c) Within the meaning hereof, options may be taken only on lands embraced in leases or applications for leases and the acreage included in any such option taken upon an application or a lease shall be chargeable from and after the date of such option.

(d) It shall be permissible for any such option to provide that where all or any part of the land covered thereby is included in a cooperative or unit plan (as defined in sec. 192.20) duly executed by the parties and submitted to the Secretary for final approval prior to the expiration of the two-year option period, then, as to that part of the land covered by said option which is included in said cooperative or unit plan, such option shall not expire until a date 30 days after the date of final approval or disapproval by the Secretary of that cooperative or unit plan.

(e) No acreage shall be chargeable under options taken prior to June 1, 1946, on which geological or geophysical exploration has been actually made if exercised prior to August 9, 1948, but no such option not so exercised will be recognized by the Department, thereafter, for any purpose.

(f) Each optionee must file with the Director, Bureau of Land Management, within 90 days after December 31 and June 30 of each year, commencing with the year ending December 31, 1946, a statement under oath showing as of the prior December 31 and June 30, respectively, (1) name of optionor and serial number of lease or application for lease subject to the option, (2) date and expiration date of each option, (3) number of acres covered by each option, and (4) aggregate number of options held in each state and total acreage thereof.

(g) If the statement shows or it is otherwise ascertained that the optionee holds options in excess of the prescribed limitation, he will be

given 30 days within which to file proof of reduction of his option holdings to the limitations prescribed by the act. [Circ. 1624, Oct. 28, 1946; Circ. 1624a, June 6, 1947; Circ. 1686, June 25, 1948]

192.5 Lands within one mile of naval petroleum or helium reserves. No application for an oil and gas lease under the act will be granted for land within one mile of the exterior boundaries of a naval petroleum or a helium reserve, unless the land is being drained of its oil or gas deposits or helium content by wells on privately owned land or unless it is determined by the Secretary, after consultation with the head of the agency exercising jurisdiction over the reserve, that operations under such a lease will not adversely affect the reserve through drainage from known productive horizons. [Circ. 1624, Oct. 28, 1946]

192.6 Boundaries of known geologic structures and productive limits of producing oil or gas fields and deposits. The Director of the Geological Survey will determine the boundaries of the known geologic structures of producing oil or gas fields and, where necessary to effectuate the purposes of the act, the productive limits of producing oil or gas deposits as such limits existed on August 8, 1946. Maps or diagrams showing the boundaries of known geologic structures of producing oil or gas fields and of the productive limits of producing oil or gas deposits will be placed on file in the appropriate district land office, and office of the oil and gas supervisor. Any lessee or his operator may apply to have a determination made as to whether or not the land upon which he intends to drill a well is inside or outside the productive limits of a producing oil or gas deposit. The application should be accompanied by all available geologic data which in his opinion have a bearing on the matter. [Circ. 1624, Oct. 28, 1946]

192.7 Agreements to compensate for drainage. Upon a determination by the Director of the Geological Survey that lands owned by the United States are being drained of oil or gas by wells drilled on adjacent lands, the Director, Bureau of Land Management, may execute agreements with the owners of adjacent lands whereby the United States, or the United States and its lessees, shall be compensated for such drainage, such agreements to be made with the consent of any lessee affected thereby. The precise nature of any agreement will depend on the conditions and circumstances involved in the particular case. [Circ. 1624, Oct. 28, 1946]

192.8 Protection of leased lands from drainage. Where land in any lease is being drained of its oil or gas content by well either on a Federal lease issued at a lower rate of royalty or on land not the property of the United States, the lessee must drill and produce all wells necessary to protect the leased lands from drainage. In lieu of drilling such wells, the lessee may, with the consent of the Director of the Geological Survey, pay compensatory royalty in the amount determined in accordance with 30 CFR sec. 221.21.

A period equal to that for which compensatory royalty is paid in lieu of drilling on any Federal lease under this or the preceding section shall be added to its primary term where there is no producing well on the lease. [Circ. 1624, Oct. 28, 1946; Circ. 1650, July 24, 1947]

192.9 Leases for wildlife refuge lands. No noncompetitive oil and gas lease under the act will be issued for lands within a wildlife refuge (a) unless those lands are subjected to an approved cooperative or unit plan, and (b) unless the lease contains a provision which prohibits drilling or prospecting on the refuge lands except when consented to by the Secretary of the Interior upon the advice of the Fish and Wildlife Service. Subject to the same two conditions, competitive leases also may issue for refuge lands. Even if these conditions are not met, competitive leases may nevertheless issue if Fish and Wildlife Service reports that oil and gas development may be conducted without destroying the usefulness of the lands as a sanctuary for wildlife, or, in the absence of such a report, wherever the Secretary determines that the national interest in securing the contemplated oil and gas production outweighs the importance of maintaining the refuge as a sanctuary for wildlife. (Sec. 32, 41 Stat. 450, 30 U.S.C. 159). [Circ. 1662, Oct. 29, 1947]

Cooperative Conservation Provisions

192.20 Cooperative or unit plans.^{2/} The act authorizes lessees and their representatives to unite with each other, or jointly or separately with others, in collectively adopting and operating under a cooperative or unit plan of development or operation of any oil or gas pool, field, or like area, or any part thereof (whether or not any part of such pool, field, or like area is then subject to any cooperative or unit plan of development or operation). The agreement must be for the purpose of more properly conserving the natural resources of any such oil or gas pool, field, or area covered thereby and must be determined and certified by the Secretary of the Interior to be necessary or advisable in the public interest. The Secretary, with the consent of the lessees, is authorized to establish, alter, change or revoke drilling, producing, rental, minimum royalty, and royalty requirements of the leases and to make such regulations with reference to such leases as he may deem necessary or proper to secure the protection of the public interest. All leases committed to any unit or cooperative plan approved or prescribed by the Secretary of the Interior shall be excepted in determining acreage charges. [Circ. 1624, Oct. 28, 1946]

