

application for the approval of such agreement at the time of discovery.

(Aug. 8, 1946, ch. 916, §12, 60 Stat. 957.)

CODIFICATION

Section was not enacted as part of act Feb. 25, 1920, ch. 85, 41 Stat. 437, known as the Mineral Leasing Act, which comprises this chapter.

SAVINGS PROVISION

See note set out under section 181 of this title.

OUTER CONTINENTAL SHELF; REFUNDS ON MINERAL-LEASE PAYMENTS

Refunds of excess payments with respect to oil, gas, and other leases on submerged lands of outer Continental Shelf, see section 1339 of Title 43, Public Lands.

**§§ 226d, 226e. Omitted**

CODIFICATION

Sections were completely amended by Pub. L. 86-705, §2, Sept. 2, 1960, 74 Stat. 781, and included in section 17 of Mineral Leasing Act of Feb. 25, 1920, classified to section 226 of this title.

Section 226d, act Feb. 25, 1920, ch. 85, §17a, as added Aug. 8, 1946, ch. 916, §4, 60 Stat. 952, provided for the exchange of leases and fixed royalty rates for new leases.

Section 226e, act Feb. 25, 1920, ch. 85, §17b, as added Aug. 8, 1946, ch. 916, §5, 60 Stat. 952; amended July 29, 1954, ch. 644, §1(4), (5), 68 Stat. 585, permitted establishment of cooperative or unit plans, setting up procedures for regulating production, approving contracts and preventing waste.

**§ 227. Omitted**

CODIFICATION

Section, acts Feb. 25, 1920, ch. 85, §18, 41 Stat. 443; Feb. 25, 1928, ch. 104, 45 Stat. 148, authorized the United States to issue leases for a period of twenty years to persons who relinquished all rights claimed or possessed prior to July 3, 1910 under preexisting placer mining law provided relinquishment was filed in the General Land Office within six months after Feb. 25, 1920.

**§ 228. Prospecting permits and leases to persons of lands not withdrawn; terms and conditions of; fraud of claimants**

Any person who on October 1, 1919, was a bona fide occupant or claimant of oil or gas lands under a claim initiated while such lands were not withdrawn from oil or gas location and entry, and who had previously performed all acts under then existing laws necessary to valid locations thereof except to make discovery, and upon which discovery had not been made prior to February 25, 1920, and who has performed work or expended on or for the benefit of such locations an amount equal in the aggregate of \$250 for each location if application therefor shall be made within six months from February 25, 1920, shall be entitled to prospecting permits thereon upon the same terms and conditions, and limitations as to acreage, as other permits provided for in this chapter, or where any such person has made such discovery, prior to said February 25, 1920, he shall be entitled to a lease thereon under such terms as the Secretary of the Interior may prescribe unless otherwise provided for in section 227<sup>1</sup> of this title: *Provided*,

<sup>1</sup> See References in Text note below.

That where such prospecting permit is granted upon land within any known geologic structure of a producing oil or gas field, the royalty to be fixed in any lease thereafter granted thereon or any portion thereof shall be not less than 12½ per centum of all the oil or gas produced except oil or gas used for production purposes on the claim, or unavoidably lost: *Provided, however*, That the provisions of this section shall not apply to lands reserved for the use of the Navy. No claimant for a permit or lease who has been guilty of any fraud or who had knowledge or reasonable grounds to know of any fraud, or who has not acted honestly and in good faith shall be entitled to any of the benefits of this section.

All permits or leases hereunder shall inure to the benefit of the claimant and all persons claiming through or under him by lease, contract, or otherwise, as their interests may appear.

(Feb. 25, 1920, ch. 85, §19, 41 Stat. 445.)

REFERENCES IN TEXT

Section 227 of this title, referred to in text, was omitted from the Code.

**§ 229. Preference right to permits or leases of claimants of lands bona fide entered as agricultural land; terms and conditions**

In the case of lands bona fide entered as agricultural, and not withdrawn or classified as mineral at the time of entry, but not including lands claimed under any railroad grant, the entryman or patentee, or assigns, where assignment was made prior to January 1, 1918, if the entry has been patented with the mineral right reserved, shall be entitled to a preference right to a permit and to a lease, as herein provided, in case of discovery; and within an area not greater than a township such entryman and patentees, or assigns holding restricted patents may combine their holdings, not to exceed two thousand five hundred and sixty acres for the purpose of making joint application. Leases executed under this section and embracing only lands so entered shall provide for the payment of a royalty of not less than 12½ per centum as to such areas within the permit as may not be included within the discovery lease to which the permittee is entitled under section 223 of this title.

(Feb. 25, 1920, ch. 85, §20, 41 Stat. 445.)

**§ 229a. Water struck while drilling for oil and gas**

**(a) Acquisition; condition in lease**

All prospecting permits and leases for oil or gas made or issued under the provisions of this chapter shall be subject to the condition that in case the permittee or lessee strikes water while drilling instead of oil or gas, the Secretary of the Interior may, when such water is of such quality and quantity as to be valuable and usable at a reasonable cost for agricultural, domestic, or other purposes, purchase the casing in the well at the reasonable value thereof to be fixed under rules and regulations to be prescribed by the Secretary.

**(b) Prior leases**

In cases where water wells producing such water have heretofore been or may hereafter be