

# Suggested Procedures for Formulating a Federal or Indian Exploratory Unit Agreement

Address application and unit agreement papers to the Chief, Reservoir Management and Operations Section. Review and processing of the proposal will be facilitated if the following suggestions are observed:

## 1. Application letter from operator.

- a. Should accurately define the proposed unit area by reference to an accompanying plat and legal descriptions itemized by unit tracts of all lands in the proposed unit area (exhibits [A](#) and [B](#) ( Page 1, 2, 3)).
- b. List in sequence the serial numbers of all federal leases and applications, and Indian leases.
- c. In the event geological and geophysical data and discussions are to be confidential, the application should state and the geologic report should be a separate report supporting the application for designation of a unit area.
- d. Cite the deepest formation which the proponent expects to test, the projected depth that the initial test well(s) must reach to adequately test that formation, and the number of initial well(s) to be required with proposed location(s).

## 2. Geologic report.

The geologic report should include:

- a. A plat on the public land survey base showing the proposed unit boundary, detailed geological, structural, and stratigraphic conditions pertinent to the proposed unit area, and the strike and throw of faults. Said plat shall show all wells drilled in the unit area and immediate vicinity thereof, including Status, depth, and lowest formation penetrated. Structural contours, stratigraphic conditions, etc., should be shown well beyond unit boundary, when possible.
- b. Appropriate cross-sections and stratigraphic columns, identifying prospectively productive formations and indicating expected depths.
- c. Pertinent geophysical interpretations
- d. The geologic basis for selecting the boundary of unit area, such as, closing contour, fault, or pinch-out.
- e. A brief discussion of the unit area including: (i) the location of the prospect geographically and physiographically; (ii) geologic factors including Structure and stratigraphy as pertinent to the proposed unit area; and (iii) the location of existing wells with emphasis as to why the prospect has not been evaluated by these tests.

## 3. Land Ownership

Land ownership plat, Exhibit [A](#).

- a. The specified outline of the proposed unit area, based on the official public land survey, including the acreage and official number of each lot, tract, and section, and total acreage of the unit

area.

b. The boundary of each lease and unleased tract of land.

c. By distinctive colors or symbols the different types of land, such as federal, Indian, state, and fee lands.

d. Working interest owners and lease numbers of federal and Indian leases.

Land ownership legal descriptions, Exhibit B (Page 1, 2, 3) (reference model form Exploratory Unit Agreement)

If conditions permit, use of the model form of unit agreement is encouraged. However, certain types of lands require use of special provisions, which must be approved in the unit area designation letter. If any other deviations from such form are deemed advisable, the proposed form, with Exhibits A and B attached to each copy and with all deviations explained, must be submitted for preliminary approval.

All signatures should be either witnessed or acknowledged before a notary, and, if the signature is by an agent, attorney-in-fact, or other representative, evidence of authority to act for the principal is necessary. Execution by a corporate officer should show that person's title and carry proper attestation and the corporate seal. A ratification for each such party shown by Exhibit B (43 CFR 3186.1) to own an interest in a tract is required before the tract is considered fully committed. The commitment of overriding royalty and production payment interests can be accomplished either by the unit operator submitting a list of such owners which indicates those who have executed the unit agreement, or by the filing of appropriate joinders. When specific interests are held by different individuals or companies, each such entity holding an interest should execute the agreement even where one company may be wholly owned by another signatory party.