

The background of the slide is a photograph of an oil derrick (jackpot) silhouetted against a bright, orange and yellow sunset sky. The derrick is a tall, lattice-structured tower with a platform at the top. The sun is low on the horizon, creating a strong glow and casting long shadows. The overall scene is industrial and atmospheric.

# Comparative Oil and Gas Law Review

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# Who Can Lease?

1. Marital Property
2. Corporations and Partnerships
3. Attorney-in-Fact
4. Estate of Resident Decedent
5. Estate of Non-resident Decedent
6. Trustee
7. Life Tenant/Remainderman



# Habendum Clause

1. General Nature of Oil and Gas Lease
2. **Doctrine of Indivisibility and Apportionment of Royalties**
3. Statutory Pugh (Termination) Clause
4. Requirement to File Affidavit Confirming Production in Paying Quantities
5. Statutory Requirement to Release Oil and Gas Lease
6. Termination Cured by Adverse Possession By Lessee



# Shut-In Clause

1. General Rule
2. Operating Expenses



# Production in “Paying Quantities”

1. General Rule
2. Amount of Shut-in Gas Royalty



# Temporary Cessation of Production

1. General Rule
2. Lease Provision



# Delay Rental Clause

1. General Rule
2. Permitted Excuses for Faulty Payment
3. Modification of Delay Rental Provision –  
Change Condition Into a Covenant



# Definition of “Operations”

1. General Rule
2. Obstruction Doctrine or Lockout Rule





# Pooling

1. Reasons for Pooling
2. Voluntary, Compulsory or Both
3. Unleased Mineral Owners
4. Effect of Pooling (or Not Pooling) Non-Participating Royalty Owners
5. Termination/Release
6. Miscellaneous Issues (Varies by State)



# Calculations and Payments of Royalties

1. Meaning of a “Market Value” Gas Royalty Clause
2. Items of Expense Deducted From Royalty Payment/Post Production Costs (PPCs)
3. Implied Covenant to Market
4. Methods by Which Royalties Are Calculated
5. When Are Royalties Due and Penalties for Late Payment
6. Statute Allowing Interest Owners to Perfect a Security Interest in Proceeds from a Well
7. Statute Allowing One Working Interest Owner to Share in the Proceeds of Another Working Interest Owner’s Gas Contract
8. Are Take or Pay Proceeds Royalty Bearing?
9. Does the Discovery Rule Apply to Royalty Payment Claims?



# Seismic Activity

1. Who Has the Right to Conduct or Authorize Seismic Tests?
2. Does the Lease Grant the Exclusive Right to Conduct Seismic Tests?
3. Liability for Wrongfully Condemning Land



# Surface Issues

1. General Rule as to Payment; Surface Damage Act
2. Lessee's Right to Use the Surface, Water, Etc.
3. Obstruction Doctrine
4. Accommodation Doctrine



# Severance of Title from the State (Patents)

1. General Discussion, State-by-state



# Recording Acts

1. Nature of the Oil and Gas Lease for Recording Purposes
2. Effect of Not Recording
3. Doctrine of Bona Fide Purchaser
4. Instruments That Are Void or Voidable Even if Recorded
5. Priority of Recording



# Interesting/Important/Unique Conveyancing Rules

1. Duhig Rule (Overconveyance)
2. Effect of a Large Non-Participating Royalty
3. “Strip and Gore” Doctrine and the “Mother Hubbard” Clause
4. Conveyance of Mineral Acres or Royalty Acres Instead of an Undivided Interest
5. Omnibus/Coverall/Global Legal Description
6. Reservation In Favor of Third Party
7. “Pore Space” Ownership Issue
8. State Unique Issues



Questions?



# Continued Education Component Code

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