

Texas Court Addresses Bad Acts in an Oil-Patch Lease Play

Writing in Gray Reed's **Energy & the Law** blog, **Charles Sartain** points out that parties to a transaction need to be mindful that if a business deal is a partnership, there will be rights and duties not present in arms-length commercial transactions.

He discusses a recent appellate court opinion and considers the main question: Was a partnership formed by a letter agreement, a participation agreement and the actions of the parties?

Stephens et al v. Three Finger Black Shale Partnership et al. is a complicated petroleum development deal that included all those elements. The jury trial ended with a multimillion dollar judgment for actual and exemplary damages in favor of two separate groups of plaintiffs and intervenors against several groups of defendants.

The appellate court determined that there was no evidence of a partnership, which meant that no fiduciary duty was owed by the defendants.

Read the article.