192.21 Application for approval of plan. The procedure in obtaining approval of a cooperative or unit plan of development including suggested text of an agreement acceptable to the Department is contained in 30 CFR Part 226, "Unit or Cooperative Agreement". All applications to unitize and all documents incident thereto shall be filed in the office of the oil and gas supervisor, Geological Survey, for the region in which the unit area is situated. [Circ. 1624, Oct. 28, 1946]

192.22 Communitization or drilling agreements. The Secretary is authorized when separate tracts under lease cannot be independently developed and operated in conformity with an established well-spacing or well-development program, to approve communitization or drilling agreements for lease or any portion thereof with other lands, whether or not owned by the United States, when in the public interest. Operations or production pursuant to such an agreement shall be deemed to be operations or production as to each lease committed thereto.

^{2/} For the extension of leases committed to a unit plan, see sec. 192.122.

Preliminary requests to communitize separate tracts shall be filed in triplicate with the oil and gas supervisor and executed agreements shall be submitted in sufficient number to permit retention of five copies by the Department after approval.

The agreement shall describe the separate tracts comprising the drilling or spacing unit, shall show the apportionment of the production or royalties to the several parties and the name of the operator, and shall contain adequate provisions for the protection of the interests of all parties, including the United States. The agreement must be signed by or in behalf of all necessary parties and will be effective only after approval by the Secretary of the Interior as provided therein.
/Circ. 1624, Oct. 28, 1946/

192.23 Approval of operating, drilling or development contracts without regard to acreage limitations. The authority of the Secretary to approve operating, drilling, or development contracts without regard to acreage limitations ordinarily will be exercised only to permit operators or pipe-line companies to enter into contracts with a number of lessees sufficient to justify operations on a large scale for the discovery, development, production, or transportation of oil or gas and to finance the same.

A contract submitted for approval under this provision should be filed with the Director, Bureau of Land Management, together with enough copies to permit retention of 5 copies by the Department after approval. It should be accompanied by a statement showing all the interests held by the contractor in the area or field and the proposed or agreed plan of operation or development of the field. All the contracts held by the same contractor in the area or field should be submitted for approval at the same time, and full disclosure of the project made. Complete details must be furnished in order that the Secretary may have facts upon which to make a definite determination in accordance with the provisions of the act, and prescribe the conditions on which approval of the contracts is made. /Circ. 1624, Oct. 28, 1946/

192.24 Combinations for joint operation of refinery, or for transportation of oil. Upon obtaining the approval of the Secretary, lessees may combine their interests in leases for the purpose of constructing and carrying on the business of a refinery, or of establishing and constructing as a common carrier a pipe line or lines of railroads to be operated and used by them jointly in the transportation of oil from their several wells or from the wells of other lessees, or to increase the acreage which may be acquired or held under the provisions of section 17 of the act relating to competitive leases. An application under this section, together with enough copies to permit retention of 5 copies by the Department after approval, should be filed with the Director, Bureau of Land Management. The application must show a reasonable need for the combination and that it will not result in any concentration of control over the production or sale of oil and gas which would be inconsistent with the anti-monopoly provisions of the law.^{3/} /Circ. 1624, Oct. 28, 1946/

^{3/} Rights-of-way for oil and gas pipe lines may be granted as provided for in sec. 244.56 to 244.61 of this chapter.

192.25 Subsurface storage of oil or gas. In order to avoid waste or to promote conservation of natural resources, the Secretary of the Interior, upon application by the interested parties, may authorize the subsurface storage of oil or gas, whether or not produced from federally owned lands, in lands leased or subject to lease under the act. Such authorization will provide for the payment of such storage fee or rental on the stored oil or gas as may be determined adequate in each case, or, in lieu thereof, for a royalty other than that prescribed in the lease when such stored oil or gas is produced in conjunction with oil or gas not previously produced. Any lease used for the storage of oil or gas shall be extended for the period of such storage and so long thereafter as oil or gas not previously produced is produced in paying quantities.

Applications for subsurface storage shall be filed in triplicate with the oil and gas supervisor and shall disclose the ownership of the lands involved, the parties in interest, the storage fee, rental, or royalty offered to be paid for such storage and all essential information showing the necessity for such project. Enough copies of the final agreement signed by the parties in interest shall be submitted for the approval of the Secretary to permit retention of 5 copies by the Department after approval. [Circ. 1624, Oct. 28, 1946]

Issuance of Leases

192.40 Classes and term. All lands subject to disposition under the act which are known or believed to contain oil or gas may be leased by the Secretary of the Interior. When within the known geologic structure of a producing oil or gas field, such land may be leased only by competitive bidding and in units of not exceeding 640 acres to the highest responsible qualified bidder at a royalty of not less than 12 1/2 per cent. Leases for not to exceed 2,560 acres, in reasonably compact form, may be issued for all other land subject to the act to the first qualified applicant at a royalty of 12 1/2 per cent. No single lease will be issued embracing lands which cannot be included within a six mile square area. Where an application covers tracts which cannot be so contained two or more leases, as may be necessary, will be issued. The right is reserved to suspend, or reject in whole or in part, applications involving scattered tracts considerably more than six miles apart. Hereafter, all leases, except those issued as renewals of 20 year leases, will be issued for a primary term of five years and so long thereafter as oil or gas is produced in paying quantities. [Circ. 1624a, June 6, 1947]

