

SUPREME COURT OF THE STATE OF MONTANA

Dellit v. Schleder

Dellit, 2022 MT 196 (Supreme Court of the State of Montana 2022) · No. DA 21-0631 · Decided October 11, 2022

SUMMARY

The Montana Supreme Court affirmed summary judgment determining that a warranty deed reserved and retained Leonard Schleder’s entire mineral estate in the subject Rosebud County property. The Court held that the deed’s express reservation of two-thirds of all minerals, construed in favor of the grantor, controlled and that the chain of title could be considered as objective contextual evidence. The Court declined to apply estoppel by deed or reach the proposed Duhig rule because the relevant parties had received their interests through the same instruments and the circumstances were not analogous.

CASE DETAILS

COURT	Supreme Court of the State of Montana
WRITING FOR THE COURT	Justice Laurie McKinnon; Justice Beth Baker; Justice Ingrid Gustafson; Justice Dirk M. Sandefur; Justice Jim Rice
JURISDICTION	Montana
DECIDED	October 11, 2022
DOCKET	DA 21-0631
DISPOSITION	affirmed
PROCEDURAL POSTURE	Direct appeal from an order granting Leonard Schleder summary judgment and declaring him the owner of the contested mineral rights.
STANDARD OF REVIEW	Summary judgment is reviewed de novo under Montana Rule of Civil Procedure 56. Conclusions of law are reviewed for correctness.
PRECEDENTIAL VALUE	published and precedential
PARTIES	Robert Dellit, Frances Dellit, Raymond F. Messer, Martin G. Messer, Charles J. Messer v. Leonard Schleder, Culver Properties LLP, Charles D. Butts, Kirby Minerals, An Oklahoma General Partnership, c/o Mineral Acquisition Partners, Inc., General Partner, Tucker Garner O&G LLC, Mary Ann Moss, Cherron Munson, Gayle Roski, Mary Anne Garner Frisone Revocable Trust U/A dated September 17, 1993, James E. Munson and Cherron G. Munson, Trustees of the James E. & Cherron G. Munson Revocable Trust U.A. dated August 24, 1993,

Gayle Garner Roski, Trustee of the Gayle Garner Roski Revocable Trust U/A dated November 16, 1993, Trio Petroleum Corp., The Home-Stake Oil & Gas Company, The Home-Stake Royalty Corporation, All other persons, unknown, claiming or who might claim any right, title, estate, or interest in, or lien or encumbrance upon, the real property described in the Complaint adverse to plaintiffs' ownership, or any cloud upon Plaintiffs' title

TOPICS

minerals deeds contract interpretation title disputes standard of review

PRACTICE AREAS

real estate oil and gas mineral rights contract interpretation appellate procedure

QUESTIONS PRESENTED

1. Whether the warranty deed reserved to Leonard Schleder all of his mineral interests in the property.
2. Whether the district court properly considered the property's chain of title and other objective circumstances in interpreting the deed.
3. Whether estoppel by deed, or estoppel in pais, prevented Schleder from asserting ownership of the reserved mineral interests.

HOLDINGS

1. The deed's unambiguous reservation of an undivided two-thirds of all mineral interests reserved and retained Schleder's entire existing mineral estate: two-thirds of the minerals in Tracts 2 and 3 and one-half of the minerals in Tract 1.
2. The district court properly considered the chain of title and related objective circumstances as contextual evidence supporting its interpretation of the unambiguous deed.
3. Neither estoppel by deed nor estoppel in pais prevented Schleder from asserting ownership of the reserved mineral interests.

KEY QUOTATIONS

"Whatever is excluded from the grant by exception or reservation remains in the grantor as of his former right or title and never passes to the grantee." (§ 18)

"We agree with the District Court that based on the unambiguous, express language in the Warranty Deed reserving and withholding from the grant 2/3rds of all mineral interests—the same fractional interest owned by Leonard in Tracts 2 and 3—and considering § 70-1-516, MCA, Leonard reserved and retained his entire mineral estate under the Warranty Deed." (§ 22)

"Neither estoppel by deed nor estoppel in pais prevent Leonard from asserting title to the minerals because the Grantees, as co-owners of the surface and mineral interests in the Property, were not misled by the

FACTUAL BACKGROUND

Leonard Schleder owned fractional interests in the surface and mineral estates of property in Rosebud County, Montana, including two-thirds interests in some tracts and a one-half interest in another. In a 1950 warranty deed to Irene and Phillip Messer, Schleder conveyed his interests in the property but excepted and reserved an undivided two-thirds of all oil, gas, and minerals, subject to a stated exclusion. The Messers' successors claimed that the deed conveyed them the remaining one-third of the mineral estate, while Schleder asserted that the reservation retained all of his existing mineral interests. The parties' interests derived in part from the same probate and family conveyances, and the grantees therefore had knowledge of the relevant ownership interests.

PROCEDURAL HISTORY

The Sixteenth Judicial District Court for Rosebud County granted Schleder's motion for summary judgment and denied or rejected the appellants' competing claim that the warranty deed conveyed them an undivided one-third mineral interest in the property. The Montana Supreme Court reviewed the summary-judgment order de novo and affirmed.

DISPOSITION

affirmed

CASES CITED

- Broadwater Dev., LLC v. Nelson, 2009 MT 317, 352 Mont. 401, 219 P.3d 492
- Libby Placer Mining Co. v. Noranda Minerals Corp., 2008 MT 367, 346 Mont. 436, 197 P.3d 924
- Murray v. BEJ Minerals, LLC, 2020 MT 131, 400 Mont. 135, 464 P.3d 80
- Wyrick v. Hoefle, 136 Mont. 172, 346 P.2d 563 (1959)
- Musselshell Valley Farming & Livestock Co. v. Cooley, 86 Mont. 276, 283 P. 213 (1929)
- Ash v. Merlette, 2017 MT 305, 389 Mont. 486, 407 P.3d 304
- Missoula v. Mix, 123 Mont. 365, 214 P.2d 212 (1950)
- Cedar Lane Ranch, Inc. v. Lundberg, 1999 MT 299, 297 Mont. 145, 991 P.2d 440
- Wicklund v. Sundheim, 2016 MT 62, 383 Mont. 1, 367 P.3d 403
- Ferriter v. Bartmess, 281 Mont. 100, 931 P.2d 709 (1997)
- Simpson v. Simpson, 2013 MT 22, 368 Mont. 315, 294 P.3d 1212
- Norman v. State, 182 Mont. 439, 597 P.2d 715 (1979)
- Hart v. Anaconda Copper Mining Co., 69 Mont. 354, 222 P. 419 (1924)
- Mitchell v. Pestal, 123 Mont. 142, 208 P.2d 807 (1949)
- Midland Realty Co. v. Halverson, 101 Mont. 49, 52 P.2d 159 (1935)
- Van Rensselaer v. Kearney, 52 U.S. 297 (1851)
- Duhig v. Peavy-Moore Lumber Co., 144 S.W.2d 878 (Tex. 1940)

- Gilbertson v. Charlson, 301 N.W.2d 144 (N.D. 1981)
- Scott v. Jardine Gold Mining & Milling Co., 79 Mont. 485, 257 P. 406 (1927)

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