

## **15A NCAC 05H .1202 DRILLING UNIT APPLICATION AND REVIEW**

- (a) An application shall be submitted to the Commission for permission to:
- (1) create a drilling unit; or
  - (2) modify an existing drilling unit.
- (b) Applications submitted to the Commission no fewer than 60 calendar days before the next regularly scheduled Commission meeting shall be considered for hearing provided the docket has not been filled. The Commission shall notify the applicant once the hearing date has been set. Upon receipt the applicant shall begin the notice process set out in Rule .1203 of this Section.
- (c) The applicant shall submit the original application and one paper copy for each Commissioner plus five additional copies to the following address: Oil & Gas Program, Division of Energy, Mineral, and Land Resources, 1612 Mail Service Center Raleigh, NC 27699-1612. In addition, the applicant shall submit an electronic copy in .pdf format to the Commission at Oil&Gas@ncdenr.gov.
- (d) Applicants or permittees petitioning the Commission for the creation of drilling units or modifications of existing drilling units shall be persons who own or have leased an interest in the mineral estate underlying the tract or tracts and have the right to use the surface land for development activities within the drilling unit.
- (e) The application for the creation of a drilling unit or modification of an existing drilling unit shall include the following information:
- (1) a statement describing the intent of the application;
  - (2) a list of mineral rights owners within the land area of the proposed drilling unit. The list of mineral rights owners shall include the name, physical address, and mailing address for each owner;
  - (3) a map of the proposed or current drilling unit boundary, along with all property boundaries that occur within the land area of the proposed or current drilling unit, as well as locations of existing oil or gas wells within the proposed drilling unit boundary;
  - (4) copies of lease agreements, affidavits, or other documents showing that the applicant has obtained legal rights to recover oil or gas resources within the proposed drilling unit;
  - (5) documentation showing that all mineral rights owners were notified by the applicant of the applicant's intent to establish the proposed drilling unit pursuant to Rule .1203(a)(2) of this Section;
  - (6) at least one subsurface geological map showing the structural configuration of the top of the objective formation within the proposed drilling unit and at least one geological cross-section derived from the geological map showing the stratum or strata from which the applicant expects to extract hydrocarbon resources;
  - (7) a written statement signed by the applicant, supported by geological and engineering data, that the proposed drilling unit would result in optimal and efficient recovery of hydrocarbons;
  - (8) documentation from the applicant(s) or their representative(s) demonstrating prior work experience in the exploration, drilling, and production of oil or gas relevant to the application; and
  - (9) copies of surface use agreement(s) or equivalent documentation granting the applicant or permittee the right to use the surface.
- (f) The applicant shall provide to the Commission within seven days after the hearing any additional information requested by the Commission at the hearing.
- (g) The Commission shall assign a new docket number to each application submitted.
- (h) The Commission shall approve, deny, or modify drilling units pursuant to G.S. 113-392(b) within 30 calendar days after conducting the hearing pursuant to Rule .0701 of this Subchapter on the application for creating or modifying a drilling unit.
- (i) If the Commission approves an application, a drilling unit number shall be issued to the applicant. The drilling unit number shall be used to meet the requirement of Rule .1304(a)(5) of this Subchapter.
- (j) The Commission approved drilling units shall expire 36 months after the approval date, if the applicant has not spud the first oil or gas well on the well pad.

*History Note:* Authority G.S. 113-391(a)(12); 113-392(b);  
Eff. March 17, 2015.