

Minerals Management Service, Interior

§ 250.1301

(1) Protect Federal production against production loss or theft;

(2) Post a sign at each royalty or inventory tank which is used in the royalty determination process. The sign must contain the name of the facility operator, the size of the tank, and the tank number;

(3) Not bypass MMS-approved liquid hydrocarbon royalty meters and tanks; and

(4) Report the following to the Regional Supervisor as soon as possible, but no later than the next business day after discovery:

(i) Theft or mishandling of production;

(ii) Tampering or bypassing any component of the royalty measurement facility; and

(iii) Falsifying production measurements.

(b) *What are the requirements for using seals?* You must:

(1) Seal the following components of liquid hydrocarbon royalty meter installations to ensure that tampering cannot occur without destroying the seal:

(i) Meter component connections from the base of the meter up to and including the register;

(ii) Sampling systems including packing device, fittings, sight glass, and container lid;

(iii) Temperature and gravity compensation device components;

(iv) All valves on lines leaving a royalty or inventory storage tank, including load-out line valves, drain-line valves, and connection-line valves between royalty and non-royalty tanks; and

(v) Any additional components required by the Regional Supervisor.

(2) Seal all bypass valves of gas royalty and allocation meters.

(3) Number and track the seals and keep the records at the field location for at least 2 years; and

(4) Make the records of seals available for MMS inspection.

Subpart M—Unitization

SOURCE: 62 FR 5331, Feb. 5, 1997, unless otherwise noted. Redesignated at 63 FR 29479, May 29, 1998.

§ 250.1300 What is the purpose of this subpart?

This subpart explains how Outer Continental Shelf (OCS) leases are unitized. If you are an OCS lessee, use the regulations in this subpart for both competitive reservoir and unitization situations. The purpose of joint development and unitization is to:

(a) Conserve natural resources;

(b) Prevent waste; and/or

(c) Protect correlative rights, including Federal royalty interests.

§ 250.1301 What are the requirements for unitization?

(a) *Voluntary unitization.* You and other OCS lessees may ask the Regional Supervisor to approve a request for voluntary unitization. The Regional Supervisor may approve the request for voluntary unitization if unitized operations:

(1) Promote and expedite exploration and development; or

(2) Prevent waste, conserve natural resources, or protect correlative rights, including Federal royalty interests, of a reasonably delineated and productive reservoir.

(b) *Compulsory unitization.* The Regional Supervisor may require you and other lessees to unitize operations if unitized operations are necessary to:

(1) Prevent waste;

(2) Conserve natural resources; or

(3) Protect correlative rights, including Federal royalty interests, of a reasonably delineated and productive reservoir.

(c) *Unit area.* The area that a unit includes is the minimum number of leases that will allow the lessees to minimize the number of platforms, facility installations, and wells necessary for efficient exploration, development, and production of mineral deposits, oil and gas reservoirs, or potential hydrocarbon accumulations. A unit may include whole leases or portions of leases.

(d) *Unit agreement.* You, the other lessees, and the unit operator must enter into a unit agreement. The unit agreement must: allocate benefits to unitized leases, designate a unit operator, and specify the effective date of the unit agreement. The unit agreement must terminate when: the unit no