192.40a Dating of competitive and noncompetitive oil and gas leases. All competitive and noncompetitive oil and gas leases, excepting renewal leases, will be dated as of the first day of the month following the date the leases are signed on behalf of the lessor except that where prior written request is made a lease may be dated the first of the month within which it is so signed. [Circ. 1719, Dec. 29, 1948]

192.41 Leases for lands wholly or partly within unit areas. Before issuance of an oil and gas lease for lands within an approved unit agreement, the lease applicant or successful bidder will be required to file evidence that he has entered into an agreement with the unit operator for the development and operation of the lands in his lease under and pursuant

to the terms and provisions of the approved unit agreement, or a statement giving satisfactory reasons for the failure to enter into such agreement. If such statement is acceptable he will be permitted to operate independently but will be required to conform to the terms and provisions of the agreement with respect to such operations.

In case an application for lease embracing lands partly within and partly without the exterior boundaries of a unitized area is found allowable, separate leases will be issued, one embracing the lands within the unit area, and one the lands outside of such area. Circ. 1624, Oct. 28, 1946

Noncompetitive Leases.

192.42 Applications for noncompetitive leases.^{4/} Applications for noncompetitive leases may be filed in the proper district land office, or, for lands or deposits in States in which there is no district land office, in the Bureau of Land Management, addressed to the Director of the Bureau of Land Management, Washington, D. C. All applications must be filed in duplicate and must be accompanied by the filing fee prescribed in sec. 191.11 of this chapter and at least one-half of the first year's rental. After March 1, 1949, each application must be accompanied by the full rental payment for the first year. Any application not accompanied by the required fee and rental payment will be rejected. No specific form of application is required and no blanks will be furnished. An application executed by an attorney in fact must be accompanied by the power of attorney and the applicant's own statement as to his citizenship and acreage holdings. A lease executed by an attorney in fact in behalf of the applicant must be accompanied by evidence of the attorney's authority to execute the lease. Proof of the authority of the officer who makes application in behalf of a corporation must be furnished. An application by a minor will be rejected.

- (a) The application must contain in substance the following:
 - (1) The applicant's name and address
 - (2) A statement as to citizenship; in case of an individual whether native-born or naturalized, and, if naturalized, the date of naturalization, the court in which naturalized, and the number of the certificate, if known; if a woman, whether she is married or single, and, if married, the date of her marriage and the citizenship of her husband. A corporation is required to file a certified copy of its articles of incorporation and it must furnish a statement showing the percentage of each class of its stock, and the percentage of all of its stock, which is owned or controlled by or on behalf of persons whom the corporation knows to be or who the corporation has reason to believe are aliens, or who have addresses outside of the United States, indicating which classes of stock

^{4/} Title 18 U.S.C. sec. 1001 makes it a crime for any person knowingly or willfully to submit or cause to be submitted to any agency of the United States any false or fraudulent statement as to any matter within its jurisdiction.

- of this section concerning citizenship and holdings.
- (iii) Evidence that the heirs or devisees are the heirs or devisees of the deceased applicant and are the only heirs or devisees of the deceased.
- (2) Where the executor or administrator has been discharged or no probate proceedings are contemplated:
 - (i) A certified copy of the will or decree of distribution, if any, and if not, a statement signed by the heirs that they are the only heirs of the applicant.
 - (ii) A statement over the signature of each of the heirs or devisees with reference to holdings and citizenship, similar to that required under paragraph (a) (2) and (a) (3) of this section.
- [Circ. 1719, Dec. 29, 1948]

192.43 Opening of lands to further filings, where a noncompetitive oil and gas lease is cancelled or relinquished. Where a noncompetitive lease is cancelled or relinquished and the lands involved are not on the known geologic structure of a producing oil or gas field or are not withdrawn from further leasing, immediately upon the notation of the cancellation or relinquishment on the tract book of the district office or on the tract book of the Bureau of Land Management if there is no district office in the State, the lands shall be open to further oil and gas leasing. Applications received in the same mail or over the counter at the same time, will be considered simultaneously filed and priority to the extent of the conflicts between them will be determined by a public drawing in accordance with the procedure prescribed sec. 295.8 of this chapter. [Circ. 1719, Dec. 29, 1948]

192.44 Form of lease. Noncompetitive leases will be executed on Form 4-213 and the rentals and royalties payable thereunder will be set forth in Schedule A affixed thereto and made a part thereof. [Circ. 1624, Oct. 28, 1946]

Competitive Leases

192.50 Designation and offer of lands for lease by competitive bidding. The lands and deposits subject to disposition under the act which are within the known geologic structure of a producing oil or gas field will be divided into leasing blocks or tracts in units of not exceeding 640 acres each, which shall be as nearly compact in form as possible, and offered for lease at a royalty and rental to be specified in the notice of sale, to the qualified person who offers the highest bonus by competitive bidding either at public auction, or by sealed bids as provided in the notice of sale. [Circ. 1624, Oct. 28, 1946]

