Texas Pooling

Voluntary pooling and the Mineral Interest Pooling Act · Natural Resources Code Ch. 102

Pooling in Texas is mostly voluntary

Texas does not force pool the way Oklahoma does. Combining separately owned tracts into a unit is done mainly under the pooling clause in the oil and gas lease. The Mineral Interest Pooling Act is a limited compulsory backstop, and it is used rarely, because its own requirements usually push the parties to a voluntary deal first.

Voluntary pooling under the lease

The authority to pool comes from the lease. A pooling clause lets the operator combine the leased land with nearby tracts to form a drilling or production unit. Production anywhere on the unit then holds every tract in the unit, and royalty is shared in proportion to each tract's acreage in the unit. Texas reads an implied duty to exercise the pooling power in good faith, so an operator cannot gerrymander a unit just to hold acreage or shift production.

Voluntary pooling	Detail
Authority	The pooling clause in the lease
Unit size	Usually capped by the lease, commonly around 40 to 80 acres for oil and 640 acres for gas, plus a tolerance
Good faith	An implied duty to pool fairly, not to gerrymander a unit
How it holds	Production anywhere on the unit holds all pooled tracts; royalty shared by acreage
Of record	The operator records a pooling or unit designation that fixes the unit; look for ratifications too
Limits	A Pugh clause or anti-dilution clause narrows what the pooling clause can hold (see the Pugh Clauses reference)

The Mineral Interest Pooling Act

Where voluntary pooling fails, the Mineral Interest Pooling Act (Natural Resources Code Chapter 102), enacted in 1965, lets the Railroad Commission compel pooling in narrow circumstances. It applies only to fields discovered and produced after March 8, 1961, and reaches one reservoir at a time. Before the Commission has authority to act, the applicant must have made a fair and reasonable offer to pool voluntarily and been turned down; a bare offer or a bare rejection is not enough. Because of that requirement, the Act more often produces a voluntary agreement than a forced one.

Mineral Interest Pooling Act	Detail
Where it comes from	Natural Resources Code Ch. 102, enacted 1965
Fields covered	Only fields discovered and produced after March 8, 1961; one reservoir per application

Mineral Interest Pooling Act	Detail
The prerequisite	A fair and reasonable offer to pool voluntarily, made and refused. *Carson v. Railroad Commission*, 669 S.W.2d 315 (Tex. 1984). Without it the Commission must dismiss.
Who can apply	An owner in the existing or proposed proration unit, a working interest owner, or an unleased tract owner. A royalty owner alone cannot apply.
Unit size	Up to 160 acres for oil or 640 acres for gas, each with a small tolerance
Process	Application to the Railroad Commission listing the offers made and refused, notice to interested parties, a hearing, and an order

How Texas differs from Oklahoma

Oklahoma lays out spacing units and force pools the owners in as a matter of course. Texas leaves the combining of tracts to the lease and treats compulsory pooling as a narrow exception under the Act. A landman in Texas reads the lease pooling clause and the recorded unit designation first, and only reaches the Act in the unusual case where a well qualifies and voluntary pooling has failed.

Notes for title work

Topic	Note
Start with the lease	The pooling clause is the authority. Read whether it allows pooling, the unit size it permits, and any Pugh or anti-dilution limit.
Find the unit designation	A voluntary unit is fixed by a recorded pooling or unit designation. Pull it, confirm which tracts and depths are in the unit, and check for ratifications.
The Act is rare	If you see a Mineral Interest Pooling Act order, read it closely; it is compulsory and carries its own terms. Most Texas units are voluntary, not under the Act.
Production holds the unit	Under a valid pooled unit, production anywhere on the unit holds every tract in it, so a lease can be held by a well that is not on your client's tract.