

Bureau of Land Management, Interior

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Subpart 3180—Onshore Oil and Gas Unit Agreements: General

§ 3180.0-1 Purpose.

The regulations in this part prescribe the procedures to be followed and the requirements to be met by the owners of any right, title or interest in Federal oil and gas leases (see § 3160.0-5 of this title) and their representatives who wish to unite with each other, or jointly or separately with others, in collectively adopting and operating under a unit plan for the development of any oil or gas pool, field or like area, or any part thereof. All unit agreements on Federal leases are subject to the regulations contained in part 3160 of this title, Onshore Oil and Gas Operations. All unit operations on non-Federal lands included within Federal unit plans are subject to the reporting requirements of part 3160 of this title.

[48 FR 36587, Aug. 12, 1983]

§ 3180.0-2 Policy.

Subject to the supervisory authority of the Secretary of the Interior, the administration of the regulations in this part shall be under the jurisdiction of the authorized officer. In the exercise of his/her discretion, the authorized officer shall be subject to the direction and supervisory authority of the Director, Bureau of Land Management, who may exercise the jurisdiction of the authorized officer.

[48 FR 36587, Aug. 12, 1983]

§ 3180.0-3 Authority.

The Mineral Leasing Act, as amended and supplemented (30 U.S.C. 181, 189, 226(e) and 226(j)), and Order Number 3087, dated December 3, 1982, as amended on February 7, 1983 (48 FR 8983), under which the Secretary consolidated and transferred the onshore minerals management functions of the Department, except mineral revenue functions and the responsibility for leasing of restricted Indian lands, to the Bureau of Land Management.

[48 FR 36587, Aug. 12, 1983]

§ 3180.0-5 Definitions.

The following terms, as used in this part or in any unit agreement approved

under the regulations in this part, shall have the meanings here indicated unless otherwise defined in such unit agreement:

Federal lease. A lease issued under the Act of February 25, 1920, as amended (30 U.S.C. 181, *et seq.*); the Act of May 21, 1930 (30 U.S.C. 351-359); the Act of August 7, 1947 (30 U.S.C. 351, *et seq.*); or the Act of November 16, 1981 (Pub. L. 97-98, 95 Stat. 1070).

Participating area. That part of a unit area which is considered reasonably proven to be productive of unitized substances in paying quantities or which is necessary for unit operations and to which production is allocated in the manner prescribed in the unit agreement.

Unit area. The area described in an agreement as constituting the land logically subject to exploration and/or development under such agreement.

Unitized land. Those lands and formations within a unit area which are committed to an approved agreement or plan.

Unitized substances. Deposits of oil and gas contained in the unitized land which are recoverable in paying quantities by operation under and pursuant to an agreement.

Working interest. An interest held in unitized substances or in lands containing the same by virtue of a lease, operating agreement, fee title, or otherwise, under which, except as otherwise provided in the agreement, the owner of such interest is vested with the right to explore for, develop, and produce such substances. The rights delegated to the unit operator by the unit agreement are not regarded as a working interest.

[48 FR 26766, June 10, 1983. Redesignated and amended at 48 FR 36587, Aug. 12, 1983; 51 FR 34603, Sept. 30, 1986]

Subpart 3181—Application for Unit Agreement

§ 3181.1 Preliminary consideration of unit agreement.

The model unit agreement set forth in § 3186.1 of this title, is acceptable for use in unproven areas. Unique situations requiring special provisions should be clearly identified, since these

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and other special conditions may necessitate a modification of the model unit agreement set forth in §3186.1 of this title. Any proposed special provisions or other modifications of the model agreement should be submitted for preliminary consideration so that any necessary revision may be prescribed prior to execution by the interested parties. Where Federal lands constitute less than 10 percent of the total unit area, a non-Federal unit agreement may be used. Upon submission of such an agreement, the authorized officer will take appropriate action to commit the Federal lands.

§3181.2 Designation of unit area; depth of test well.

An application for designation of an area as logically subject to development under a unit agreement and for determination of the depth of a test well may be filed by a proponent of such an agreement at the proper BLM office. Such application shall be accompanied by a map or diagram on a scale of not less than 2 inches to 1 mile, outlining the area sought to be designated under this section. The Federal, State, Indian and privately owned land should be indicated by distinctive symbols or colors. Federal and Indian oil and gas leases and lease applications should be identified by lease serial numbers. Geologic information, including the results of any geophysical surveys, and any other available information showing that unitization is necessary and advisable in the public interest should be furnished. All information submitted under this section is subject to part 2 of this title, which sets forth the rules of the Department of the Interior relating to public availability of information contained in Departmental records, as provided under this part at §3100.4 of this chapter. These data will be considered by the authorized officer and the applicant will be informed of the decision reached. The designation of an area, pursuant to an application filed under this section, shall not create an exclusive right to submit an agreement for such area, nor preclude the inclusion of

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such area or any party thereof in another unit area.