192.51 Notice of lease offer. Notice of the offer of lands for lease will be by publication once a week for five consecutive weeks, or for such other period as may be deemed advisable, in a newspaper of general circulation in the county in which the lands or deposits are situated, or in such other publications as the Director, Bureau of Land Management may authorize. The notice will be published at the expense of the Government. A copy of the notice will be posted in the district land office during the period of publication. Such notice will set the day and hour of sale and will state whether the lease is offered by sealed bids or at public auction. If by public auction the offer will be made at the land office of the district in which the lands are situated, or at such other place as may be fixed in the notice. If by sealed bids, full information will be given as to how and when bids are to be

submitted. All bidders are warned against violation of the provisions of section 59 of the United States Criminal Code, approved March 4, 1909 (35 Stat. 1099; 18 U.S.C. 113), prohibiting unlawful combination or intimidation of bidders. /Circ. 1624, Oct. 28, 1946/

192.52 Qualifications of successful bidder. The successful bidder at a sale by public auction must deposit with the manager of the district land office or other officer conducting the sale on the day of sale, and each bidder, if the sale is by sealed bids, must submit with his bid the following: Certified check on a solvent bank, money order, or cash, for one-fifth of the amount bid by him; proof of citizenship as required in sec. 192.42 (a) (2) and a statement of interests held in leases and applications therefor as required in sec. 192.42 (a) (3). /Circ. 1624, Oct. 28, 1946, Circ. 1719, Dec. 29, 1948/

192.53 Award of lease: Following receipt of the report of the auction from the manager, or the opening of the sealed bids, the Director, subject to his right to reject any or all bids, will award the lease to the successful bidder. Notice of his action will be forthwith transmitted to the interested parties through the local office. If the lease be awarded, three copies of the lease will be sent to the successful bidder and he will be required within 30 days from receipt thereof to execute them, pay the balance of his bonus bid, the first year's rental, and file a bond as required in sec. 192.100. If any bid be rejected, the deposit will be returned. If a bidder, after being awarded a lease, fails to execute it or otherwise comply with the applicable regulations, his despoit will be forfeited and disposed of as other receipts under this act. If the lease awarded to the successful bidder is executed by an attorney acting in behalf of the bidder, the lease must be accompanied by evidence that the bidder authorized the attorney to execute the lease.

If two or more units are awarded to any bidder, such units, where the acreage does not exceed 640 acres, may be included in a single lease if circumstances warrant. /Circ. 1624, Oct. 28, 1946; Circ. 1719, Dec. 29, 1948/

192.54 Form of lease. Competitive leases will be issued on Form 4-213 and the rentals and royalties payable thereunder will be set forth in Schedule "B" affixed thereto and made a part thereof. /Circ. 1624, Oct. 28, 1946/

Exchange and Renewal Leases

192.60 Application to exchange lease of a new lease. Any lease which issued for a term of 20 years, or any renewal thereof, or which issued in exchange for a 20-year lease prior to August 8, 1946, may be exchanged for a new lease. Such new lease will be issued for a primary term of 5 years and so long thereafter as oil or gas is produced in paying quantities and will contain the rental and royalty rates prescribed in sec. 192.80, 192.81 and 192.82. An application to exchange a lease for a new lease should be filed in triplicate by the lessee with the manager of the appropriate district land office and must show full compliance by the applicant with the terms of the lease and applicable regulations. /Circ. 1624, Oct. 28, 1946/

192.61 Application for renewal. Twenty year leases or renewals thereof may be renewed for successive terms of 10 years at the rental and royalty rates specified for such renewal leases in secs. 192.80, 192.81 and 192.82. An

application to renew should be filed in triplicate with the manager of the district land office in which the leased land is located or if in a State in which there is no district land office, in the Bureau of Land Management at least 90 days, but not more than six months, prior to the expiration of its term. Such application should be made by the record title holder or holders of the lease and may be joined in or consented to by the operator of record. The application should show whether all moneys due the United States have been paid and whether operations under the lease have been conducted in accordance with the regulations of the Department.

The applicant or his operator shall furnish in triplicate with the application for renewal, copies of all agreements not theretofore filed providing for overriding royalties or other payments out of production from the lease which will be in existence as of the date of its expiration. When such payments, including overriding royalties, are in excess of 5 percent of gross production a detailed statement of the income from and costs of operation of the lease for the twelve month period immediately preceding the month in which the application for renewal is filed must also be furnished.
/Circ. 1624, Oct. 28, 1946/

192.62 Action on application. If the outstanding obligations in excess of five percent of gross production payable from production do not constitute a burden on the lease prejudicial to the interests of the United States, they will not be considered a bar to its renewal but any leave that may be issued will be upon the condition, to be incorporated in the lease, that if and when the costs of operations, including the payment of overriding royalties or payments out of production, shall be determined by the Director, Bureau of Land Management, to constitute such a burden such royalties and payments shall be reduced to not more than 5 percent of the value of the production. If no objection to the renewal of the lease appears, copies of a renewal lease, in triplicate, dated the first day of the month in which the original lease terminated, will be forwarded to the lessee for execution. If upon receipt of the executed lease forms and a satisfactory lease bond, the lease is executed, one copy thereof will be delivered to the lessee.

