

Horizontal Division of Oil and Gas Leaseholds

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§ 10.01. Introduction.

Originally, a party who owned property was deemed to own the property to the center of the earth. However, with the onset of mining developments, all jurisdictions have clearly established that the surface of the land may be separated from the different strata beneath it, and that there may be as many different owners as there are strata.⁽¹⁾

Once an underground strata is severed, courts have recognized the right of the owner of the severed strata to passthrough overlying strata to extract the minerals, including oil and gas.⁽²⁾

The horizontal division of oil and gas leaseholds creates a myriad of rights, duties, and obligations between the oil and gas lessor and each leasehold owner of severed strata, and among the leasehold owners of the severed strata. These rights, duties and obligations will be the principal focus of this Chapter.⁽³⁾

§ 10.02. Methods of Horizontal Division.