LEGISLATIVE & REGULATORY UPDATE

By Nikolas Tysiak, Legislative and Regulatory Chairman

Cavallo Mineral Partners LLC v. EQT Production Company, 2025 WL 800433 (Pa. Super., March 13, 2025). In this case, landowner Des Moine Field conveyed his 200 acre tract in Washington Twp., Greene County, PA to the McChesneys in 1990, using the following language: "ALSO EXCEPTING AND RESERVING, for the benefit of Grantees, his heirs and assigns, all oil and gas not previously excepted, reserved or conveyed, together with the right to mine and operate for the same . . ." (emphasis added). Field eventually purported to convey his oil and gas rights to Cavallo Mineral Partners. The McChesneys leased their oil and gas rights to EQT, which eventually included these interests in an oil and gas production unit. Cavallo eventually brought a quiet title declaratory action suit, alleging ownership of the oil and gas rights. EQT (and other co-defendants) eventually won on procedural grounds following competing motions for summary judgment, and the suit was dismissed without prejudice. In that decision, the court pointed out that Cavallo still had claims that could be made regarding the apparent Scrivener's Error regarding the use of the term "grantees" in the reservation, and Cavallo was instructed to amend its complaint accordingly, which it failed to timely do. Instead, it further appealed the underlying case on procedural grounds. The Superior Court found that Cavallo could only succeed on its procedural claims if it were likely to succeed on the merits of its case. The court determined, based on the existing claims and record, that Cavallo was unlikely to succeed on the merits because the deed from Fields to the McChesneys did not properly except or reserve the oil and gas rights for the benefit of Fields or his heirs, successors and assigns. The attempted appeal was therefore quashed, but it appears that Cavallo is still able to amend its complaint to argue for a scrivener's error reformation of the 1990 deed.

Antero Resources Corporation v. Pike, 914 S.E.2d 757 (W. Va. Inter. Ct., 2025). In this case, landowners excepted and reserved oil and gas from under 2 tracts, totaling 97 acres, in 1895. By 1942, the oil and gas became divided as follows: Rufus G. Fordyce, Edna L. Fordyce and Margaret Fordyce Pike (as joint tenants with the right of survivorship) – ½ interest; Daisy G. Broadwater – ½ interest. In 1949, Rufus, Edna and Daisy conveyed their interests in the 97 acres to Dora Jewell. The 1949 deed makes no reference to the interest of Margaret F. Pike, or to the deed where she acquired her interest. In 1976, successors to Jewell leased the oil and gas under the land, which eventually came into the possession of Antero Resources. Various wells were apparently timely drilled under the terms of the lease. Antero brought suit in 2019, seeking a declaratory judgment, asking the court to find that the successors to Jewell had effectively adversely possessed the 97 acres as against the potential interests of Margaret Fordyce Pike and her heirs at law. The Pike heirs counterclaimed, alleging intentional trespass, conversion, and demanding forfeiture of Antero's oil and gas infrastructure. The trial court found Antero had not established that the non-Pike heirs and successors had successfully adversely possessed the Pike heirs' oil and gas rights, as the requirements of ouster, specifically the right under ouster to receive actual notice of such ouster, had been fulfilled. The Intermediate court disagreed with this, citing caselaw indicating that actual notice of an ouster is not affirmatively required, but instead constructive notice can be relied upon IF the adverse possession is clearly in opposition and detriment to the rights of party to be deemed ousted (i.e., clear exclusive possession in an open, hostile and notorious manner). The intermediate court therefore overturned the trial court decision and remanded the case for additional proceedings in the trial court.

Miller v. Bunting, 2025 Pa. Super. 80 (April 8, 2025). This involves a suit where the plaintiff claimed ownership of coal rights under a tract of land containing 14.1219 acres pursuant to a deed that purportedly clearly excepted and reserved such coal rights. The Superior Court noted that the language of the deed clearly reserved such coal rights. In addition, the court produced a lengthy analysis of the intent of the parties regarding the coal rights and further concluded that the plaintiffs' claims to the coal were "without merit." Later, the court entertained the plaintiffs' claim regarding Doctrine of Merger argument, where it was claimed that the coal estate and the surface estate merged under the ownership of the plaintiffs' grantors, causing the plaintiffs' to receive such coal rights by their deed. The court rejected this argument, pointing out that the Doctrine of Merger in Pennsylvania "is now practically extinct," and can only occur under equitable grounds as necessary to prevent injustice. In other words, the parties involved must intend for a merger of titles to occur. The court further pointed out that traditionally, merger involves a greater estate subsuming a lesser estate. In this case, the two estates involved, covering the surface and the coal rights, were both for "fee simple" and neither estate could be construed as greater or lesser than the other. Finally, the court found that "expert reports" on interpretation of deeds is irrelevant as an issue of fact, because the meaning of deeds is strictly a matter of law for a court to decide. The orders granting summary judgment for the defendants below were affirmed.

Continued

Golden Eagle Resources II, LLC v. EQT Production Company, 2025 WL 874413 (Pa. Super. Ct. March 20, 2025). This suit involves the interpretation of competing clauses in an oil and gas lease regarding settling disputes. The lease from Golden Eagle to EQT's predecessor included a clause requiring arbitration of disputes. However, the associated addendum to the lease allowed the parties to bring suit in any appropriate court. In addition, the addendum indicated that any conflict between the lease document form and the addendum should be settled in favor of the addendum. Golden Eagle made several arguments regarding the interplay of these clauses, but ultimately the court determined that the language of the addendum controlled, and no arbitration could be compelled. The court was particularly influenced by the fact that Golden Eagle had instigated the suit, implying that the more appropriate time to seek arbitration would have been before the filing of their lawsuit, and not on appeal.