

§ 3137.82

committed tract within a participating area. For royalty purposes, BLM allocates to each committed tract within the participating area in the same proportion as that tract's surface acreage in the participating area to the total acreage in the participating area.

(b) For exploratory and primary recovery operations, BLM will consider gas cycling and pressure maintenance wells when establishing participating area boundaries.

(c) For secondary and tertiary recovery operations, BLM will consider all wells that contribute to production when establishing participating area boundaries.

§ 3137.82 What are productivity criteria?

(a) Productivity criteria are characteristics of a unit well that warrant including a defined area surrounding the well in a participating area. The unit agreement must define these criteria for each separate producible interval. You must be able to determine whether you meet the criteria when the well is drilled and you complete well testing, after a reasonable period of time to analyze new data.

(b) To meet the productivity criteria, the well must indicate future production potential sufficient to pay for the costs of drilling, completing, and operating the well on a unit basis.

(c) BLM will consider wells that contribute to unit production (*e.g.*, pressure maintenance, gas cycling) when setting the participating area boundaries as provided in § 3137.81(b) and (c) of this subpart.

§ 3137.83 What establishes a participating area?

The first well you drill meeting the productivity criteria after the unit agreement is formed establishes an initial participating area. When you establish an initial participating area, lands that contain previously existing wells in the unit meeting the productivity criteria (see § 3137.82 of this subpart), will—

(a) Be added to that initial participating area as a revision, if the well is completed in the same producible interval; or

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(b) Become a separate participating area, if the well is completed in a different producible interval (see also § 3137.88 of this subpart for wells that do not meet the productivity criteria).

§ 3137.84 What must I submit to BLM to establish a new participating area, or modify an existing participating area?

To establish a new participating area or modify an existing participating area, you must submit to BLM a—

(a) Statement that—

(1) The well meets the productivity criteria (see § 3137.82 of this subpart), necessary to establish a new participating area. You must submit information supporting your statement; or

(2) Explains the reasons for modifying an existing participating area. You must submit information supporting your explanation;

(b) Map showing the new or revised participating area and acreage; and

(c) Schedule that establishes the production allocation for each NPR-A lease or tract, and each record title holder and operating rights owner in the participating area. You must submit a separate allocation schedule for each participating area.

§ 3137.85 What is the effective date of a participating area?

(a) The effective date of an initial participating area is the first day of the month in which you complete a well meeting the productivity criteria, but no earlier than the effective date of the unit.

(b) The effective date of a modified participating area is the earlier of the first day of the month in which you—

(1) Complete a new well meeting the productivity criteria; or

(2) Should have known you needed to revise the allocation schedule.

§ 3137.86 What happens to a participating area when I obtain new information demonstrating that the participating area should be larger or smaller than previously determined?

(a) If you obtain new information demonstrating that the participating area should be larger than BLM previously determined, within 60 calendar