OIL AND GAS LAW

ASSIGNMENTS AND OUTLINE

SPRING, 2018

Mr. Pearson

I. INTRODUCTION

A. Physical Characteristics of Oil and Gas

B. The Rule of Capture and Correlative Rights

C. Subsurface Storage of Gas

ASSIGNMENTS: Read in MARTIN pp. 1-37.

II. OWNERSHIP THEORIES: Absolute Ownership vs. Non-Ownership (corporeal vs. incorporeal)

ASSIGNMENTS: Read in MARTIN pp. 42-62. (also, for general background and consideration of the consequences of absolute ownership vs. non-ownership, note Cohen, Property Theories, etc. - Part I, 10 Ala. L. Rev. 323 (1958)).

III. THE NOMENCLATURE OF OIL & GAS INTERESTS

A. An Overview

B. Problems in Classification

C. Duty Owed by Holder of Executive Power

ASSIGNMENTS: Read in MARTIN pp. 40-42; 538-547; 623-640; 661-668.
IV. THEORIES AFFECTING MINERAL TITLE DISPUTES

A. Adverse Possession

B. The Doctrine of Inurement

C. Alabama's "Grove Act" and other theories


V. DIVIDED OWNERSHIP

A. Concurrent Ownerships

B. Successive Ownership and the Open Mine Doctrine

ASSIGNMENTS: Read in MARTIN pp. 120-125; 134-159.

VI. USE OF THE SURFACE BY THE MINERAL OWNER

A. Implied Development Easements

B. The Accommodation Doctrine and other Limitations

ASSIGNMENTS: Read in HANDOUT MATERIALS Gulf Oil Corp. v. Deese, 153 So.2d 614 (Ala. 1963) and Bibby v. Bunch, 58 So. 916 (Ala. 1912). Read in MARTIN pp. 159-173.

VII. CONVEYANCING PROBLEMS

A. Conveyancing Formalities

B. Use of word "Minerals" in a Grant or Reservation
C. Special Considerations concerning Coalbed Methane

D. The "Duhig Doctrine"

E. Effect of False Recital of Fact in Mineral Reservation

F. Interpretation of Conveyance as Fee Simple or Right-of-Way

G. Other common problems


VIII. GOVERNMENT REGULATION OF OIL & GAS

A. Federal Regulation

B. State Control over Development of Oil & Gas


IX. THE OIL AND GAS LEASE

A. Introduction and Overview

B. Express Clauses
C. Implied Covenants

ASSIGNMENTS: Read in HANDOUT MATERIALS the entire form "Oil, Gas and Mineral Lease" and Exxon Mobile Corp. v. Alabama DCNR 2007 WL 3224585 (Ala.). Read in MARTIN Chapters 3 and 4.

D. The Royalty Clause and Lessee’s “Duty to Market” (under either the First Marketable Product Rule or the Post-Production Approach)

ASSIGNMENTS: Read in MARTIN pp. 333-337; 343-368 and SPECIAL HANDOUT on comparison of the “First Marketable Product Rule” to the “Post-Production Approach”.