

Lessors Development Expectations During Downturn, David Ammons and Nick Petree, Texas Lawyer

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Winstead attorneys [David Ammons](#) and [Nick Petree](#) represent clients in energy real estate-related matters, among other work. In a recent article they co-wrote for *Texas Lawyer's* "Energy Buzz" section, they discuss potential hazards for lessor/lessee agreements during the downturn in oil prices and tips for defending against related litigation. David works in Winstead's [Energy Law Practice Group](#) and Nick works in Winstead's [Business Litigation Practice Group](#).

Crude oil prices plunged nearly sixty percent between June 2014 and January 2015. Many exploration and production companies have responded by slashing their 2015 capital expenditure budgets and curtailing drilling programs.

Lessors who have expectations regarding drilling on their leases will likely become increasingly frustrated with the slow-down in operations. Such frustration invariably leads to a proliferation of lessor-lessee litigation, particularly lawsuits concerning alleged breaches of the implied covenant of reasonable development. This article provides an overview of relevant Texas law and concludes with tips for defending against such litigation.

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