

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

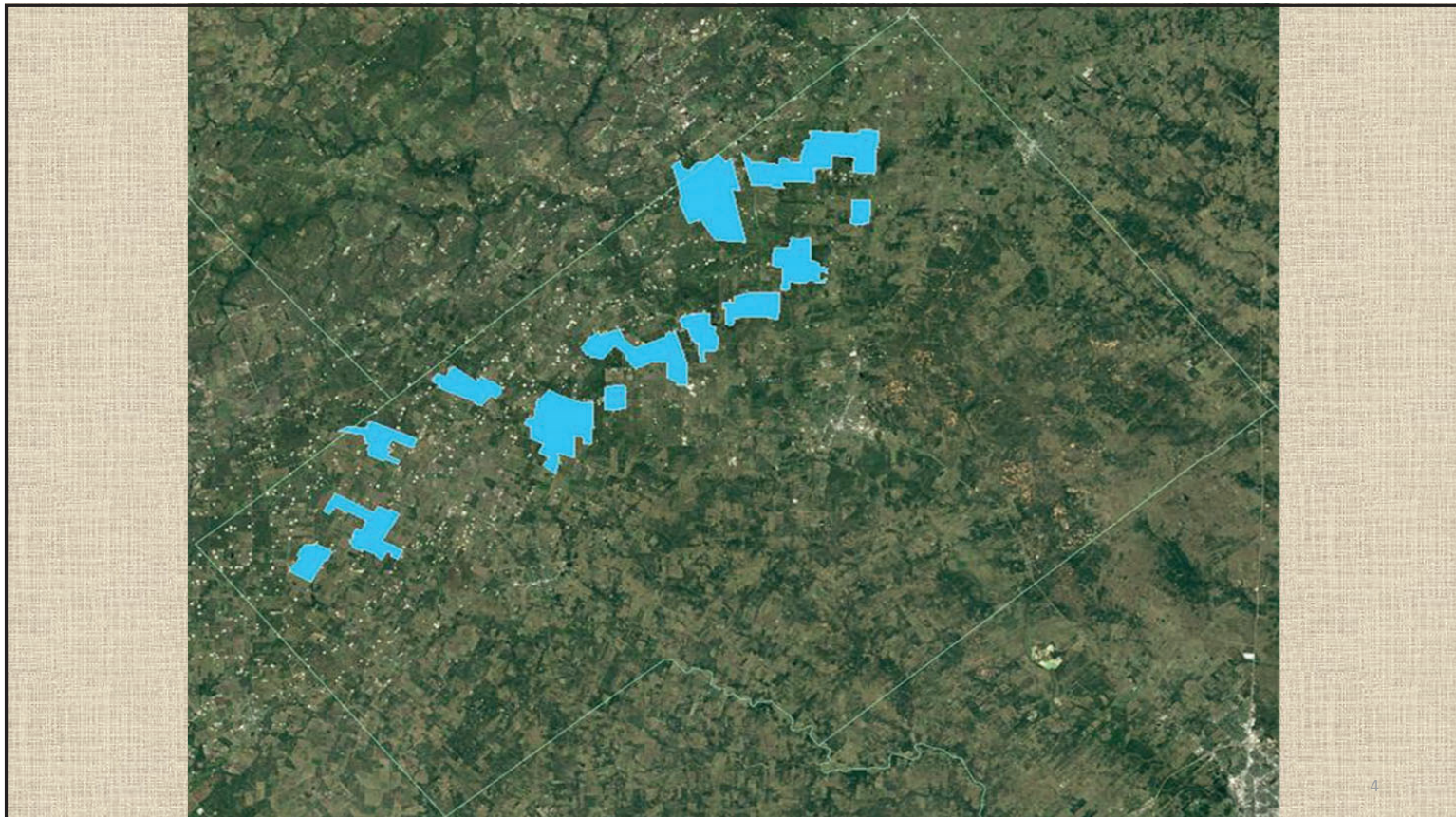
IN THE DISTRICT COURT

