



2016 Legal Update

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Perpetual Leases

- State ex rel. Claugus Family Farm, L.P. v. Seventh Dist. Court of Appeals, 2016 Ohio 178 (Jan. 21, 2016)
 - In class action by landowners to declare that nearly identical oil and gas leases were void as leases in perpetuity and to quiet title, court of appeals did not err in ruling that leases could not be extended beyond 10-year primary term without development of oil or gas and were not void as against public policy and in ruling that leases precluded imposition of an implied covenant to develop within the primary term.

Statute of Limitations

- Schultheiss v. Heinrich Ents. Inc, 4th Dist. No. 15CA20, 2016 Ohio 121 (Jan. 12, 2016)
 - Lease expired for lack of production from 1977 to 1981.
- Cox v. Kimble, 5th Dist. No. 13 CA 32, 2015 Ohio 2470 (Feb. 17, 2015)
 - Lessee who drilled only one well on the property did not encumber the entire 100 acres of owners' property. Trial court did not err in ruling in owners' favor, holding that lessees were required to drill a second well, which they did not do, and that the maximum drilling unit size was 40 acres.

Nonpayment of Royalties

- Sims v. Anderson, 4th Dist. No. 14CA31, 2015 Ohio 2727 (June 30, 2015)
 - It was error to grant summary judgment to lessee where lease terminated unless lessee produced sufficient oil or gas to make yearly royalty payment
- Armstrong v. Chesapeake Exploration, L.L.C., 5th Dist. No. 2014 AP 12 0056, 2015 Ohio 3310 (Aug. 14, 2015)
 - Assertion that defendants did not pay royalties was not a basis for canceling the lease since there was no provision in lease that non-payment of royalties was grounds for cancellation.

Reasonable Diligence

- Dennison Bridge, Inc. v. Resource Energy, L.L.C., 7th Dist. No. 14 HA 21, 2015 Ohio 4736 (Oct. 29, 2015)
 - Trial court erred in granting summary judgment to defendants where there was a genuine fact issue whether defendants used reasonable diligence to repair well that was out of production for 18 months for a mechanical problem.

ODNR Production Reports

- Mobberly v. Wade, 7th Dist. No. 13 MA 18, 2015 Ohio 5287 (Dec. 11, 2015)
 - Lack of production reports to ODNR was not relevant when the lessee produced other evidence indicating production from the well.

Implied Covenant to Drill

- Bentley v. Beck Energy Corp., 7th Dist. Nos. 13 BE 33, 13 BE 34, 2015 Ohio 1375 (Mar. 31, 2015)
 - Trial court erred in granting summary judgment to owners where leases contain an express waiver precluding an implied covenant.
- Core v. Samurai Corp., 7th Dist. No. 13 HA 13, 2015 Ohio 5437 (Dec. 18, 2015)
 - Trial court did not err in granting summary judgment to defendants, holding that the lease was subject to an implied covenant of development and that the two lease provisions cited by plaintiff did not address development and so did not negate the implied covenant.

Home Rule

- Mothers Against Drilling In Our Neighborhood v. State, 8th Dist. No. 103430, 2016 Ohio 817 (Mar. 3, 2016)
 - Local legislation is pre-empted by state law that is a general law, and the local legislation is an invalid exercise of the city's home rule authority, R.C. Ch. 1509.

Necessary Parties

- Mid-Ohio Coal Co. v. Brown, 5th Dist. No. 15CA00012, 2015 Ohio 5111 (Dec. 2, 2015)
 - Prior action was not res judicata as it did not include plaintiffs' predecessors in interest and they did not have actual knowledge of the prior quiet title action.
- Holland v. Gas Ents. Co., 4th Dist. No. 14CA35, 2015 Ohio 2527 (June 15, 2015)
 - Summary judgment for lessors was error where they failed to join all defendants who had an interest in the lease as required by R.C. 5301.10.

Dormant Mineral Act

- Decisions this year
 - Dodd v. Croskey, Case No. 2013-1730, 2015 Ohio 2362 (June 18, 2015)
 - Chesapeake v. Buell, Case No. 2014-0067, 2015 Ohio 4551 (Nov. 5, 2015)
- Cases yet to be decided
 - Walker v. Shondrick-Nau, No. 2014-0803
 - Eisenbarth v. Reusser, No. 2014-1767
 - 11 other cases



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