

BREAKING: Texas Supreme Court Upholds Validity of County-Wide Mineral Deeds

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For the second Friday in a row, the Texas Supreme Court has issued a watershed decision with sweeping implications for the oil-and-gas industry. Last week, the Court ruled that offsite penetration—horizontal drilling across one tract to reach a second tract—**does not constitute mineral trespass**. Yesterday, the Court decided an appeal that challenged, as ambiguous, a mineral conveyance that had been made on a county-wide basis (in other words, a mineral deed providing for the transfer of all the seller's oil-and-gas interests in a specific county).

When the Court heard oral arguments in March, industry observers were concerned. After all, to the extent it were held that all-encompassing, county-wide conveyances are invalid as a matter of law, the floodgates would open and unleash a torrent of mineral title litigation. Indeed, as it was argued to the Texas Supreme Court earlier this year, if blunderbuss mineral conveyances are invalidated as ambiguous, we would expect to see small armies of landmen descend on courthouses across the state, all of them tasked to pour over deed records to isolate just these kinds of conveyances—and, then, to obtain mineral leases from those who might have claims to the minerals under the changed law. Naturally, this would wreak havoc on operators that spent millions of dollars developing big plays, only to be confronted with the possibility that entire mineral leaseholds are invalid.

Mercifully, the Texas Supreme Court reached the correct decision, **and came to the common-sense conclusion that county-wide mineral deeds are valid and enforceable**. Leaving no room for doubt, Chief Justice Nathan Hecht wrote that, on its face, a county-wide conveyance “could not be clearer.” Justice Hecht then added, simply enough, that “all means all.”

Operators across the state can now sleep easier, and enterprising plaintiffs' lawyers will have to look elsewhere for the next big thing.

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