

Attachment 5: Template Federal Oil and Gas Agreement Decisions

Format for Approving a Communitization Agreement

IN REPLY REFER TO:
3105 (Office Code)
Serial No.

Certified Mail – Return Receipt Requested

Operator
Address

Dear _____,

Enclosed is a copy of the approved communitization agreement (CA) involving (number) acres of Federal land in lease (serial number) and (number) acres of non-Federal land, (County) County, (State). (Operator's Name) is the designated operator.

The agreement communitizes all (commodity type) producible from the (Name) formation underlying (Aliquot) of Section (number), T. (number/direction), R. (number/direction), (Name) P.M. The agreement was approved as of this date, is effective (date), and has been designated communitization agreement (serial number).

Approval of this agreement does not warrant or certify that the operator or the other holders of operating rights hold legal or equitable title to those rights in the subject leases, which are committed hereto.

Both the Oil and Gas Operations Report (OGOR), Form ONRR-4054, and the Report of Sales and Royalty Remittance, Form ONRR-2014, are required for the communitization agreement. You must submit the ONRR-4054 on a monthly basis. This submission should begin in the month when the first well ceases active drilling. However, if you are required to report earlier based on the criteria specified in 30 CFR § 1210.102, you must do so. Once production begins, you must submit the ONRR-2014. This report is due by the end of the month following the removal or sale of the product from the lease.

The (CA well name and number) well (U.S. well number) first produced oil and gas from the (Name) formation on (date of first production). The well continues to produce oil and gas according to the (State Commission) and/or AFMSS.

The allocation schedule did not change between the Preliminary Federal Oil and Gas Agreement Royalty Allocation Notice and the final approval; therefore, the operator does not need to make any changes to production reporting or royalty paid.

(or)

The allocation schedule changed between the Preliminary Federal Oil and Gas Agreement Royalty Allocation Notice and final approval; therefore, you must update your production and

royalty reporting and any applicable royalty payments by the end of the third month, following the month in which you receive this decision, or the payors will be assessed interest for late payment under the Federal Oil and Gas Royalty Management Act of 1982 (Refer to 30 CFR 1218.54 and 30 U.S.C. 1721(j)). Please direct questions regarding royalty payments and production reports to your primary contacts at the Office of Natural Resources Revenue (ONRR). If unknown, please use [ONRR's website](#), to identify the correct contact for your company or to find a general contact.

Please furnish all interested parties with whatever evidence of this approval you deem appropriate.

Please refer any questions on this matter to (*Adjudicator*), (*Title*), at (*Email and Phone Number*).

Sincerely,

Authorized Officer

Enclosure

Copy of Approved Communitization Agreement

Distribution:

SO Fluid Lease Adjudication w/enclosure

Field Office Operations w/enclosure (if appropriate)

SMA w/enclosure (if other than BLM)

ONRR

Format for Approving a Participating Area

IN REPLY REFER TO:
3180 (Office Code)
Serial No.

Certified Mail – Return Receipt Requested

Unit Operator
Address

Dear _____,

The (PA Name), of the (Name) Unit, is approved effective (effective date of PA), pursuant to Section 11 of the (Name) Unit Agreement, (County, State).

The (PA Name) results in a Participating Area of (number) acres and is based upon the completion of the (well name and number) (U.S. Well number) well, determined to be capable of producing unitized substances in paying quantities. Enclosed is a schedule showing the lands and their percentage of allocation in the participating area.

Approval of this participating area does not warrant or certify that operator or the other holders of operating rights hold legal or equitable title to those rights in the subject leases which are committed.

Copies of the approved request are being distributed to the appropriate agencies and one copy is being returned. Please advise all interested parties of the establishment of the (PA Name), (Name) Unit.

Both the Oil and Gas Operations Report (OGOR), Form ONRR-4054, and the Report of Sales and Royalty Remittance, Form ONRR-2014, are required for the participating area. You must submit the ONRR-4054 on a monthly basis. This submission should begin in the month when the first well ceases active drilling. However, if you are required to report earlier based on the criteria specified in 30 CFR § 1210.102, you must do so. Once production begins, you must submit the ONRR-2014. This report is due by the end of the month following the removal or sale of the product from the lease.

The allocation schedule did not change between the Preliminary Federal Oil and Gas Agreement Royalty Allocation Notice and the final approval; therefore, the operator does not need to make any changes to production reporting or royalty paid.

