

49TH ANNUAL ERNEST E. SMITH

# Oil, Gas and Mineral Law Institute

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Houston, TX

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UT LAW CLE



OIL, GAS & ENERGY RESOURCES LAW  
SECTION OF THE STATE BAR OF TEXAS

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ERNEST E. SMITH OIL, GAS AND MINERAL LAW INSTITUTE

## Devon v. Sheppard:

Is Royalty Owed on Gross Proceeds or  
Gross Proceeds Plus?



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CAUSE NO. 12-12-22,501

MICHAEL A. SHEPPARD, CONSTANCE S. KIRK, JENNIFER S. BADGER, FRANK B. SHEPPARD, JAMES K. CRAIN, CHRISTOPHER M. CRAIN, JAMES K. CRAIN, III, PATRICK G. CRAIN AND SHIRLEY R. CRAIN,

Plaintiffs

v.

GEOSOUTHERN DEWITT PROPERTIES, LLC, PETROHAWK PROPERTIES LP, GEOSOUTHERN ENERGY CORPORATION, AND PETROHAWK ENERGY CORPORATION,

Defendants

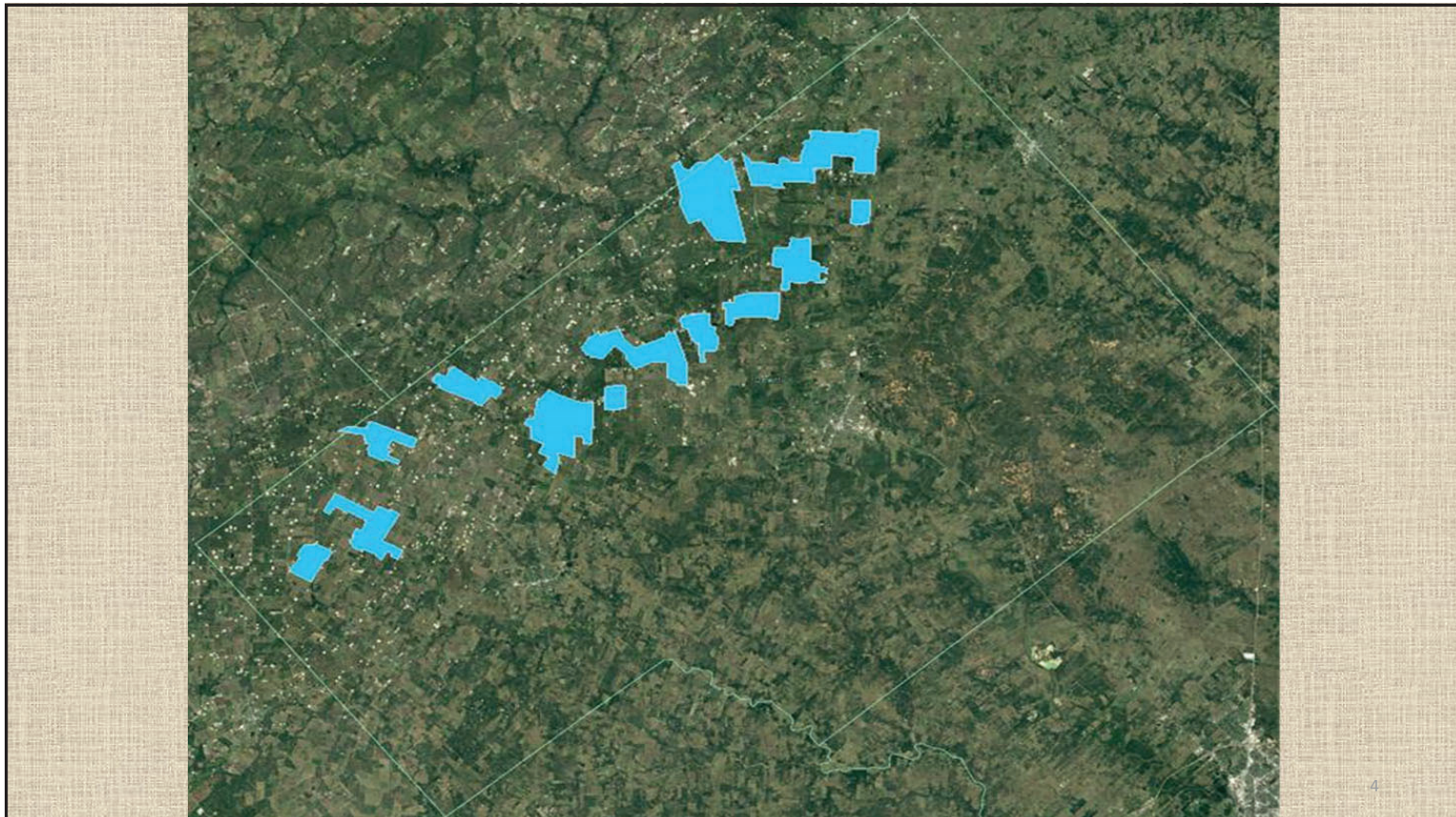
IN THE DISTRICT COURT

OF DEWITT COUNTY, TEXAS

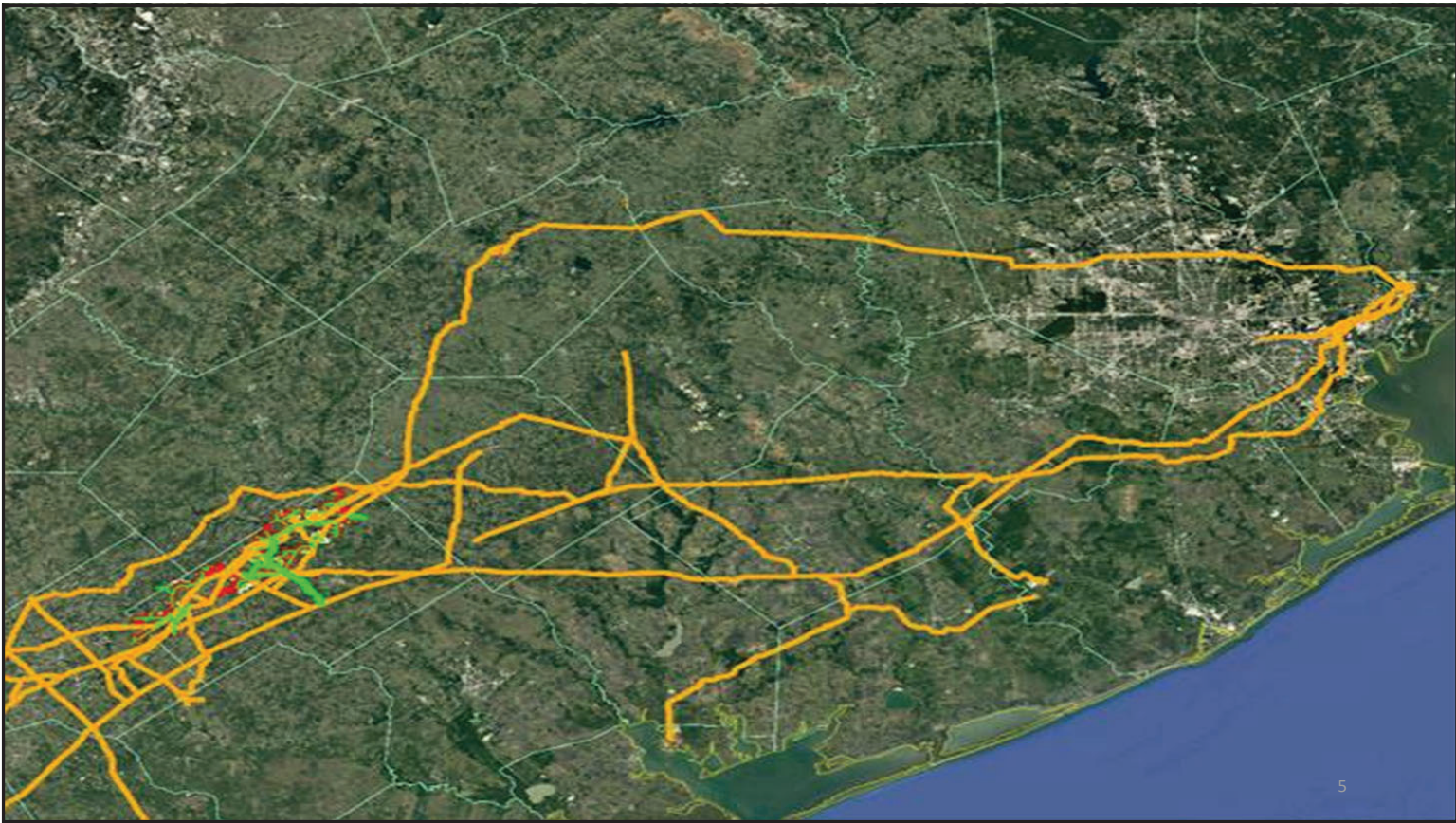
24th JUDICIAL DISTRICT

PLAINTIFFS' ORIGINAL PETITION

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## Case Background

1. Dispute Centers Around Unique Language in O&G Lease
2. Add To Gross Proceeds Language - If Ds' dispositions, contracts, or sales include reduction or charge → add reduction/charge to GP before calculating Ps' Royalty

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## Title search: Devon v. Sheppard: Is Royalty Owed on Gross Proceeds or Gross Proceeds Plus?

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"*Devon v. Sheppard*: Is Royalty Owed on Gross Proceeds or Gross Proceeds Plus?"