Continuous Development and Retained Acreage

Two clauses that decide how much of a big lease an operator still holds after the primary term.

The clauses

Continuous development: after the primary term, the lessee keeps the lease alive by drilling, typically starting a new well within a set number of days (for example 180) after the last one was completed. Miss the window and continuous development ends.

Retained acreage: when continuous development ends, the lease terminates except for the acreage assigned to each producing well, for example 40 acres around a vertical well, or for a horizontal well the acres in its proration unit, often figured from lateral length. Many clauses also cut off depths, for example 100 feet below the deepest producing formation.

Worked example

A 1,280-acre lease, 3-year primary term. The operator drills three horizontal wells before the window closes, each retaining 320 acres.

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Held: 3 x 320 = 960 acres
Terminated: 1,280 - 960 = 320 acres (free to lease again)
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My lease-schedule checklist

- ☐ Read the clause; never just mark the lease held by production
- ☐ List each well and its completion date from the Railroad Commission
- ☐ Check every gap between wells against the drilling window
- ☐ Show retained acres and depths well by well
- ☐ Anything that may have terminated goes on the report as a requirement

Example names and numbers are for illustration. General education only, not legal, tax or financial advice. I am not an attorney; talk to a licensed attorney in your state about your situation.