

Spudding? Reworking? What are 'Operations' Under an Oil and Gas Lease?

Charles Sartain of Gray Reed, writing in the firm's **Energy & the Law** blog, discusses an energy lease that featured some dueling provisions that resulted in a lawsuit in a Texas court.

The case of *HJSA No. 3 LP v. Sundown Energy LP* concerned a mineral estate under 30,450 acres in Ward County, Texas. "HJSA claimed that the lease had terminated as to certain portions of the property because Sundown had on five separate occasions over 14 years allowed more than 120 days to elapse between completion or abandonment of operations on one well and commencement of drilling operations on the next well, thereby failing to maintain the lease as to areas not HBP."

The article covers the arguments and shows how the court decided in the end that Sundown was required to spud a well to comply with a paragraph of the agreement.

Read the article.