

# ***Burlington v. Texas Crude* – Another Texas Supreme Court Case on Post-Production Costs**

The Texas Supreme Court has denied motion for rehearing of its opinion in a case that addresses deductibility of oil and gas post-production costs in the context of an overriding royalty, writes **John McFarland** for the **Oil and Gas Lawyer Blog**.

*Burlington Resources Oil & Gas Company v. Texas Crude Energy* may, however, have implications for post-production-cost deductions in oil and gas royalty clauses, according to the post on the website of Graves, Dougherty, Hearon & Moody.

The dispute involved alleged breaches of a development agreement between the parties, including the deduction of post-production costs from Texas Crude's overriding royalties.

The trial court ruled that post-production costs in the case were not deductible. But the Texas Supreme Court "reversed and remanded, holding that the language of the overriding royalty assignments permits deduction of (some?) post-production costs," explains McFarland.

**Read the article.**