

INTERIOR BOARD OF LAND APPEALS

Western Gas Resources, Inc.

146 IBLA 244 (November 6, 1998)

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WESTERN GAS RESOURCES, INC.

IBLA 97-355

Decided November 6, 1998

Appeal from a decision of the Wyoming State Office, Bureau of Land Management, lifting suspension of operations and production on oil and gas lease WYW 118519, and deeming the lease to have expired.

Affirmed.

1. Estoppel—Oil and Gas Leases: Expiration—Oil and Gas Leases: Extensions—Regulations: Generally—Statutes

An essential element of a claim for estoppel is that the party asserting it must be ignorant of the true facts. Since, however, all persons are presumed to have knowledge of relevant statutory and regulatory provisions, estoppel will not lie when the legal consequences of an action are clearly set forth in statute and/or regulation, and when the application of estoppel would afford a right not authorized by law. Thus, there is no requirement in law or regulation compelling BLM authorities to give prior notice to lessees that their leases are about to expire and that a further extension of the lease term may be obtained if a certain course is followed.

APPEARANCES: Roger H. Lichty, Senior Landman, for Appellant.

OPINION BY ADMINISTRATIVE JUDGE TERRY

Western Gas Resources, Inc. (Western) has appealed from a March 13, 1997, Decision of the Wyoming State Office, Bureau of Land Management (BLM), lifting a suspension of operations and production on oil and gas lease WYW 118519, and deeming the lease to have expired.

Lease WYW 118519 was issued effective January 1, 1990, for a 5-year term ending on December 31, 1994. The lease was committed to the Stuart

Ranch Deep Unit which was to terminate effective September 26, 1993. BLM, on March 4, 1994, extended the term of lease WYW 118519 to September 26, 1995.

By letter of February 2, 1996, to the record title owner (McMahon Bullington), the Buffalo Resource Area Manager responded to the application for suspension of operations and production filed for lease WYW 118519. The Area Manager noted that on August 23, 1995, a Notice for Staking followed by an Application for Permit to Drill (APD) was filed for Well No. 1-21-10 on the lease, which proposed to drill and test the Wyodak formation. The Area Manager stated that because of the delays associated with the environmental analysis "approval of the suspension of operations and production is warranted." Therefore, he granted the application pursuant to 43 C.F.R. § 3103.4-2 (1994), effective September 1, 1995. He stated that the suspension would "terminate the first day of the month that operations commence on the lease, or the first day of the month following the date that activity is allowed on the lease, whichever is earlier." The Area Manager further noted that "[o]fficial notification of the new lease expiration date will be issued by the Wyoming State Office, Bureau of Land Management." On February 14, 1996, BLM issued official notice of the suspension. On November 29, 1996, the Area Manager issued a notice to McMahon Bullington advising that the suspension was being lifted. He stated:

The effective date of the termination for the lease suspension of operation and production will be one of the following: the first day of the month that operations commence on the lease, or February 1, 1997, whichever is earlier. You will receive official notification of the new lease expiration date, upon termination of the suspension from the Wyoming State Office, Bureau of Land Management.

BLM's Decision states that the suspension was lifted effective February 1, 1997. On that date, there remained 26 days in the primary term of the lease (the original term as extended, was to September 26, 1995) and its expiration date was adjusted to February 26, 1997. BLM deemed the lease to have expired under its own term on February 26, 1997.

Western is a holder of operating rights for the lease. It asserts on appeal that it received no timely notice from BLM that the lease had terminated. Western refers to the Area Manager's November 29, 1996, Notice advising that the State Office would issue "official notification of the new lease expiration date." Western also asserts that it was advised by BLM employees that the lease would not expire if a producing well was drilled commencing on March 10, 1997. Western contends that it relied to its detriment on the representations of BLM employees.

[1] Essentially, Western proffers an argument of estoppel in this case, the circumstances of which are similar to those in Terra Resources, Inc., 107 IBLA 10 (1989), and Margaret H. Paumier, 2 IBLA 151, 154 (1971).

In both cases, the lessees based their appeals on the fact that BLM had failed to notify them of the lease expiration date. In Paumier we held:

[O]ne who holds an oil and gas lease from the United States is presumed to know the law and regulations and will conduct his affairs relative to the lease strictly in accordance therewith. A lessee's unfamiliarity with the regulations does not excuse his failure to take advantage of benefits which might be obtained thereunder. * * * Further, there is no requirement in law or regulation which compels the land office to give prior notice to lessees that their leases are about to expire and that a further extension of the lease term may be obtained if a certain course is followed.

(Citation omitted.)

The regulation at 43 C.F.R. § 3103.4-2(b) (1994), specifies that a lease term is extended "by adding thereto the period of the suspension," and 43 C.F.R. § 3107.1 provides that the primary term of a lease is extended by actual drilling operations at the end of that term.

As we noted in Terra, the lessee is presumed to have knowledge of the relevant statutes and regulations affecting its lease. Federal Crop Insurance Corp. v. Merrill, 332 U.S. 380 (1947). Because of its imputed knowledge, Western cannot successfully claim ignorance of the material facts without presenting extraordinary circumstances overcoming that presumption. Fuel Resources Development Co., 100 IBLA 37, 43 (1987); Landmark Exploration Co., 97 IBLA 96, 99 (1987); Tom Hurd, 80 IBLA 107, 110 (1984); *see generally*, United States v. Wharton, 514 F.2d 406, 412 (9th Cir. 1975).

The Board has well-established case precedent governing consideration of estoppel questions. *See, e.g.*, Mt. Gaines Consolidated, 144 IBLA 49, 51 (1998); Ptarmigan Co., 91 IBLA 113, 117 (1986), *aff'd sub nom. Bolt v. United States*, 944 F.2d 603 (9th Cir. 1991). As we reiterated in James W. Bowling, 129 IBLA 52 (1994), for a misrepresentation to be affirmative misconduct sufficient to justify invocation of estoppel, it must be in the form of a crucial misstatement in an official written decision. Oral advice, by its nature, provides an unstable foundation on which to base future actions. The Board has consistently refused to entertain estoppel claims unless based on an official written document. We have noted that while estoppel may lie where reliance on Government statements deprived an individual of a right which he would have acquired, estoppel does not lie where the effect of such action would be to grant an individual a right not authorized by law. 43 C.F.R. § 1810.3(c); Terra Resources, Inc., *supra*, at 13. In the present case, when the period of suspension (September 1, 1995, through February 1, 1997) was added to the end of the stated term of the lease, September 26, 1995, as provided by regulation, the lease terminated by operation of law on February 26, 1997. For these reasons, the doctrine of estoppel does not apply in the present case.

Therefore, pursuant to the authority delegated to the Board of Land Appeals by the Secretary of the Interior, 43 C.F.R. § 4.1, the Decision appealed from is affirmed.

James P. Terry
Administrative Judge

I concur.

Gail M. Frazier
Administrative Judge