

TITLE 47
MINES AND MINING

CHAPTER 8
OIL AND GAS LEASES ON STATE AND SCHOOL LANDS

47-801. LEASE OF STATE OR SCHOOL LANDS FOR OIL AND GAS DEVELOPMENT -- SURFACE RIGHTS. The state board of land commissioners is hereby authorized and empowered to lease for a term of up to ten (10) years, and as long thereafter as oil, gas, casinghead gas, casinghead gasoline or other hydrocarbons, or any of them, is produced in paying quantities, or as much longer thereafter as the lessee in good faith shall conduct drilling operations thereon, any state or school lands that may contain oil, gas, casinghead gas, casinghead gasoline, or other hydrocarbons, together with the right to use and occupy so much of the surface of said land as may be required for all purposes reasonably incident to the prospecting for, exploration for, drilling for, production, refining and marketing of said oil, gas, casinghead gas, casinghead gasoline or other hydrocarbons produced from said lands, including the right to construct and maintain thereon all works, buildings, plants, waterways, roads, communication lines, pipe lines, reservoirs, tanks, pumping stations, or other structures necessary to the full enjoyment thereof for the purposes of the lease.

[47-801, added 1937, ch. 130, sec. 1, p. 200; am. 1949, ch. 128, sec. 1, p. 226; am. 2017, ch. 119, sec. 1, p. 272.]

47-802. RULES AND REGULATIONS GOVERNING LEASES AND MINING OPERATIONS. State board of land commissioners is hereby authorized and empowered to make and establish rules and regulations governing the issuance of oil and gas leases under the provisions of this act and covering the conduct of development and mining operations to be carried on thereunder.

[47-802, added 1937, ch. 130, sec. 2, p. 200.]

47-804. LIMITATION ON AREA COVERED BY LEASE -- RIGHT TO HOLD MORE THAN ONE LEASE. No single oil and gas lease given and granted under the provisions of this act shall be for an area exceeding one (1) section, provided that one (1) person, firm or corporation may hold more than one lease.

[47-804, added 1937, ch. 130, sec. 4, p. 200; am. 1949, ch. 128, sec. 3, p. 226.]

47-805. ANNUAL RENTAL -- AMOUNT -- MINIMUM ROYALTY. Oil and gas leases shall be issued at an annual rental of not less than twenty-five cents (25¢) per acre, payable in advance, and royalty on oil and gas lands shall not be less than twelve and one-half per cent (12 1/2%) of oil and/or gas produced and saved from said lands under said lease. Royalties shall be paid in addition to rental payments, at the discretion of the board of land commissioners.

[47-805, added 1937, ch. 130, sec. 5, p. 200; am. 1949, ch. 128, sec. 4, p. 226; am. 1974, ch. 106, sec. 1, p. 1246; am. 1985, ch. 125, sec. 1, p. 309.]

47-806. LEASE OF LANDS FOR GRAZING OR AGRICULTURAL PURPOSES -- RIGHTS OF LESSEE UNDER OIL OR GAS LEASE. The state board of land commissioners shall have the right to lease state or school lands for grazing or agriculture purposes, as otherwise provided, and to issue oil and gas leases covering lands leased for grazing or agricultural purposes, provided, however, that the lessee under any oil and gas lease issued under the provisions of this act shall have paramount right to the use of so much of the surface of the land as shall be necessary for the purposes of his lease and shall have the right of ingress and egress at all times during the term of said lease.

[47-806, added 1937, ch. 130, sec. 6, p. 200.]

47-807. ASSIGNMENT OR TRANSFER OF LEASES RESTRICTED. No oil and gas lease made under the provisions of this act shall be assignable or transferable except upon the written consent of the board.

[47-807, added 1937, ch. 130, sec. 7, p. 200.]

47-808. BOND. (1) The board shall require the execution of a good and sufficient bond in an amount the board determines reasonable which shall not be less than one thousand dollars (\$1,000) in favor of the state of Idaho conditioned on the payment of all damages to the surface and improvements thereon, whether or not the lands have been sold or leased for any other purposes.

