

# POOLING AND UNITIZATION: A PRIMER

1

## CARROLL MARTIN

SCOTT, DOUGLASS  
& McCONNICO LLP  
ATTORNEYS AT LAW

OFFICE: 512.495.6300  
FAX: 512.495.6399

303 COLORADO STREET  
SUITE 2400  
AUSTIN, TEXAS 78701

[WWW.SCOTTDOUG.COM](http://WWW.SCOTTDOUG.COM)

SCOTT  
DOUGLASS  
McCONNICO

1

## TO POOL OR NOT

2

- 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 presentation will cover purposes of pooling, issues that should be considered, and, some guidance on drafting a pooling clause that states the parties' agreed upon pooling terms.

SCOTT  
DOUGLASS  
McCONNICO

2

# WHAT IS A POOLED UNIT?

3

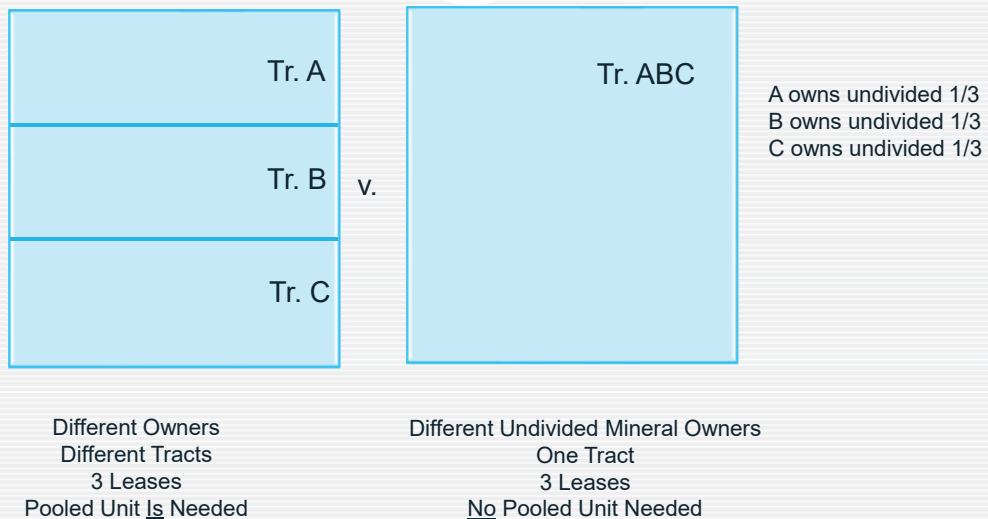
- Pooling is the joinder of separately owned leases covering different tracts of land for development as a single tract or "pool".
  - Pooling requires specific authorization by lessor by a lease or a separate agreement such as declaration of unit.
- Generally:
  - Pooled unit is treated as a single tract/lease for purposes of drilling, development and sharing of revenues.
  - Production proceeds are allocated to the separate leases based upon acreage contributed to the pooled unit (ratio)

SCOTT  
DOUGLASS  
McCONNICO

3

# DIFFERENT TRACTS V. DIFFERENT LEASES

4



SCOTT  
DOUGLASS  
McCONNICO

4

# TYPES OF UNITS

5

“Unit” 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

# WHAT IS AN ENHANCED RECOVERY UNIT?

6

- **Statutory:** An enhanced recovery unit is formed to conduct enhanced recovery operations under the state’s unitization statute. TEX. NAT. RES. CODE ANN. Chapter 101.
- **Adopted 1949:** First versions of the statute covered gas cycling only. Later expanded to all enhanced methods.
- In many cases the unit will cover an entire field which gives rise to the commonly used term - “fieldwide unit” as a synonym.

Find the full text of this and thousands of other resources from leading experts in dozens of legal practice areas in the [UT Law CLE eLibrary \(utcle.org/elibrary\)](https://utcle.org/elibrary)

Title search: Pooling and Unitization: A Primer

Also available as part of the eCourse

[2019 Fundamentals of Oil, Gas and Mineral Law eConference](#)

First appeared as part of the conference materials for the  
2019 Fundamentals of Oil, Gas and Mineral Law session  
"Voluntary Pooling and Unitization"