

# TIME FOR A WORKOVER: OIL & GAS IN ESTATE PLANNING (AND PROBATE) OR DEALING WITH WHAT COMES OUT OF THE GROUND BEFORE (AND AFTER) THEY GO IN

R. SHAUN RAINEY, COTTON, BLEDSOE, TIGHE & DAWSON, PC

2024 STANLEY M. JOHANSON ESTATE PLANNING WORKSHOP  
AUSTIN, TEXAS – DECEMBER 6, 2024

1

## Basics of Oil & Gas



2



# Types of Ownership Interests

## MINERAL INTERESTS

A mineral interest is an interest in oil, gas and other minerals (the mineral estate), and is a possessory interest which exists prior and continues beyond a lease.

The mineral estate is comprised of five severable rights:

- the right to develop,
- the executive right,
- the right to receive bonus,
- the right to receive delay rentals and
- the right to receive royalty payments.

## LEASEHOLD INTERESTS

A leasehold interest is an interest held under a lease and is contingent upon the continuation of the lease.

- Working Interest
- Overriding Royalty Interests.

# Oil & Gas “Lease”



A mineral “lease” is not a lease in the typical manner in which we think of it, rather it conveys the mineral estate as a determinable fee, with the mineral interest owner retaining a possibility of reverter as a future interest.

These are negotiable. Important terms:

- Lease Bonus
- Royalty Rate
- Length of Primary Term
- Delay Rentals
- Surface Damages

Find the full text of this and thousands of other resources from leading experts in dozens of legal practice areas in the [UT Law CLE eLibrary \(utcle.org/elibrary\)](https://utcle.org/elibrary)

Title search: Time for a Workover: Oil & Gas in Estate Planning  
(and Probate)

Also available as part of the eCourse

[2024 Stanley M. Johanson Estate Planning eConference](#)

First appeared as part of the conference materials for the  
2024 Stanley M. Johanson Estate Planning Workshop session  
"Oil & Gas in Estate Planning and Probate"