If a determination is made that overriding royalties and payments out of production in excess of 5 percent of gross production constitute a burden on lease operations to the extent that proper and timely development will be retarded, or continued operation of the lease impaired, or premature abandonment of the wells caused, the lease application will be suspended, and the parties in interest will be offered an opportunity to reduce the excessive overriding royalties or other payments out of production to not more than 5 percent of the value of the production. If the holders of outstanding overriding royalty or other interests payable out of production, the operator, and the lessee are unable to enter into a mutually fair and equitable agreement, any of the parties may apply for a hearing at which all interested parties may be heard and written statements presented. Thereupon a final decision will be rendered by the Department outlining the conditions acceptable to it as a basis for a fair and reasonable adjustment of the excessive overriding royalties and other payments out of production, and an opportunity will be afforded within a fixed period of time to submit proof that such adjustment has been effected. Upon failure to submit such proof within the time so fixed, the application for renewal will be denied.
/Circ. 1624, Oct. 28, 1946/

192.63 Form of lease. Renewal and exchange leases will be issued on Form 4-213. The rentals and royalties payable thereunder will be set out on Schedule C or D as may be appropriate, which schedule is attached thereto and made a part thereof. /Circ. 1624, Oct. 28, 1946/

Leases on Patented or Entered Land

192.70 Preference right of patentee or entryman to a lease. An entryman or patentee who made entry prior to February 25, 1920, or an assignee of such entryman or a vendee of such patentee if the assignment or conveyance was made prior to January 1, 1918, for lands not withdrawn or classified or known to be valuable for oil and gas at date of entry shall be entitled, if the entry or patent is impressed with a reservation of the oil or gas, to a preference right to a lease for the land. A settler whose settlement was made prior to February 25, 1920, on land in the same status but which has since been withdrawn, classified or is known to contain oil or gas, also has such a preference right.

Any applicant for a lease to lands owned, entered or settled upon as stated above must notify the person entitled to a preference right of the filing of the application and of the latter's preference right for 30 days after notice to apply for a lease. If the party entitled to a preference right files a proper application within the 30-day period he will be awarded a lease, but if he fails to do so, his rights will be considered to have terminated. /Circ. 1624, Oct. 28, 1946/

192.71 Lands in entries or claims not impressed with a reservation of oil and gas. Where an application is filed to lease lands in an entry or settlement claim not impressed with an oil or gas reservation, the application will be rejected unless it is found that the land is prospectively valuable for oil or gas. An applicant for a lease for land already embraced in a nonmineral entry without a reservation of the mineral, and likewise a nonmineral entryman or settler who is contending that the land is nonmineral in character should submit with their respective applications or showings as complete and accurate geologic data as may be procurable, preferably the reports and opinions of qualified experts.

Should the land be found to be prospectively valuable for oil or gas, the entryman or settler will be required to consent to a reservation of the oil or gas to the United States or to contest the mineral finding. If he does neither the entry will be cancelled or his settlement rights denied. If he consents, or contests the finding and is unsuccessful, a lease will be granted to the applicant, unless the entryman or settler has a preference right, but if the entryman or settler prevails in a contest, the application will be rejected. /Circ. 1624, Oct. 28, 1946/

192.72 Showing required of oil and gas applicants for unsurveyed lands. Every applicant for oil and gas lease for unsurveyed lands, must state in his application that there are no settlers upon the land, or if there be settlers, give the name and post office address of each and a description of the lands claimed, by metes and bounds and approximate legal subdivisions. /Circ. 1624, Oct. 28, 1946/

Rentals and Royalties

192.80 Rentals. Rentals shall be payable in advance at the following rates:

- (a) On noncompetitive leases issued under section 17 of the act, wholly outside of the known geologic structure of a producing oil or gas field:
 - (1) For the first lease year, 50 cents per acre.
 - (2) For the second and third lease years, no rental.
 - (3) For the fourth and fifth years, 25 cents per acre.
 - (4) For the sixth and each succeeding year, 50 cents per acre.
- (b) On leases wholly or partly within the geologic structure of a producing oil or gas field:
 - (1) If issued noncompetitively under section 17 of the act, and not committed to a unit plan, beginning with the first lease year after the expiration of thirty days notice to the lessee that all or part of the land is included in such a structure and for each year thereafter, prior to a discovery of oil or gas on the leased lands, rental of \$1 per acre.
 - (2) If issued noncompetitively under section 17 of the act and committed to an approved cooperative or unit plan which includes a well capable of producing oil or gas and contains a general provision for allocation of production for lands not within the participating area, an annual rental of 50 cents per acre for the first and each succeeding lease year following discovery.
 - (3) If issued competitively, an annual rental, prior to a discovery on the leased lands, of \$1 per acre unless a different rate of rental is prescribed in the lease.
- (c) On leases issued in any other way an annual rental of \$1 per acre.
/Circ. 1624, Oct. 28, 1946/

192.81 Minimum royalty. On leases issued on or after August 8, 1946, and on those issued prior thereto if the lessee files an election under section 15 of the act of August 8, 1946, a minimum royalty of \$1 per acre in lieu of rental, shall be payable at the expiration of each lease year after a discovery has been made on the leased lands, commencing with the lease year, beginning on or after the date of such discovery, except that on unitized leases the minimum royalty shall be payable only on the participating acreage. If the actual royalty paid during any year aggregates less than \$1 per acre the lessee must pay the difference at the expiration of the lease year.
/Circ. 1624, Oct. 28, 1946/

192.82 Royalty on production. (a) On and after August 8, 1946, the following royalty rates shall be paid on the production removed or sold from leases:

- (1) 12½ percent on noncompetitive leases thereafter issued under section 17 of the act.
- (2) Such rates as are prescribed in the notice of sale in the case of all leases thereafter issued by competitive bidding.
- (3) 12½ percent on all leases theretofore issued, except competitive leases and on exchange and renewal leases thereafter issued, as to production from
 - (i) Land determined by the Director, Geological Survey, not to be within the productive limits of any oil or gas deposit on August 8, 1946.
 - (ii) An oil or gas deposit which was discovered after May 27, 1941, by a well or wells drilled within the boundaries of the lease, and which

is determined by the Director, Geological Survey, to be a new deposit.

