AMERICAN ASSOCIATION OF PROFESSIONAL LANDMEN		
Local Association Award		
Best Member Communication (During Calendar Year 2024)		
Awards Committee Evaluation Form		
To be completed by Local Association Local Association Name: Member Name: Title of Communication: Date Presented or Month Published:		
ATTACH THIS ENTRY FORM TO COPY OF WRITTEN COMMUNICATION OR ORAL TRANSCRIPT (No comments or further explanations will be considered)		

To Be Completed By Awards Committee

The following criteria are listed to assist in the evaluation of the Member Communication.

<u>Criteria</u>	<u>Points</u>	<u>Score</u>
EDUCATIONAL/MOTIVATIONAL VALUE	0-6	
INTEREST TO OTHERS	0-5	
ORIGINALITY OF WORK	0-5	
OVERALL PRESENTATION	0-5	
	Total Points	



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Q: In 2023, the Texas Supreme Court issued a decision regarding double fractions in mineral reservations. In essence, 1/16 was interpreted to mean one-half of the interest. Has Oklahoma had similar cases? – A.B.

A: In 2023, the Texas Supreme Court handed down an opinion in Van Dyke v. Navigation Group (Tex. 2023), which held that courts interpreting "antiquated instruments" that use 1/8 within a double fraction deed must begin with the rebuttable presumption that 1/8 refers to the entire mineral estate. This ruling arises from the long tradition of paying a 1/8 royalty to a mineral owner who owns 100% of a mineral interest.

Oklahoma has also had cases involving double fraction conveyances and whether the conveyance or reservation of 1/16 meant 1/2 or 1/16.

In Hinkle v. Gauntt (Okla. 1949), the deed from Hinkle to Gauntt in 1919 reserved a 1/16 interest in the oil and gas deposits that may be developed and also an undivided 1/2 interest in the bonus or royalty of the oil and gas lease now existing against the land. The Hinkle court held that a 1/16 interest meant a 1/16 interest in the 1/8 royalty where oil was subsequently produced under a lease executed after the date of the deed. The court clarified that purchasing 1/16 of the minerals entitled the purchaser to 1/16 of the 1/8 royalty, not 1/2 of the royalty interest.

Taken together, the land professional might be inclined to believe that in this case 1/16 meant 1/2. Despite the language which would suggest that 1/16 meant 1/2, the court held that the 1/16 meant a 1/16 interest in the 1/8 royalty. In other words, the court held there were two different interpretations depending on what was being produced and the future rights under the lease.

In Zemp v. Jacobs (Okla. 1985), land was conveyed by a warranty deed reserving an interest as follows:

Said first party requires said second party to keep said land under Oil or gas Lease to some responsible and reliable Oil or Gas Company at all times if demand therefor, satisfactory to said first party, at expiration of any Oil or gas lease on said land. The Grantors herein specifically reserve and retain an undivided one-sixteenth (1/16) of all Oil and Gas produced from said land and also reserve to themselves an undivided One Half of all Oil and Gas rentals and bonuses under any Oil and Gas Lease affecting said real estate or in any future Oil and Gas Lease on the above described premises...

The grantors claimed a 1/16 royalty interest. The grantees brought suit to establish that the interest reserved was a 1/16 mineral interest. The Oklahoma court held that the interest reserved was a mineral interest:

The Oklahoma Supreme Court stated:

Thus, while the actual hydrocarbon reservation for "oil and gas produced from said land" would tend to indicate that a 'royalty' interest was created, this is negated by the [grantors] retention of rights in the critical factors indicative of a mineral interest: the executive right, or the right to grant leases, and the right to receive rentals and bonuses.... Consequently, we hold that the [grantors] created... a mineral interest and that the mineral interest has the right to receive 1/16 of the royalty under any lease existing on the realty.

The court ignored the careful draftsmanship that clearly spoke of 1/16 of all oil and gas produced. From the whole deed it seems apparent that a drafter sought to retain the equivalent of a one-half interest in the minerals while making it clear that the grantee was solely responsible for leasing. However, the court ruled that 1/16 meant 1/16.

When a land professional looks at these deeds, it is important to look at the language involved. In the event that one can take away a general rule from the cases, it is that in the interpretation of the deeds, a court will rule that 1/16 means 1/16 and not 1/2.

Note: If you have any title questions you want answered, email your questions to INFO@OCAPL.ORG