

Unitization

Fact Sheet

What is Unitization?

- Unitization allows mineral leaseholders to enter into an agreement that will allow them to adequately and timely explore and develop all committed lands within the unit area without regard to ownership boundaries.
- Participation in a federal exploratory unit is completely voluntary wherein owners of minerals or mineral leases may or may not choose to participate.
- Benefits of unitization include enhanced development of the public resources, economic return, operational advantages (i.e. individual leases versus entire unit operations.), improved environmental protection and shared risk.
- Units are delineated on the basis of geological and/or geophysical inference.
- Unit agreements normally encompass all oil and gas interests in all formations within the unit area.
- A unit agreement extends the term of the leases within the unit as long as they are in production per the agreement.
- By effectively eliminating internal property boundaries within the unit area, unitization permits the most efficient and cost-effective means of developing the underlying oil and gas resources.
- The authorized BLM officer has a responsibility to ensure that unit development proceeds in a way that continues to serve the public interest, regardless of whether the federal lands comprise only a small fraction or a major part of the unit area.
- Unitization is proposed by lease-holders, but must be approved by the BLM.