(iii) Or allocated to a lease pursuant to an approved unit or cooperative agreement from an oil or gas deposit which was discovered on unitized land after May 27, 1941, and determined by the Director, Geological Survey, to be a new deposit, but only if at the time of discovery the lease or, in the case of an exchange lease, the lease for which it was exchanged was committed to the agreement or was included in a duly executed and filed application for approval of the agreement.

(4) From lands within exchange and renewal leases not subject to subparagraph (3) of this paragraph the rate of royalty shall be identical to that prescribed in the prior lease, except that for a lease issued in exchange for or as a renewal of a lease carrying a flat royalty rate of 5 percent to the United States the royalty shall be as follows:

(i) When the average production of oil for the calendar month in barrels per well per day is:

Not over 110 the royalty shall be $12\frac{1}{2}$ percent.

Over 110 but not over 130 the royalty shall be 18 percent of all production.

Over 130 but not over 150 the royalty shall be 19 percent of all production.

Over 150 but not over 200 the royalty shall be 20 percent of all production.

Over 200 but not over 250 the royalty shall be 21 percent of all production.

Over 250 but not over 300 the royalty shall be 22 percent of all production.

Over 300 but not over 350 the royalty shall be 23 percent of all production.

Over 350 but not over 400 the royalty shall be 24 percent of all production.

Over 400 the royalty shall be 25 percent of all production.

(ii) On gas, including inflammable gas, helium, carbon dioxide, and all other natural gases and mixtures thereof, and on natural or casing-head gasoline and other liquid products obtained from gas; when the average production of gas per well per day for the calendar month does not exceed 5,000,000 cubic feet, $12\frac{1}{2}$ percent; and when the production of gas exceeds 5,000,000 cubic feet, $16\frac{2}{3}$ percent of the amount or value of the gas and liquid products produced.

(5) In the case of competitive leases, and other leases theretofore issued, insofar as subparagraphs (3) and (4) of this paragraph are inapplicable, the rates specified in the lease.

(b) The average production per well per day for oil and for gas shall be determined pursuant to 30 CFR, Part 221, "Oil and Gas Operating Regulations."

(c) In determining the amount or value of gas and liquid products produced, the amount or value shall be net after an allowance for the cost of manufacture. The allowance for cost of manufacture may exceed two-thirds of the amount or value of any product only on approval by the Secretary of the Interior.

(d) The Secretary of the Interior may establish reasonable values for purposes of computing royalty on any or all oil, gas, natural gasoline, and other liquid products obtained from gas, due consideration being given to the highest price paid for a part or for a majority of production of like quality

in the same field, to the price received by the lessee, to posted prices and to other relevant matters. In appropriate cases this will be done after notice to the parties and opportunity to be heard. Circ. 1624, Oct. 28, 1946

192.83 Limitation of overriding royalties. Any agreement to create overriding royalties or payments out of production previously created and to the royalty payable to the United States, aggregate in excess of $17\frac{1}{2}$ percent shall be deemed a violation of the terms of the lease unless such agreement expressly provides (a) that the obligation to pay such excess overriding royalties or payments out of production will be suspended and not be effective during any periods when the average production per well per day is 15 barrels or less, and (b) that such suspension will apply separately to any zone or portion of a lease segregated for computing Government royalty.
Circ. 1624a, June 6, 1947

Bonds

192.100 Amount of bonds required of lessee. The successful bidder for a competitive lease prior to the issuance of the lease must furnish a corporate surety bond in the sum of at least double the amount of the \$1 per acre annual rental but in no case less than \$1,000 nor more than \$5,000, conditioned on compliance with all the terms of the lease, and such a bond must also be filed when all or any part of the land in a lease issued non-competitively is included within the limits of a known geologic structure of a producing oil or gas field.

Until a general lease bond is filed a noncompetitive lessee will be required to furnish and maintain a bond in the penal sum of not less than \$1,000 in those cases in which a bond is required by law for the protection of the owners of surface rights. In all other cases where a bond is not otherwise required, a \$1,000 bond must be filed for compliance with the lease obligations not less than 90 days before the due date of the next unpaid annual rental, but this requirement may be successively dispensed with by payment of each successive annual rental not less than 90 days prior to its due date.

All leases shall provide that where a \$5,000 bond is not already being maintained a general lease bond in the penal sum of \$5,000 conditioned upon compliance with all lease terms covering the entire leasehold, shall be furnished by the lessee prior to the beginning of drilling operations. An operator or, if there is more than one operator covering different portions of the lease, each operator may furnish a \$5,000 general lease bond in his own name as principal on the bond in lieu of the lessee. Where there are one or more operator's bonds affecting a single lease, each such bond must be conditioned upon compliance with all lease terms for the entire leasehold. Where a bond is furnished by an operator, suit may be brought thereon without joining the lessee if he is not a party to the bond. An operator's bond will not be accepted unless the operator holds an operating agreement which has been approved by the Department or has pending an operating agreement in proper condition for approval. The mere designation as operator will not suffice. Bonds shall be either corporate surety bonds or personal bonds except that bonds with individual sureties as provided in sec. 191.14 of this chapter may be furnished for the protection of the entryman or owner of surface rights. Personal bonds must be accompanied by a deposit of negotiable

Federal securities in a sum equal at their par value to the amount of the bond and by a proper conveyance to the Secretary of full authority to sell such securities in case of default in the performance of the conditions of the lease bond.

