Quiz Due on Monday February 3rd

Name: **Jacob Wall**

1. When a person receives a deed from a government entity the ownership form is generally described as a "fee simple" estate. What are three of the four rights or attributes of a fee simple estate?

Possession, Use or Control, Quiet Enjoyment, and Disposition

2. Susan Smith owns both the surface and mineral estate in a tract of land. She grants and oil and gas lease to Swine Oil Company.

Which party is the lessee? Susan Smith

Which party is the lessor? Swine Oil

3. What two rights does Susan Smith transfer to Swine Oil Company under the terms of the oil and gas lease? The right to **exploration** and to **production**.

4. Susan Smith owns both the surface and mineral estate and a tract of land. She wants to sell the minerals to her cousin, retaining the rights to the surface. What is it called when the mineral and surface ownership rights are separated?

Severed

5. Who owns the right to the freshwater under Susan Smith's tract of land? The mineral owner or the surface owner?

Mineral Owner

6. Who owns the oil under Susan Smith tract of land, the mineral owner or surface owner?

Mineral Owner

7. If Susan Smith owns the minerals and is certain that oil and gas is under her land why would she not drill a well herself instead of leasing to a company like Swine Oil Company?

She would chose to not drill if it was outside of her financial capabilities. Outside of that, she could have a dry hole, and lose her investment. She’s at least guaranteed a minimum amount of money prior to the drilling of the well so there’s absolutely zero risk but high upside.

8. If Susan Smith owns the mineral rights in Texas is that considered ownership of personal property or real property?

Personal property.

9. If Susan Smith owns the mineral rights in Texas how far down does her ownership interest extend?

Theoretically to the middle of the earth.

10. Why would one most likely use a standard form oil and gas lease when obtaining a lease from a mineral owner?

One would use a standard form oil and gas lease because it offers standardization, you can compare and contrast your options easily. Beyond that it allows for easier understanding in the judicial system.