

§ 3137.70

DEVELOPMENT REQUIREMENTS

§ 3137.70 What must I do to meet initial development obligations?

(a) To meet initial development obligations by the time specified in your unit agreement you must—

- (1) Drill the required test well(s) to the primary target;
- (2) Drill at least one well that meets the productivity criteria (see § 3137.82 of this subpart); or
- (3) Establish, to BLM's satisfaction, that further drilling to meet the productivity criteria is unwarranted or impracticable.

(b) You must certify to BLM that you met initial development obligations no later than 60 calendar days after meeting the obligations. BLM may require you to supply documentation that supports your certification.

§ 3137.71 What must I do to meet continuing development obligations?

(a) Once you meet initial development obligations, you must perform additional development. Work you did before meeting initial development obligations is not continuing development. Continuing development includes the following operations—

- (1) Drilling, testing, or completing additional wells to the primary target or other unit formations;
- (2) Drilling or completing additional wells that establish production of oil and gas;
- (3) Recompleting wells or other operations that establish new unit production; or
- (4) Drilling existing wells to a deeper target.

(b) No later than 90 calendar days after meeting initial development obligations, submit to BLM a plan that describes how you will meet continuing development obligations. You must submit to BLM updated continuing obligation plans as soon as you determine that, for whatever reason, the plan needs amending.

(1) If you have drilled a well that meets the productivity criteria, your plan must describe the activities to fully develop the oil and gas field.

(2) If you fulfilled your initial development obligations, but did not establish a well that meets the productivity

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criteria, your plan must describe the further actual or constructive drilling operations you will conduct.

§ 3137.72 What if reasons beyond my control prevent me from meeting the initial or a continuing development obligation by the time the unit agreement specifies?

(a) If reasons beyond your control prevent you from meeting the initial or a continuing development obligation by the time specified in the unit agreement, you may apply to BLM for an extension of time for meeting those obligations. You must submit the request for an extension of time before the date the obligation is due to be met. In the application—

- (1) State the obligation for which you are requesting an extension;
- (2) List the reasons beyond your control that prevent you from performing the obligation; and
- (3) State when you expect the reasons beyond your control to terminate.

(b) BLM will grant an extension of time to meet initial or continuing development obligations if we determine that—

- (1) The extension encourages the greatest ultimate recovery of oil or gas or it is in the interest of conservation; and
- (2) The reasons beyond your control prevent you from performing the initial or a continuing development obligation.

(c) The extension of time for performing the initial or a continuing development obligation will continue for so long as the conditions giving rise to the extension continue to exist.

§ 3137.73 What will BLM do after I submit a plan to meet continuing development obligations?

Within 30 calendar days after receiving your proposed plan, BLM will notify you in writing that we—

- (a) Approved your plan;
- (b) Rejected your plan and explain why. This will include an explanation of how you should correct the plan to come into compliance; or
- (c) Have not acted on the plan, explaining the reasons and when you can expect a final response.