Media Contact: Tozier - Interior 4306
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Secretary of the Interior Stewart L. Udall today announced approval of a proposal made by the Navajo Indian Tribe that bids be invited for a two-year preferential oil and gas prospecting permit on 35,336 acres of wildcat tribal land in Coconino County, Arizona.

The successful bidder would be given not only a. prospecting permit but a preference to select for lease not less than six tracts comprising 2,560 acres each, Subject to a bonus payment of $25 per acre less 50 percent of the per-acre bonus paid for the permit.

In the interest of "speedy development" the Tribe is willing to forego the usual annual rental of $1.25 per acre during the permit period but will require an expenditure of $150,000 in geologic exploration, with a bond in the same amount. The leases will provide for completion of three wells in three years for each 25,600 acres or major fraction thereof and for the drilling of one well annually thereafter until oil or gas is found. Liquidated damages of $25,000 will have to be paid for each yearly interval in which a required well is not drilled.

The leases will call for payment of a 20 percent royalty and 50 percent of the net profits on oil, gas and helium.

"The Navajo Tribe," Secretary Udall explained, "has been attempting for some time to have its oil and gas developed under special terms which the Tribe believes will interest the industry and bring about early development which will be advantageous to the Tribe. As a trustee, the Bureau of Indian Affairs has pursued a policy of offering Indian lands for leasing through competitive bids. However, unless there is a real possibility of loss, we believe that requests by the Tribe for changes in the method of offering leases should be favorably considered subject to reasonable limitations. In the circumstances it is agreeable if the proposed preferential permit is offered for competitive bids with the understanding that protective changes will be made and that the action will not serve as a precedent in leasing other Indian tribal lands. Each proposal will be considered on its merits. “

A major change made by the Department in the proposal submitted by the Tribe concerns the pricing of helium. The Tribe proposed fixing the minimum value at ten cents per thousand cubic feet for each one percent of helium content. Because this is considered by the Department's Geological Survey and the Bureau of Mines to be out of line in view of the availability of and market for helium, the Department called for addition of a clause to the lease form prohibiting the extraction of helium-bearing gas in excess of one percent by volume until an agreement can be reached between the lessor and lessee and approved by the Secretary as to the percentage royalty to be paid.