

Oil and Gas Unitization: Specific Considerations for Cross-Border Unitization

An article in King & Spalding's **Energy Newsletter** discusses some of the issues that are typically addressed in a unitization and unit operating agreement (UUOA) that may require particular attention in the context of a cross-border unitization. Authors are **Philip Weems** and **Nina Howell**.

"An oil or gas reservoir may straddle adjacent contract areas," the authors explain. "Unitization is the process whereby the straddling reservoir is jointly developed by the interest owners in the adjacent contract groups. Joint development of a straddling reservoir is usually more economical and efficient than separate developments by the adjacent contract groups. A key principle of unitization is that the straddling reservoir is physically developed as though the boundary between the contract areas does not exist."

They advise that in a cross-border unitization, additional scrutiny may be necessary due to the complexities and limitations that arise due the reservoir being subject to the jurisdiction of two governments.

Read the article.