OF DEWITT COUNTY, TEXAS

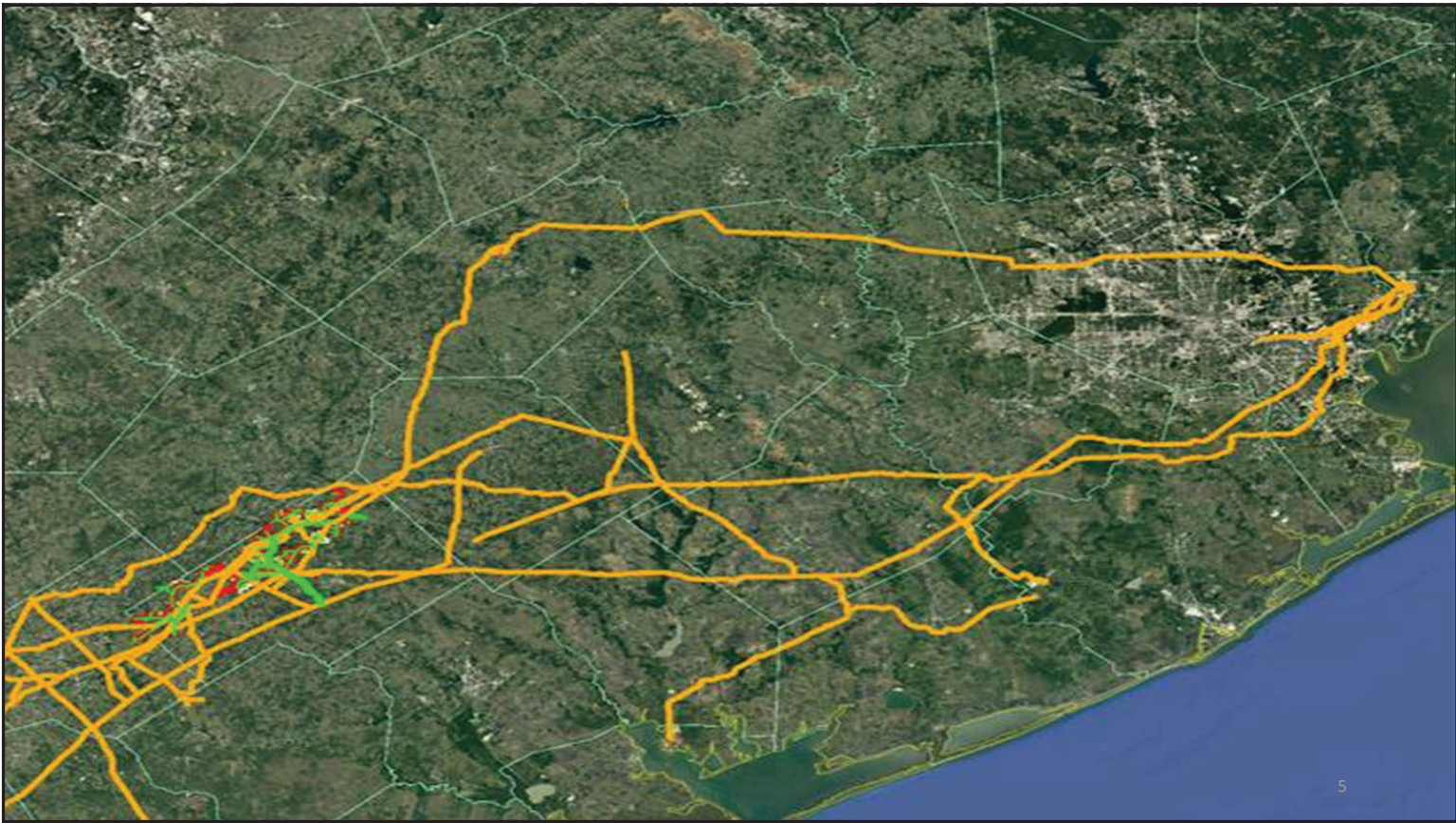
24th JUDICIAL DISTRICT

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?"