

COURT OF APPEALS OF TEXAS, ELEVENTH DISTRICT

Faith Oil & Gas v. Jeremy King

No. 11-10-00234-CV · No. No. 11-10-00234-CV · Decided June 2, 2011

SUMMARY

The Eleventh Court of Appeals affirmed summary judgment declaring an oil and gas lease null and void. The court held that the lease expired after its one-year primary term because no oil, gas, or other minerals had been produced, and an exhibit permitting use of the well as a saltwater injection well did not extend the lease term.

CASE DETAILS

COURT	Court of Appeals of Texas, Eleventh District
WRITING FOR THE COURT	Jim R. Wright; Jim R. Wright, Chief Justice; McCall, Justice; John G. Hill, Former Justice, sitting by assignment
JURISDICTION	Texas
DECIDED	June 2, 2011
DOCKET	No. 11-10-00234-CV
DISPOSITION	affirmed
PROCEDURAL POSTURE	Faith Oil & Gas appealed the denial of its request for a temporary injunction and the trial court's partial summary judgment declaring its oil, gas, and mineral lease null and void.
STANDARD OF REVIEW	The court reviewed the traditional summary judgment de novo. The movant had to establish that no genuine issue of material fact existed and that it was entitled to judgment as a matter of law. Because the trial court did not specify the grounds for summary judgment, the appellate court was required to affirm if any asserted ground was meritorious.
PRECEDENTIAL VALUE	Published Texas Court of Appeals memorandum opinion
PARTIES	Faith Oil & Gas v. Jeremy King

TOPICS

oil and gas

mineral rights

contract interpretation

summary judgment

appellate procedure

PRACTICE AREAS

oil and gas

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QUESTIONS PRESENTED

1. Whether the trial court erred in granting traditional summary judgment when Faith Oil claimed a material fact issue existed regarding whether Exhibit B continued the oil and gas lease in effect.
2. Whether, under the unambiguous terms of the lease, the lease expired at the end of its one-year primary term because no oil, gas, or other mineral was produced.

HOLDINGS

1. The oil and gas lease expired at the end of its one-year primary term as a matter of law because no oil, gas, or other mineral was ever produced under the lease.
2. Summary judgment was proper because the undisputed evidence established that the lease had expired as a matter of law, and any asserted summary judgment ground supported the judgment.

KEY QUOTATIONS

“We hold that, under the plain terms of the lease, it expired at the end of one year as a matter of law.” (3)

FACTUAL BACKGROUND

Faith Oil & Gas and Jeremy King entered into an oil and gas lease dated February 19, 2007, and acknowledged April 5, 2007. The lease provided for a one-year primary term and a secondary term lasting as long as oil, gas, or another mineral was produced. Although Faith Oil drilled a well, no oil, gas, or other mineral was ever produced; Faith Oil instead used the well as a saltwater injection well. Faith Oil contended that an exhibit to the lease permitted that use and preserved the lease, while King argued that the lease expired for lack of production.

PROCEDURAL HISTORY

Faith Oil sought a temporary restraining order and temporary injunction based on its claim that King was interfering with access to leased property. The trial court denied temporary injunctive relief, severed certain claims, and granted King's motion for partial summary judgment, declaring the lease null and void and of no force and effect. The Court of Appeals affirmed.

DISPOSITION

affirmed

CASES CITED

- Sysco Food Servs., Inc. v. Trapnell, 890 S.W.2d 796, 800 (Tex. 1994)
- Nixon v. Mr. Prop. Mgmt. Co., 690 S.W.2d 546, 548-49 (Tex. 1985)
- Dickey v. Club Corp. of Am., 12 S.W.3d 172, 175 (Tex. App.—Dallas 2000, pet. denied)
- M.D. Anderson Hosp. & Tumor Inst. v. Willrich, 28 S.W.3d 22, 23 (Tex. 2000)

- FM Props. Operating Co. v. City of Austin, 22 S.W.3d 868, 873 (Tex. 2000)
- Grinnell v. Munson, 137 S.W.3d 706, 714 (Tex. App.—San Antonio 2004, no pet.)
- Anadarko Petroleum Corp. v. Thompson, 94 S.W.3d 550, 554 (Tex. 2002)
- Gulf Oil Corp. v. Reid, 337 S.W.2d 267, 269 (Tex. 1960)
- Wagner & Brown, Ltd. v. Sheppard, 282 S.W.3d 419, 424 (Tex. 2008)
- Gulf Ins. Co. v. Burns Motors, Inc., 22 S.W.3d 417, 423 (Tex. 2000)

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