(or)

The allocation schedule changed between the Preliminary Federal Oil and Gas Agreement Royalty Allocation Notice and the final approval; therefore, you must update your production and royalty reporting and any applicable royalty payments by the end of the third month, following the month in which you receive this decision, or the payors will be assessed interest for late payment under the Federal Oil and Gas Royalty Management Act of 1982 (Refer to 30

CFR 1218.54 and 30 U.S.C. 1721(j)). Please direct questions regarding royalty payments and production reports to your primary contacts at the Office of Natural Resources Revenue (ONRR). If unknown, please use [ONRR's website](#), to identify the correct contact for your company or to find a general contact.

Please refer any questions on this matter to (Adjudicator), (Title), at (Email and Phone Number).

Sincerely,

Authorized Officer

Enclosures

Copy of Approved Participating Area Exhibit A
Copy of Approved Participating Area Exhibit B

Distribution:

SO Fluid Lease Adjudication w/enclosure
Field Office Operations w/enclosure (if appropriate)
SMA w/enclosure (if other than BLM)
ONRR

Format for Approving a Secondary Unit Agreement

IN REPLY REFER TO:
3180 (Office Code)
Serial No.

Certified Mail – Return Receipt Requested

Unit Operator
Address

Dear _____,

The (Name) Unit Agreement, (County and State), is approved on (date), and is effective as of (effective date of agreement). This agreement has been designated number (serial number).

The basic information is as follows:

1. The unit agreement area was designated for secondary recovery purposes under the unit plan regulations of August 12, 1983, by letter dated (date).
2. Only the (Name) formation, as defined in Section (number) of the unit agreement, is unitized.
3. The unit area embraces (number) acres, more or less, of which (number) acres ((number) percent) are Federal lands, (number) acres ((number) percent) are State lands, and (number) acres ((number) percent) are privately owned lands.
4. The following Federal leases embrace lands within the unit area:

(List by serial number of lease; indicate by an * those lease. That are to be considered for segregation; indicate if the serial number is for a lease offer; and indicate the commitment status of the leases if an exploratory unit agreement.)

* Indicates fully and effectively committed lease to be considered for segregation pursuant to Section 18(g) of the unit agreement, Public Law 86-705, and 43 CFR 3107.32.

5. All lands and interests are fully committed by State of (Name) Order, Order No. (number), dated (date of order).

In view of the foregoing commitment status, effective control of operations within the unit area is assured. We are of the opinion that the agreement is necessary and in the public interest and is advisable for the purpose of more properly conserving natural resources.

6. The following Communitization Agreements (CAs), producing unitized substances, are located within this Unit Area:

(List of CA serial numbers.)

Section (number) of the Unit Agreement states "... when two or more leases, or part or parts thereof have been combined into a single Tract, the percentage participation assigned to such Tract shall for all purposes be divided among the separate leases, or part or parts thereof, that have been put into such Tract, in proportion to the number of surface acres of the leases or part or parts thereof contained in such Tract to the total surface acres contained in said Tract." This section adequately protects the individual leases within the CAs., therefore, the BLM will terminate these CAs. The termination date for the above mentioned CAs will be the effective date of the unit agreement.

Both the Oil and Gas Operations Report (OGOR), Form ONRR-4054, and the Report of Sales and Royalty Remittance, Form ONRR-2014, are required for the secondary recovery agreement. You must submit the ONRR-4054 on a monthly basis. This submission should begin in the month when the first well ceases active drilling. However, if you are required to report earlier based on the criteria specified in 30 CFR § 1210.102, you must do so. Once production begins, you must submit the ONRR-2014. This report is due by the end of the month following the removal or sale of the product from the lease.

The allocation schedule did not change between the Preliminary Federal Oil and Gas Agreement Royalty Allocation Notice and the final approval; therefore, the operator does not need to make any changes to production reporting or royalty paid.

(or)

The allocation schedule changed between the Preliminary Federal Oil and Gas Agreement Royalty Allocation Notice and the final approval; therefore, you must update your production and royalty reporting and any applicable royalty payments by the end of the third month, following the month in which you receive this decision, or the payors will be assessed interest for late payment under the Federal Oil and Gas Royalty Management Act of 1982 (Refer to 30 CFR 1218.54 and 30 U.S.C. 1721(j)). Please direct questions regarding royalty payments and production reports to your primary contacts at the Office of Natural Resources Revenue (ONRR). If unknown, please use [ONRR's website](#), to identify the correct contact for your company or to find a general contact.

Copies of the approved agreement are being distributed to the appropriate Federal offices. You are requested to furnish all interested parties with evidence of this unit agreement approval.

Please refer any questions on this matter to (Adjudicator), (Title), at (Email and Phone Number).

Sincerely,

Authorized Officer

Enclosure

Copy of Approved Unit Agreement

Distribution:

SO Fluid Lease Adjudication w/enclosure

Field Office Operations w/enclosure (if appropriate)

SMA w/enclosure (if other than BLM)

ONRR