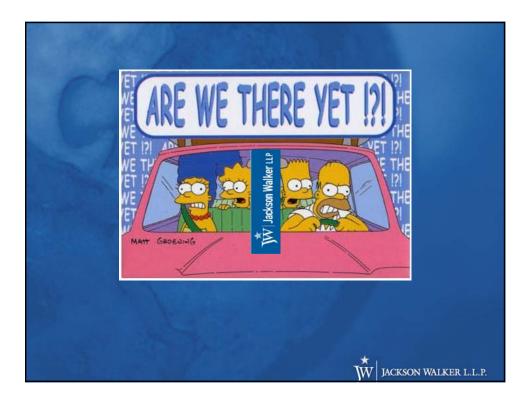
ARE WE THERE YET? An Examination of the Commencement & **Termination of an Oil and Gas Lease** Peter E. Hosey Jackson Walker L.L.P. 42nd Annual Ernest E. Smith Oil, Gas 112 E. Pecan, Suite 2400 and Mineral Law Institute San Antonio, Texas 78205 (210) 978-7700 Houston, Texas phosey@jw.com April 14, 2016 UT LAW CLE W JACKSON WALKER L.L.P. THE UNIVERSITY OF TEXAS SCHOOL OF LAW



THE INTEREST CONVEYED BY AN OIL AND GAS LEASE

- An oil and gas lease creates a fee simple determinable estate, by making the conveyance of the mineral estate subject to a special limitation
 - A conveys Blackacre to B "for so long as" B shall use Blackacre for a particular purpose
 - B receives defeasible estate in the minerals
 - A retains a possibility of reverter

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Requirements for Conveyance

Tex. Prop. Code § 5.021

"A conveyance of an estate of inheritance, a freehold, or an estate for more than one year, in land and tenements, must be in <u>writing</u> and must be <u>subscribed</u> and <u>delivered</u> by the conveyor or by the conveyor's agent authorized in writing."

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Consideration



(Payment of Bonus Not Required)

Jones v. Bevier

- Lessor executed and delivered to the lessee an oil and gas lease, which lessee recorded. The lessor never received the payment of a bonus.
- Held: The lease was supported by nonmonetary consideration in the form of an affirmative drilling obligation, which was sufficient to overcome the claim by lessor that there was a lack of consideration.

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