Indian Affairs - Office of Public Affairs

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For Immediate Release: July 26, 1956
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Secretary of the Interior Fred A. Seaton today disapproved a proposed 25-year oil and gas development contract negotiated between the Navajo Indian Tribe and the Delhi-Taylor Oil Corporation of Dallas, Texas.

One of his objections was based upon the questionable legality of the proposal. The contract would have embraced 5,300,000 acres, about one-third of the Navajo Reservation which includes land in three States.

The Secretary said the proposed contract is in effect a lease agreement and that the Department's Solicitor has questioned the authority for such an arrangement under existing law. The law precludes the leasing of any Indian reservation lands for oil and gas development, without advertising for competitive bids.

Another consideration in arriving at his decision, Secretary Seaton said, was the fact that 12 other oil companies in addition to Delhi-Taylor have been conducting geophysical work on the Navajo Reservation during the last year, and that several have indicated their desire to enter into leases on a competitive basis. Negotiations on the rejected proposal were reported to have been conducted only with the Delhi-Taylor Oil Corp.

Secretary Seaton said he was informed that the benefits received by the Navajos under competitive leasing should outweigh the uncertain benefits which they might receive under an agreement of the type proposed. He explained the Navajo Tribe has received in the last five years, more than $15 million in bonus and rental payments under- present competitive leasing procedures, and that they are receiving annually more than $1 million from rentals alone,