



# DOCUMENTING OIL AND GAS LEASEHOLD TRANSACTIONS TO SURVIVE THE STATUTE OF FRAUDS

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## What is the Statute of Frauds?

- Statute
  - Actually 2 statutes
- Requires signed written documentation for enforcement of some agreements
  - But not all agreements
- Applies to most oil and gas transactions





# What is the Statute of Frauds?

- Originally to prevent “*fraud*”
  - Some agreements are too important for oral contracts
  - To avoid the risk of fraudulent oral contracts, signed written documentation was required
- In oil and gas transactions, the focus is typically on the requirement for a clear written description of the deal
  - What property is involved?
  - What are the terms of the agreement?



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# What is the Statute of Frauds?

- Court decisions use words like:
  - “Reasonable certainty”
  - “Specific certainty”
  - “Essential terms of a contract”
  - “Subject matter of the contract”



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# What is the Statute of Frauds?

- Actually two statutes:
  - Statute of Frauds
  - Statute of Conveyances
- Discussed together as the Statute of Frauds



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## Statute of Frauds

- **§26.01 - Texas BUSINESS & COMMERCE CODE**
- Requires signed written documentation for specified agreements
- Applies to most common oil and gas agreements



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"The Statute of Frauds and Typical Leasehold Documents"