

Supreme Court favors landowner in lease case - The Dickinson Press

By [Sean Arthson](#)
Updated: June 27, 2014



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By [Michael Hricik](#) Today at 6:33 p.m.

BISMARCK — On Tuesday, the North Dakota Supreme Court ruled in favor of a McKenzie County man in a dispute over old oil and gas leases.

The decision may affect other landowners in the Bakken with old leases, which some energy companies hold onto even after they are profitable, according to the plaintiff's lawyers.

Greggory Tank of Keene sought to have an old oil and gas lease from 1982 terminated when a well on the southwest portion of his land stopped producing in paying quantities. The well stopped producing continuously in October 2008, according to Supreme Court documents.

In September 2011, Tank sued well operator Citation Oil and Gas to terminate the lease after the company sought to dismiss his claims.

A district court later ruled in favor of Tank, citing the language of a "Pugh clause" in the original lease contract. Pugh clauses determine what happens to land after wells stop producing.

Citation appealed the decision, but the Supreme Court upheld the district court's decision, maintaining its definition of "production" — sufficient enough to cover operating costs.