

POOLING AND UNITIZATION: A PRIMER

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WHAT IS A POOLED UNIT?

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- 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)

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TYPES OF UNITS

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“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

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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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[Voluntary Pooling and Unitization](#)

First appeared as part of the conference materials for the
2021 Fundamentals of Oil, Gas and Mineral Law session
"Voluntary Pooling and Unitization"