

Texas Supreme Court Redefines an Offset Well Clause

The Texas Supreme Court has held that an offset well clause in an oil and gas lease did *not* require the lessee to drill wells calculated to protect against drainage, reports Gray Reed & McGraw in its **Energy & the Law** blog.

According to authors **Charles Sartain** and **Chance Decker**: “The Court purported to limit its holding to these facts, but the opinion could have far-reaching consequences. Wells drilled in the most active plays in Texas today are by and large horizontal, tight-shale wells. The opinion indicates the historical understanding of an ‘offset well’ is antiquated in this context.”

Four dissenting justices believed the majority disregarded the well-established meaning of “offset well” used in the oilfield for decades.

Read the article.