

CONFERENCE GOALS

1. A. 1. 2. 3. 4. 5. 6. 7. 8. 9. 10. 11. 12. 13. 14. 15. 16. 17. 18. 19. 20. 21. 22. 23. 24. 25. 26. 27. 28. 29. 30. 31. 32. 33. 34. 35. 36. 37. 38. 39. 40. 41. 42. 43. 44. 45. 46. 47. 48. 49. 50. 51. 52. 53. 54. 55. 56. 57. 58. 59. 60. 61. 62. 63. 64. 65. 66. 67. 68. 69. 70. 71. 72. 73. 74. 75. 76. 77. 78. 79. 80. 81. 82. 83. 84. 85. 86. 87. 88. 89. 90. 91. 92. 93. 94. 95. 96. 97. 98. 99. 100.

Collective

Relevant Agreements

Exploration and Seismic Agreements
Drilling Agreements
Farmouts & Carried Interest Transactions
Processing & Refinancing Agreements
Master Service Agreements
Joint Operating Agreements
Production Contracts
Restructuring Contracts
Choice of Entity & Lien Questions
Operator Liens

How Defined: Geothermal energy is energy captured as a result of the natural, internal, heat stored in rock and fluid produced within the Earth. TX categorizes geothermal energy as a mineral....

General Application of TX Law to Systems that Need Enhancement through Hydraulic Fracturing

The Categorization as a Mineral and the Similarities with O&G

The Categorization as a Mineral and the Differences with O&G

- Flow of the Resource/Mineral
- Value of Resource
- Source of Resource
- Energy State of Resource
- Storage of Resource



Application: Sword & Shield

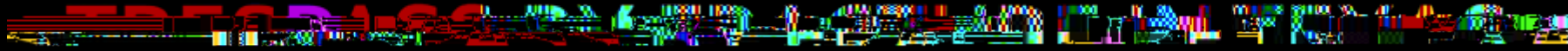
- If Rule of Capture applies:

A subsurface trespass by frac action may be precluded; HOWEVER, Arguably, another could drain migrated thermal energy (via frac) from a lawful well OR ruin well as a result of drainage from a lawful well b/c **drainage is not actionable**

- If Rule of Capture does not apply:

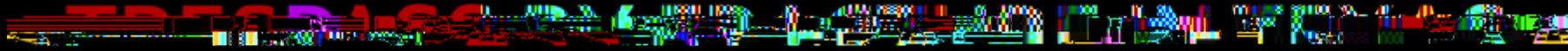
Drainage could be an actual harm/subsurface trespass by frac an actionable tort; HOWEVER, migration of thermal energy would not effect ownership AND damages available if well ruined as a

RULE OF CAPTURE & SUBSURFACE



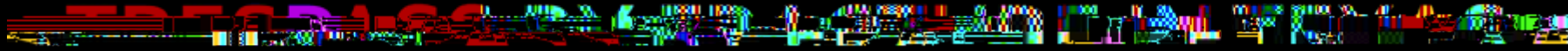
Subsurface

RULE OF CAPTURE & SUBSURFACE



The TX Supreme Court in *Garza*,

RULE OF CAPTURE & SUBSURFACE



First Impression: Does it Apply?

- *Murchinson*: Natural gas injected for storage remains personal property of injecting party
Meaning: Not subject to capture *even if* gas migrates beneath neighboring tracts
Legal distinction: Tangible ownership,

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Examples

Forecast

- Big Picture: Forest through the trees
- Litigation Road Map/Flux
 - Know detours
 - Identify forks
 - Stay the course
 - Reroute the journey

What can we Do?

- Anticipate: 1) when and why O&G precedent may likely apply to geothermal energy litigation; 2) when and why it may not; and 3) the affect this could have on your time, energy, & money.
- Can't control the facts; can't control the filing of lawsuits against your company.
- We **can** anticipate the facts and their application to the law. We **can** begin implementing your war strategy before a battle ever even begins.

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