192.101 Form of bonds. Bonds furnished by lessees will be on form-4-208g; those furnished by operators on form 4-238.

/Circ. 1624, Oct. 28, 1946; Circ. 1719, Dec. 29, 1948/

Continuation or Extension of Lease^{5/}

192.120 Single extension as to lands not in a production field. The record title holder of any noncompetitive lease, as to which a notice of election has been filed pursuant to section 15 of the act of August 8, 1946, or which was issued after the passage of that act, maintained in compliance with the law, and the regulations of this part, by filing his application therefor within the period of 90 days prior to the expiration date of the lease, may obtain a single extension of the primary term of the lease for additional five years, unless then otherwise provided by law, as to all of the leased lands or any legal subdivision thereof which, on the expiration date of the lease, are not within the known geologic structure of any producing oil or gas field or have not been withdrawn from leasing. A withdrawal, however, will prevent an extension only (a) if notice thereof was mailed to the lessee by registered mail at least 90 days prior to the expiration date of the lease and (b) if actual drilling operations on the leased lands were not commenced prior to the effective date of such withdrawal, or, if so commenced, have not been diligently prosecuted until and including such expiration date. /Circ. 1624, Oct. 28, 1946/

192.121 Continuation of lease as to lands within producing fields and on termination of production. (a) Any noncompetitive lease or portion thereof which is not subject to a single extension of five years solely because the lands are within the known geologic structure of a producing oil or gas field at the date of expiration of the primary term of the lease shall continue in effect for a period of two years from the expiration date of the primary term of the lease where drilling operations are being diligently prosecuted on such date and, upon discovery, for so long thereafter as oil or gas is produced in paying quantities.

(b) Any lease issued under the act upon which production is had during its primary term or any extensions thereof, shall not terminate when the production ceases if diligent drilling operations are in progress on the leased land during the period of nonproduction. /Circ. 1624, Oct. 28, 1946/

192.122 Extension for term of cooperative or unit plan. Any lease issued for a term of 20 years, or any renewal thereof, committed to a cooperative or unit plan approved by the Secretary of the Interior, or any portion of such lease so committed, shall continue in force so long as committed to the plan, beyond the expiration date of its primary term. This provision does not apply to that portion of any such lease which is not included in the cooperative or unit plan unless the lease was so committed prior to August 8, 1946.

^{5/} For extension of lease (a) because of suspension of operations and production, see sec. 191.26 of this chapter; (b) by payment of compensatory royalty, see sec. 192.8; (c) committee to communitization or drilling agreement, see sec. 192.22; (d) used for subsurface storage, see sec. 192.25; (e) segregated by assignment, see sec. 192.144.

Any other lease issued under any section of the act committed to any such plan that contains a general provision for the allocation of oil or gas shall continue in effect as to the land committed so long as the lease remains subject to the plan, provided oil or gas is discovered under the plan prior to the expiration date of the primary term of such lease.
[Circ. 1624, Oct. 28, 1946]

192.123 Extension of lease eliminated from cooperative or unit plan or communitization or drilling agreement and of lease in effect at termination of such plan or agreement. Any lease or portion thereof eliminated from any approved or prescribed cooperative or unit plan or from any communitization or drilling agreement authorized by the act, and any lease in effect at the termination of such plan or agreement, unless relinquished, shall continue in effect for the original term of the lease or for two years after its elimination from the plan or agreement or the termination thereof, whichever is the longer, and so long thereafter as oil or gas is produced in paying quantities.
[Circ. 1624, Oct. 28, 1946]

192.130 Preference right to a new lease. Upon the expiration of its five-year term the record title holder of a noncompetitive lease issued prior to August 8, 1946 and maintained in good standing, who has not filed a notice of election pursuant to section 15 of the act of August 8, 1946, may apply for a new lease for the same land pursuant to the provisions of section 1 of the act of July 29, 1942 (56 Stat. 726, 30 U.S.C. sec. 226b), provided the leased land is not then within the known geologic structure of a producing oil or gas field. Any lease issued under this section will be for a period of five years and so long thereafter as oil or gas is produced as provided in section 17 of the act and will be subject to the rules and regulations then in force.

To obtain such a new lease, the lessee must, within the period beginning 90 days prior to the date of expiration of the lease and ending on the date of expiration, submit an application in accordance with sec. 192.42, accompanied by a proper filing fee and the first year's rental of 50 cents per acre or fraction thereof. [Circ. 1624, Oct. 28, 1946]

Assignments or Transfers

192.140 Assignments or transfers of leases or interests therein. Leases may be assigned or subleased as to all or part of the leased acreage and as to either a divided or undivided interest therein to any person or persons qualified to hold a lease. Subject to final approval by the Director, Bureau of Land Management, assignments or subleases shall take effect as of the first day of the lease month following the date of filing in the proper land office of all the papers required by secs. 191.141 and 192.142. No assignment will be approved if the assignee is not qualified to take and hold a lease or if his bond is insufficient. A minor, except a minor heir or devisee of a lessee is not qualified to hold a lease and an assignment to a minor will not be approved. An assignment of a separate zone or deposit or of a part of a legal subdivision will not be approved unless the necessity therefor is established by clear and convincing evidence. [Circ. 1624, Oct. 28, 1946; Circ. 1719, Dec. 29, 1948]

