



# United States Department of the Interior



BUREAU OF LAND MANAGEMENT  
Montana State Office  
5001 Southgate Drive  
Billings, Montana 59101-4669  
[www.blm.gov/mt](http://www.blm.gov/mt)

In Reply Refer To:

3180 (MT9221.PL)

## **Establishing Participating Areas for Horizontal Wells in Montana, North Dakota, and South Dakota in both Federal and Indian Exploratory Units**

### **New Policy - Effective January 1, 2012**

The Montana State Office (MSO) of the Bureau of Land Management (BLM) follows the general guidance described in BLM's "Unitization Manual 3180 (Exploratory)" and in the BLM's "Unitization Handbook H-3180-1 (Exploratory)" for establishing or revising a Participating Area (PA) within a Federal or Indian Exploratory Unit. However, due to an increased number of horizontal wells being drilled and particular situations associated with designating PA's based on drainage from horizontal wells, the MSO of the BLM has amended its policy for designating a new or revised PA effective January 1, 2012. This shall apply to the establishment or revision of all PA's associated with Federal or Indian Exploratory Units located in the states of Montana, North Dakota, or South Dakota.

In the past, the MSO of the BLM has included in a new or revised PA every 10-acre tract cut by 50 percent or more of the calculated drainage radius of the paying well used to establish or revise the PA.

The new policy, **effective January 1, 2012**, is that every 10-acre tract cut by any portion of the calculated drainage radius of the designated paying well used to establish or revise a PA shall be included in that PA. ***This new policy shall only apply to horizontal wells and only to those horizontal wells where it does not conflict with existing provisions described in the Unit Agreement.***

In addition, the BLM has the discretion to include isolated tracts not cut by the calculated drainage radius of the paying well provided that inclusion of those isolated tracts is logical based upon reservoir continuity and in the public interest to establish or maintain conformity in establishing or revising PA's.

All other established policies and procedures concerning the establishment or revision of a PA shall remain the same, and are described in BLM's "Unitization Manual 3180 (Exploratory)" and in the BLM's "Unitization Handbook H-3180-1 (Exploratory)."