

# VOLUNTARY POOLING: A PRIMER

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## TO POOL OR NOT

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- A decision point in the drafting of each oil and gas lease is whether to include a pooling clause and, if so, what parameters to include.
- A pooling clause appears in the vast majority of Texas oil and gas leases.
- This paper will cover the purposes of pooling, the issues that should be considered, and, some guidance on drafting a pooling clause that states the parties' agreed upon pooling terms.

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## TYPES OF UNITS

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“Unit” in a lease does not always mean “pooled unit”.

There are other types of units, including:

- Drilling Units
- Proration Units
- Force Pooled Units
- Fieldwide/Enhanced Recovery Units
- Specially Defined Units in the Lease Instruments

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## WHAT IS A DRILLING UNIT?

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- Defined in Railroad Commission Rule 38(a)(2):
  - Current: “acreage assigned to a well for drilling purposes.”
  - Past: “acreage assigned to a well and outlined on a plat submitted with an application to drill”
- Purpose:
  - To show RRC that the tract has sufficient acreage to meet density requirements for applicable field (SWR: 40 acres)
  - Rule, as revised, does not require a unit depiction; only statement of the acres number of acres assigned to a well
- Cannot double assign acreage (to more than one well)

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## WHAT IS A PRORATION UNIT?

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- Defined in Rule 38(a)(2):
  - “the acreage assigned to a well for purposes of assigning allowables and allocating production”
- Purpose:
  - To obtain an allowable for wells in fields if acreage is a factor in the allowable allocation formula
  - Designated after well is completed
  - Only includes acreage reasonably considered productive
- Cannot double assign acreage

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## WHAT IS A FORCE-POOLED UNIT?

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- Statutory: Authorized under Tex. Nat. Res. Code Chapter 102, the Mineral Interest Pooling Act
- Adopted in 1965.
- Allows operators to force non-participants in, and non-participants to force operators to allow them to participate.
- Force-pooling is:
  - Well-specific
  - Field-specific (special field rules required)
  - Limited to 160 acres for oil well and 640 acres for gas well

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## Title search: Voluntary Pooling: A Primer

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"Voluntary Pooling and Unitization"