[48 FR 26766, June 10, 1983. Redesignated at 48 FR 36587, Aug. 12, 1983, and amended at 63 FR 52953, Oct. 1, 1998]

§3181.3 Parties to unit agreement.

The owners of any right, title, or interest in the oil and gas deposits to be unitized are regarded as proper parties to a proposed agreement. All such parties must be invited to join the agreement. If any party fails or refuses to join the agreement, the proponent of the agreement, at the time it is filed for approval, must submit evidence of reasonable effort made to obtain joinder of such party and, when requested, the reasons for such nonjoinders. The address of each signatory party to the agreement should be inserted below the signature. Each signature should be attested by at least one witness if not notarized. The signing parties may execute any number of counterparts of the agreement with the same force and effect as if all parties signed the same document, or may execute a ratification or consent in a separate instrument with like force and effect.

§3181.4 Inclusion of non-Federal lands.

(a) Where State-owned land is to be unitized with Federal lands, approval of the agreement by appropriate State officials must be obtained prior to its submission to the proper BLM office for final approval. When authorized by the laws of the State in which the unitized land is situated, appropriate provision may be made in the agreement, recognizing such laws to the extent that they are applicable to non-Federal unitized land.

(b) When Indian lands are included, modification of the unit agreement will be required where appropriate. Approval of an agreement containing Indian lands by the Bureau of Indian Affairs must be obtained prior to final approval by the authorized officer.

§3181.5 Compensatory royalty payment for unleased Federal land.

The unit agreement submitted by the unit proponent for approval by the authorized officer shall provide for payment to the Federal Government of a

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12½ percent royalty on production that would be attributable to unleased Federal lands in a PA of the unit if said lands were leased and committed to the unit agreement. The value of production subject to compensatory royalty payment shall be determined pursuant to 30 CFR part 206, provided that no additional royalty shall be due on any production subject to compensatory royalty under this provision.

[58 FR 58632, Nov. 2, 1993, as amended at 59 FR 16999, Apr. 11, 1994]

Subpart 3182—Qualifications of Unit Operator

§ 3182.1 Qualifications of unit operator.

A unit operator must qualify as to citizenship in the same manner as those holding interests in Federal oil and gas leases under the regulations at subpart 3102 of this title. The unit operator may be an owner of a working interest in the unit area or such other party as may be selected by the owners of working interests. The unit operator shall execute an acceptance of the duties and obligations imposed by the agreement. No designation of or change in a unit operator will become effective until approved by the authorized officer, and no such approval will be granted unless the successor unit operator is deemed qualified to fulfill the duties and obligations prescribed in the agreement.

Subpart 3183—Filing and Approval of Documents

§ 3183.1 Where to file papers.

All papers, instruments, documents, and proposals submitted under this part shall be filed in the proper BLM office.

[48 FR 26766, June 10, 1983. Redesignated at 48 FR 36587, Aug. 12, 1983, and amended at 51 FR 34603, Sept. 30, 1986]

§ 3183.2 Designation of area.

An application for designation of a proposed unit area and determination of the required depth of test well(s) shall be filed in duplicate. A like number of counterparts should be filed of any geologic data and any other infor-

mation submitted in support of such application.

§ 3183.3 Executed agreements.

Where a duly executed agreement is submitted for final approval, a minimum of four signed counterparts should be filed. The number of counterparts to be filed for supplementing, modifying, or amending an existing agreement, including change of unit operator, designation of new unit operator, establishment or revision of a participating area, and termination shall be prescribed by the authorized officer.

§ 3183.4 Approval of executed agreement.

(a) A unit agreement shall be approved by the authorized officer upon a determination that such agreement is necessary or advisable in the public interest and is for the purpose of more properly conserving natural resources. Such approval shall be incorporated in a Certification-Determination document appended to the agreement (see § 3186.1 of this part for an example), and the unit agreement shall not be deemed effective until the authorized officer has executed the Certification-Determination document. No such agreement shall be approved unless the parties signatory to the agreement hold sufficient interests in the unit area to provide reasonably effective control of operations.

(b) The public interest requirement of an approved unit agreement for unproven areas shall be satisfied only if the unit operator commences actual drilling operations and thereafter diligently prosecutes such operations in accordance with the terms of said agreement. If an application is received for voluntary termination of a unit agreement for an unproven area during its fixed term or such an agreement automatically expires at the end of its fixed term without the public interest requirement having been satisfied, the approval of that agreement by the authorized officer and lease segregations and extensions under § 3107.3-2 of this title shall be invalid, and no Federal lease shall be eligible for extensions under § 3107.4 of this title.