(2) Upon commencement of operations for the drilling of any well, lessee shall be required by the board to furnish such a bond the board determines reasonable which shall not be less than six thousand dollars (\$6,000) which bond shall be in lieu of the bond required in subsection (1) of this section and shall cover all subsequent operations on said lease.

[47-808, added 1937, ch. 130, sec. 8, p. 200; am. 1949, ch. 128, sec. 5, p. 226; am. 1992, ch. 160, sec. 1, p. 516.]

47-809. CANCELLATION OF OIL AND GAS LEASES FOR NONCOMPLIANCE WITH CONDITIONS -- PROCEDURE -- TERMINATION OF LEASE BY LESSEE. (a) The state board of land commissioners shall reserve and may exercise the authority to cancel any oil and gas lease upon failure by the lessee to exercise due diligence and care in the prosecution of his operations in accordance with the terms and conditions stated in said lease and with all laws of the state of Idaho, and shall insert in every such lease appropriate provisions for its cancellation by the board in the event of noncompliance upon the part of the lessee; provided, however, that except in the instance of nonpayment of rentals or royalties, no such lease shall be cancelled by the board other than for a substantial violation of the terms thereof and unless it shall notify the lessee in writing of the existence and exact nature of the cause of cancellation and unless the lessee thereafter, and within ninety (90) days from the mailing of such notice by registered mail, shall fail to remedy such cause for cancellation; and provided further that no default by the lessee in the performance of any of the conditions or provisions of such lease as to any well or wells on any legal subdivision of the land covered by such lease shall affect the right of the lessee to continue the lessee's possession or operation of any other well or wells, situated upon any other legal subdivision of said land. The term "legal subdivision" as herein used shall mean a subdivision as established by the United States Land Survey which most nearly approximates in

size the area allocated to one well under any approved well spacing program; provided that if no special program has been approved, said term "legal subdivision" shall mean the parcel upon which such well shall be located, but in any event not less than forty (40) acres surrounding such well.

(b) The lessee of any such oil and gas lease may surrender and terminate the lease as to all or any part of the lands covered by the same upon payment of the rentals then accrued and upon giving notice in writing, not less than thirty (30) days prior to such surrender or termination, to the state board of land commissioners and thereupon lessee shall be relieved from liability for rental and all other obligations as to the acreage so surrendered; provided, however, that such surrender shall not thereby relieve the lessee of any liabilities which may have accrued in connection with the lease prior to the surrender of such acreage. In the event of a partial surrender of the lands covered by such lease, the annual rental thereafter payable shall be reduced proportionately.

[47-809, added 1937, ch. 130, sec. 9, p. 200; am. 1949, ch. 128, sec. 6, p. 226.]

47-810. GRANTS EXECUTED IN ACCORDANCE WITH CONSTITUTION. All grants and permissions under this act shall be executed as required by the Constitution of the State of Idaho, Article IV, Section 16.

[47-810, added 1937, ch. 130, sec. 10, p. 200.]

47-811. COOPERATIVE DEVELOPMENT OF OIL AND GAS LANDS. The state board of land commissioners is authorized to join on behalf of the state of Idaho in cooperative or unit plans of development or operation on oil and gas pools with the United States government and its lessees or permittees and with others in such form as may be acceptable to it to modify or amend the same from time to time as in its judgment it may deem advisable, to consent to and approve the designated participating area and any extension or contraction thereof and to do all acts and things which it considers necessary or advisable to make operative such unit plan or plans; and for such purposes the board is hereby authorized with the consent of its lessees to modify and change any and all terms of leases issued by it to facilitate the efficient and economical production of oil or gas from the lands under its jurisdiction; provided, however, that said board shall not use or contract to use funds under its control for the purpose of drilling or otherwise paying the cost of development of oil and gas.

[47-811, added 1949, ch. 128, sec. 7, p. 226.]

47-812. APPLICATION OF SECTION [47-707](#) LIMITED. Section [47-707](#) shall not be construed to apply to oil and gas leases issued under the authority of section [47-801](#).

[47-812, added 1949, ch. 128, sec. 8, p. 226.]