



Post-Production Royalty Disputes

48th Annual Ernest E. Smith Oil, Gas and Mineral
Law Institute
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THE ROYALTY CLAUSE & TEXAS DECISIONS



- The Early Cases: Vela, Middleton, Yzaguirre, Heritage, Judice
 - The Later Cases: Hyder, Potts, Warren, Texas Crude
- The Most Recent Cases: Blueston v. Randle, Bluestone v. Engler
 - The Pending Case: Devon v. Sheppard

ROYALTY AUDIT ISSUES

Downstream Commingling, Condensate Shrinkage, Lease/Plant Fuel, Flaring/Venting, Lost
& Unaccounted for (LUF), T&F Fees, Skim Oil, etc

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Post Production Costs from the Lessor and Lessee's Sometimes Differing Perspectives

TEXAS STATE CEMETERY

William James Murray



Full Name:	William James Murray
AKA:	Bill
Location:	Section: Statesman's Meadow, Section 1 (E) Row: B Number: 12
Reason for Eligibility:	Member and Chairman, Railroad Commission of Texas
Birth Date:	February 17, 1915
Died:	August 3, 2004
Buried:	August 6, 2004

MURRAY, WILLIAM JAMES (1915-2004). William James "Bilt" Murray, Jr., member and chairman of the Railroad Commission of Texas, was born February 17, 1915, in Coleman, Texas, to William James, Jr. and Virginia McGowan Murray. Growing up in the oil fields of northwest Texas, by his father's side, Murray, naturally, became interested in the oil business. After graduating from Cisco High School as the salutatorian in 1931, he was awarded a scholarship to attend Simmons College, now Hardin-Simmons University, in Abilene, Texas. He graduated in 1933 with a Bachelor of Science degree in Engineering, where he enrolled in the newly created Petroleum Engineering department. In 1935, after receiving his undergraduate degree, he continued his studies at UT and earned a Master's degree in Petroleum Engineering, graduating with the first class - four students - to the complete the program. While at UT, he was awarded the Dean's medal for the highest number of grade points in the Engineering School (a record that stands today), as well as the Distinguished Graduate award of the UT School of Engineering.

Murray's devotion to the College of Engineering continued throughout his life, and in 1989, the William J. "Bill" Murray Endowed Chair of Engineering was established by several of his industry friends. Matched by university funds, the program now funds six or more projects per year, in all engineering disciplines.

After teaching petroleum engineering and doing research work at UT, Murray joined his father in Abilene and worked for Brannon Oil and Gas as an engineer, geologist, and lease superintendent. During this time, he courted Miss Emma Jo Newton of Burkett, Texas, who was a freshman at John Tarleton College, now Tarleton State University. They were later married in 1939.

In July, 1939, Murray returned to Austin to work for the Railroad Commission of Texas as a senior petroleum engineer. During this time, he was labeled a "conservationist." Knowing that Texas' oil would not last forever, he worked to conserve and preserve the driving force behind Texas' economy. He also worked to prevent companies from flaring, or burning off the natural gas that was a by product in drilling

Petroleum Politics and the Texas Railroad Commission

by David F. Prindle



Post Production Costs from the Lessor and Lessee's Sometimes Differing Perspectives



Costal's founder Oscar Wyatt tweets to tell the truth at a legislative hearing. His story: Costal did nothing wrong.

POWER POLITICS

by Paul Burka

How one company's wheeling and dealing brought the energy crisis into your life.

[illegible]

BlueStone v. Randle

EXHIBIT 'A' VOL. _____ PG. _____

Attached to and made a part of Oil, Gas and Mineral Lease dated April 1, 2003, by and between MURRAY RANDLE, Lessor and QUICKSILVER RESOURCES, INC., Lessee It is understood and agreed by all parties that the language on this Exhibit "A" supersedes any provisions to the contrary in the printed lease hereof.

14 ANYTHING HEREIN TO THE CONTRARY notwithstanding, the royalties to be paid Lessor on production are ~~ONE-FIFTH~~ Three-Sixteenths (3/16), and wherever the word ~~One-Eighth~~ appears in this lease, the same is hereby amended to read ~~Three-Sixteenths (3/16)~~ ONE-FIFTH (1/5); WMR

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- “20% of the amount realized, computed at the mouth of the well”
- No deductions clause
- Post-production deductions: **OK**
- But not 3rd lease: “market value at the point of sale”

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