DAVIS GERALD CREMER

The Mineral Interest Pooling Act!

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The Mineral Interest Pooling Act!

- Texas has historically not been a compulsory pooling state.
- The Mineral Interest Pooling Act ("MIPA") was passed in 1965, in direct response to the *Normanna* case, which was in turn a direct response to the "small tract" problem.
- It was used infrequently and with unpredictable results for most of its life.
- Since the advent of horizontal drilling in UFT fields, it has experienced a renaissance, as the Railroad Commission has been willing to apply the (sometimes antiquated) statutory text to modern drilling.
- Two types of MIPA Applications: muscle-in, and "reverse".

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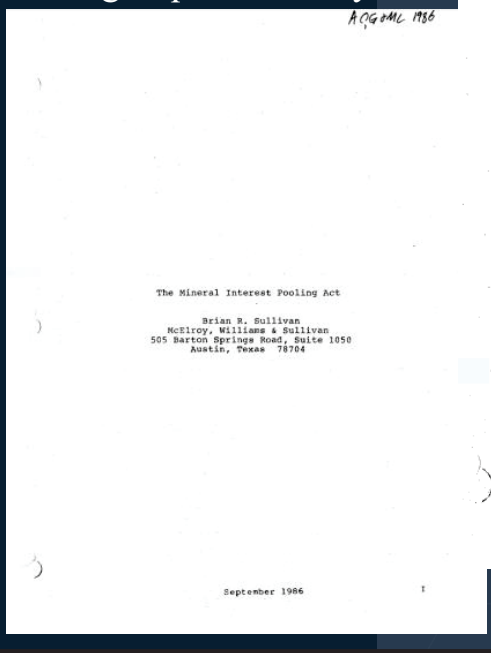
The Mineral Interest Pooling Act!

No longer quite so scary:



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The Mineral Interest Pooling Act

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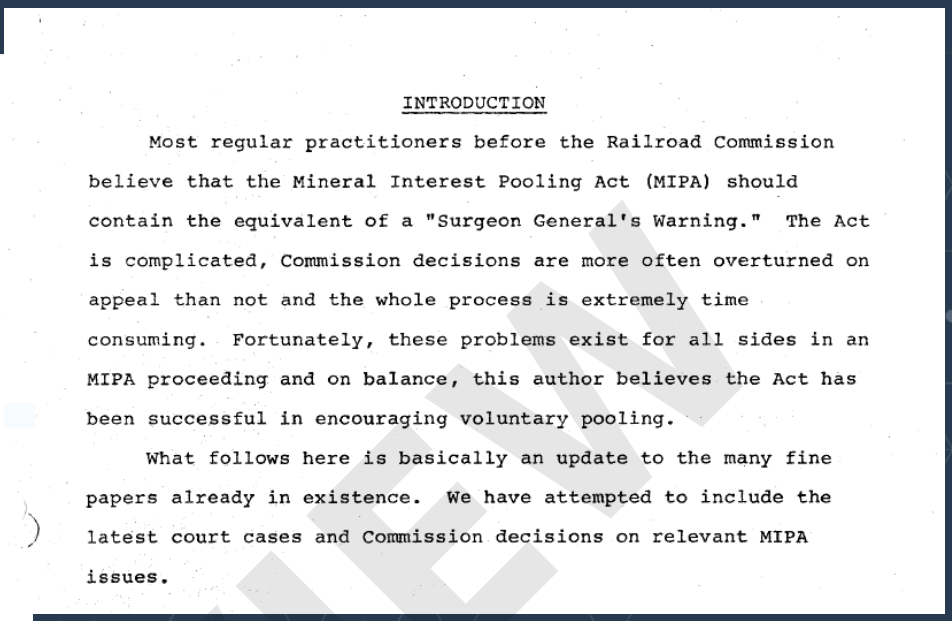
September 1986



INTRODUCTION

Most regular practitioners before the Railroad Commission believe that the Mineral Interest Pooling Act (MIPA) should contain the equivalent of a "Surgeon General's Warning." The Act is complicated, Commission decisions are more often overturned on appeal than not and the whole process is extremely time consuming. Fortunately, these problems exist for all sides in an MIPA proceeding and on balance, this author believes the Act has been successful in encouraging voluntary pooling.

What follows here is basically an update to the many fine papers already in existence. We have attempted to include the latest court cases and Commission decisions on relevant MIPA issues.

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MIPA: Historical Context

The Normanna Case

(*Atlantic Refining Co. v. Railroad Commission*, 346 S.W.2d 801 (Tex. 1961)

Bright & Schiff drilled a town-site well in the Normanna Field. It was drilled on a lot that was 79 feet wide and 130 feet long; the tract contained roughly 0.3 acres.

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MIPA: Historical Context

The Normanna Case

(*Atlantic Refining Co. v. Railroad Commission*, 346 S.W.2d 801 (Tex. 1961)

Field rules for the Normanna Field provided for 320 acre spacing, but Bright & Schiff was entitled to a Rule 37 exception to drill on its 0.3 acre tract. Otherwise, its reserves under that tract would have been confiscated.

MIPA: Historical Context

The Normanna Case

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However, the Normanna Field was prorated, on the basis of a 1/3-2/3 formula. "The 1/3-2/3 formula means that 1/3 of the total field allowable must be divided equally among all the wells in the field and that 2/3 of the total field allowable will be divided among the wells on a per acreage basis." 346 S.W.2d at 803.

Title search: Mineral Interest Pooling Act

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