192.141 Requirements for filing of operating agreements, assignments or transfers. All instruments of transfer of a lease or of an interest therein, including assignments of record title, working, or royalty interests, operating agreements and subleases, must be filed for approval within 90 days

from the date of final execution and must contain all of the terms and conditions agreed upon by the parties thereto, together with evidence of the qualifications of the operator, assignee or transferee, consisting of the same showing required of a lease applicant by sec. 192.42 (a)(2) and (a) (3). An application for approval of any such instrument, except those concerning royalty interests, must be accompanied after March 1, 1949, by a fee of \$10.00 and an application thereafter, not accompanied by a certified check, money order or cash of that amount, will be rejected by the manager. Such fee will not be returned even though the application later be withdrawn or rejected in whole or in part.

Where an attorney in fact, in behalf of the holder of a lease, operating agreement or of a royalty interest in a producing lease, signs an assignment of the agreement, lease or interest, or signs the application for approval, there must be furnished evidence of the authority of the attorney to execute the assignment or application.

If a bond is necessary, it must be furnished. Where an assignment does not create separate leases, the assignee, if the assignment so provides, may become a joint principal on the bond with the assignor. If any overriding royalty or payments out of production are created which are not shown in the instrument or agreement, a statement must be submitted describing them. Assignments of record title interests must be filed in triplicate. A single executed copy of all other instruments of transfer, or of an operating agreement is sufficient.

In order for the heirs or devisees of a deceased holder of a lease, an operating agreement or a royalty interest in a producing lease to be recognized by the Department as the holder of the lease, agreement, or interest, there must be furnished the appropriate showing required under sec. 192.42(b).

The assignor or sublessor and his surety will continue to be responsible for the performance of any obligation under the lease until the assignment or sublease is approved. If the assignment or transfer is not approved, their obligations to the United States shall continue as though no such assignment or transfer had been filed for approval. After approval the assignee or sublessee and his surety will be responsible for the performance of all lease obligations notwithstanding any terms in the assignment or sublease to the contrary.

Unless the lease account is in good standing as to the area covered by the assignment when the assignment and bond are filed, or is placed in good standing before the assignment is reached for action the lease will be cancelled as provided in section 192.161 of this chapter.

[Circ. 1624a, June 6, 1947; Circ. 1719, Dec. 29, 1948]

192.142 Separate assignments required for transfer of record title to leases. A separate instrument of assignment must be filed for each oil and gas lease when transfers involve record titles. When transfers to the same person, association, or corporation, involving more than one oil and gas lease are filed at the same time for approval, one request for approval and one showing as to the qualifications of the assignee will be sufficient.

[Circ. 1624, Oct. 23, 1946]

192.143 Effect of assignment of particular tract. When an assignment is made of all or part of the record title to a portion of the acreage in a lease, the assigned acreage becomes segregated into a separate and distinct tract. The assignee becomes a lessee of the Government as to the segregated tract and is bound by the terms of the lease as though he had obtained the lease through an application filed in his own name and the assignment after its approval will be the basis of a new record. [Circ. 1624, Oct. 28, 1946]

192.144 Extension of leases segregated by assignment. (a) Any lease segregated by assignment, including the retained portion, shall continue in effect for the primary term of the original lease, or for two years after the date of discovery of oil or gas in paying quantities upon any other segregated portion of the original lease, whichever is the longer period.

(b) Undeveloped parts of leases assigned out of leases which are in their extended term because of production shall continue in effect for two years and so long thereafter as oil or gas is produced in paying quantities. [Circ. 1624, Oct. 28, 1946]

192.145 Royalty interests in oil and gas leases and assignments thereof. Royalty interests in oil and gas leases constitute holdings or control of lands and deposits within the meaning of the first sentence of section 27 of the Act. Assignments of such interest must be filed for record purposes in the appropriate district land offices accompanied by a showing by the assignees as to their citizenship and holdings in other oil and gas leases in the state. All assignments of royalty interests must be filed for the record, but those of 1 percent or less will be approved only upon specific request and then only after discovery. Any assignment of 1 percent or less if filed for record will be deemed to be valid whether formally approved or not. [Circ. 1624a, June 6, 1947]

Termination of Leases

192.160 Relinquishments of leases or portions thereof. A lease or any legal subdivision thereof may be surrendered by the record title holder by filing a written relinquishment, in triplicate, in the proper land office. A relinquishment shall take effect on the date it is filed subject to the continued obligation of the lessee and his surety to make payment of all accrued rentals and royalties and to place all wells on the land to be relinquished in condition for suspension or abandonment in accordance with the regulations and the terms of the lease. A statement must be furnished that all moneys due and payable to workmen employed on the leased premises have been paid. [Circ. 1624, Oct. 23, 1946]

192.161 Cancellation of lease. Any lease not known to contain valuable deposits of oil or gas may be cancelled by the Secretary of the Interior, after giving notice in accordance with section 31 of the act, whenever the lessee fails to comply with any of the provisions of the act, of the regulations issued thereunder, or of the lease, if such default continues for the period prescribed in that section after service of notice thereof. Leases known to contain valuable deposits of oil or gas may be cancelled only by judicial proceedings in the manner provided in sections 27 and 31 of the act. [Circ. 1624, Oct. 28, 1946]

Note: The reporting requirement of this regulation has been approved by the Bureau of the Budget in accordance with the Federal Reports Act of 1942.