## Rules of
### Department of Natural Resources
#### Division 50—Oil and Gas Council
##### Chapter 4—Authorization of Pooling Units and Unitization Agreements for Oil and Gas Pools

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Title 10—DEPARTMENT OF
NATURAL RESOURCES
Division 50—Oil and Gas Council
Chapter 4—Authorization of Pooling
Units and Unitization Agreements for
Oil and Gas Pools

10 CSR 50-4.010 Application for Author-
ization of a Pooling Unit for Primary Pro-
duction

PURPOSE: This rule sets forth the procedure
for pooling mineral interests of separately-
owned tracts, portions of tracts, or interests
within a single spacing unit for primary pro-
duction, to allow for the development and
operations of the spacing unit.

(1) Before the commencement of drilling a
well in a spacing unit, all owners, whether
ownership is by deed or lease or farmout,
shall enter into a contractual agreement
whereby every owner pays his or her mutually
agreed fair share of the drilling and operat-
ing costs and receives his or her fair share
of the oil or gas or the profits produced there-
from. Contractual agreement is achieved by
way of the pooling process pursuant to sec-
tion 259.110, RSMo. The pooling process
may be either voluntary or involuntary, as
defined as follows:

(A) A voluntary pooling occurs when all
owners of mineral interests enter into a pri-
vat e contractual agreement willingly and of
their own accord. Voluntary poolings are ex-
guited privately with no involvement by the
council; and

(B) An involuntary pooling occurs when
one (1) or more owners of mineral interests
are not able to enter into a private contractual
agreement willingly and of their own accord, and the council, upon application by
any interested owner and after notice and
hearing, issues a pooling order that serves as
the binding contractual agreement.

AUTHORITY: sections 259.110 and 259.120,
RSMo 2000.* Original rule filed Sept. 15,

*Original authority: 259.110, RSMo 1965 and 259.120,

10 CSR 50-4.020 Application for Authoriza-
tion of Unitization for Enhanced Recovery

PURPOSE: This rule sets forth a procedure
for small- to large-scale cooperative develop-
ment and operation projects that are designed
to maximize ultimate recovery of oil and gas
from the entirety of a single pool or particu-
lar portion thereof through the use of
enhanced recovery projects within production
units. Similar to the pooling process for pri-
mary production, unitization of production
units for enhanced recovery involves contrac-
tual agreements between different owners
and/or operators of existing producing wells,
and a decision as to which one (1) of the
operators will operate the production unit as
a whole.

(1) The council, upon the written request of an
applicant and upon receipt of the information
specified in section (2) of this rule and after
notice and hearing, may approve the imple-
mentation of a production unit of a specified
size and shape, and a well configuration of a
certain nature of operation, for the purpose of
a cooperative development and operation pro-
ject designed to maximize the ultimate recov-
yery of oil or gas or both from the entirety of a
single pool or particular portion thereof. All
operators and owners in the proposed produc-
tion unit shall enter into contractual agreement
such that one (1) party is designated the oper-
ator of the production unit as a whole, and
every owner pays his or her mutually agreed
fair share of the drilling and operating costs
and receives his or her fair share of the oil,
gas, or both produced from the unit, or the
profits derived from such production. Con-
tractual agreement is achieved by way of the
unitization process, which is either voluntary
or involuntary as defined as follows:

(A) A voluntary unitization occurs when
all operators and owners in the proposed pro-
duction unit area are able to enter into a pri-
vat e contractual agreement willingly and of
their own accord; and

(B) An involuntary unitization occurs when
one (1) or more operators or owners are not
able to enter into a private contractual agree-
ment willingly and of their own accord, and
the council, upon application by any person
or party representing the voluntarily agreed
production unit proponents that collectively
hold at least seventy-five percent (75%) of
the right to drill into and to produce oil and
gas from the pool and at least seventy-five
percent (75%) of all mineral interest and after
notice and hearing, may approve the imple-
mentation of the production unit and issue a
unitization order that serves as a binding con-
tractual agreement for all parties and that, if
necessary, designates the operator of the pro-
duction unit as a whole.

AUTHORITY: sections 259.110 and 259.120,
RSMo 2000.* Original rule filed Sept. 15,

*Original authority: 259.110, RSMo 1965 and 259.120,