

**ADVANCED OIL & GAS LAW  
DRAFTING EXERCISE #1**

**DEFEASIBLE TERM MINERAL INTEREST**

**SCORE SHEET**

**Exam No. \_\_\_\_\_ Score \_\_\_\_\_/10**

- \_\_\_ (0.5 Point) Deed Structure
- \_\_\_ (0.5 Point) Dock's Marital Status
- \_\_\_ (0.5 Point) Contract Warranty Limits Addressed
- \_\_\_ (0.5 Point) Acknowledgment Certificate
- \_\_\_ (1 Point) Mineral Interest (Fully Participating)
- \_\_\_ (0.5 Point) Minerals Included
- \_\_\_ (0.5 Point) Coalbed Methane
- \_\_\_ (2 Points) Pooling & Unitization Issues
- \_\_\_ (2 Points) Failure of "Production" Issues
- \_\_\_ (2 Points) *Duhig* and Fraction Issues

## DEED

**Dock Hillard, Jr.** ("Dock"), an unmarried person, conveys and warrants to **Robert Riley** ("Robert") an undivided one-half interest in the Southeast Quarter of the Southeast Quarter of Section 3, Township 11 South, Range 15 East, from the 6th Principal Meridian, in Shawnee County, Kansas (the "Land").

**1. EXCEPTION TO THE GRANT: MINERAL INTEREST.** Dock excepts from the Land an undivided one-fourth (1/4 of 8/8) of all the Minerals in and under the Land, without regard for Dock's actual mineral ownership in the Land. The intent is to convey to Robert whatever Minerals may remain in Dock after giving effect to this exception, and recognizing that Dock Hillard, Sr. owns an undivided one-half interest in the Land that is not impacted by this Deed.

This is a fully participating mineral interest and includes the right to develop, lease, and to receive any development benefits such as bonus, delay rental, shut-in royalty, and royalty.

The term "Minerals," as used in this exception, includes: oil, natural gas, all petroleum substances, coalbed methane gas, and any mineral produced in conjunction with the extraction or processing of a listed mineral.

**DEFESIBLE TERM MINERAL INTEREST.** This exception to the grant is a defeasible term mineral interest that will extend from the date of this grant through March 1, 2034 and so long thereafter as: (1) any of the Minerals is or can be produced from the Land or any other land that is pooled or unitized with all or part of the Land; or (2) all or part of the Land or any other land that is pooled or unitized with all or part of the Land is being explored, developed, or operated for any of the Minerals.

In the event any portion of the Land is part of a pooled unit, or a field-wide unit, pooled or unitized production attributable to any portion of the Land will be deemed production from all of the Land. In the event any mineral owner with an interest in the Land, including Dock, enters into an oil and gas lease authorizing development of all or part of the Land, any savings clause contained in any lease intended to extend the lease duration without production, or otherwise, will also operate to extend the term of Dock's defeasible term mineral interest. This includes, for example, any

substitutes for production created by a delay rental clause, shut-in royalty clause, force majeure clause, compensatory royalty clause, commencement clause, completion clause, dry hole clause, or operations clause.

2. **EXCEPTIONS TO THE WARRANTY.** Dock excepts from the warranty of title any encumbrance or other limitation created by any restriction shown of record, any easement, or any use limitations created by zoning laws or other state and local laws.

3. **HEIRS, SUCCESSORS, AND ASSIGNS.** The rights created by this Deed bind, benefit, and extend to the heirs, successors, and assigns of Dock and Robert.

Signed, delivered, and accepted \_\_\_\_ February 2014.

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**Dock Hillard, Jr.**

**ACKNOWLEDGMENT CERTIFICATE**

Shawnee County, Kansas

This DEED was acknowledged before me on \_\_\_\_ February 2014 by Dock Hillard, Jr.

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**Donna K. Haverkamp**, Notary Public

My Appointment Expires: \_\_\_\_\_

**Grantee Name and Address for Register of Deeds:**

Robert Riley  
700 North Water  
Pittsburg, Kansas 66762