

North Texas Lease Litigation Group

Petroff & Associates, PC

3838 Oak Lawn Avenue

Suite 1124

Dallas, Texas 75219

(214)-526-5300

www.petroffassociates.com

RIDDLE & WILLIAMS, P.C.

3710 Rawlins Street

Suite 1400

Dallas, Texas 75219

(214)-760-6766

www.riddleandwilliams.com

MATHIS & DONHEISER, P.C.

2001 Ross Avenue,

Suite 4600

Dallas, Texas 75201

(214)-661-8915

www.mathisdonheiser.com

SOUTHWEST FORT WORTH ALLIANCE

OCTOBER 2009 MEETING

What is the North Texas Lease Litigation Group?

- Three Law Firms working together:
 - Petroff & Associates, PC
 - Riddle & Williams, PC
 - Mathis & Donheiser, PC
- Interested in very specific types of cases for a select few coalitions or alliances
 - SEACTX (Arlington)
 - SFWA (Fort Worth)
 - BCMRC (Bedford Colleyville)

What Types of Cases is NTXLLG Considering?

- Signed a lease and didn't get paid your bonus
- Member of an alliance, but did not get a chance to sign a lease
 - Due to mistakes on documents or lost documents
 - Never had a scheduled signing party
 - Never got notice of a scheduled signing party
 - Not able to attend a scheduled signing party
- Signed a lease that was not the negotiated SFWA & Vantage/Caffey Lease after October 14, 2008 for significantly less money.

Homeowners' Options

- Sign a new lease at about 5 to 15% of the contracted amount or no bonus at all.

CONSIDER:

- Gas price has fallen to about 1/3 of what it was a year ago, but Bonus amounts offered are as little as 1/20 to 1/8 of what it was a year ago if a bonus is even offered.
- Royalty amounts are lower in some cases as well and are likely subject to company expense deductions.
- Cost of drilling wells has DECREASED by about 20% to 25% from last year
- Won't get the same lease terms as agreed to

Homeowners' Options

- Represent Yourself
 - Willie Thomas Lawsuit Last Week
 - Sought \$5,000.00 from Glencrest Resources for Failure to Pay Bonus
 - Lost in JP Court
 - Risked owing attorneys fees to Glencrest Resources

Homeowners' Options

- Do Nothing
 - Statute of Limitations runs on certain claims before mid October of 2010
 - If suit not filed by then, significant rights and causes of action are lost forever & filing timely first requires some time for required preparation in advance.
 - No bargaining power
 - Hope that demand returns and prices rise
 - Risk Forced Pooling: Finley Force Pooling Decision

Homeowners' Options

- Hire a lawyer to pursue your claims
 - Pay no money up front
 - Pay no money unless a successful resolution
 - Potentially recover treble damages
 - Potentially recover attorneys fees
 - Potentially recover entire bonus and royalty amounts
 - Potentially get same lease terms as agreed to
 - Guaranteed to get at least 50% of recovery

Attorney Client Contract Terms

- 1/3 Contingency Fee
 - No recovery received, No Attorneys fees or costs owed
 - No costs and expenses are due unless a recovery is made, and then only at the time the recovery is made.
 - All costs and expenses are paid up front by the Attorneys.
 - Applies only to the bonus amount, not the royalty amount. (Even if we get you a better royalty than is presently being offered.)
 - Total amount of costs and fees is limited to 50% of the recovery made for you

Theories of Recovery

- Breach of Contract
 - An enforceable contract was agreed to with Vantage. All of the terms and conditions were known by both sides.
 - SFWA stopped pursuing other gas companies
 - SFWA told members we have agreed to the following terms and we recommend this lease
 - SFWA members relied upon Vantage and its agents, and waited to attend signing events as instructed.
 - Enforce the contract – get you the lease you agreed to

Theories of Recovery

- Fraud In A Real Estate Transaction
 - Fraud in a transaction involving real estate ... consists of a
 - (1) false representation of a past or existing material fact, when the false representation is
 - (A) made to a person for the purpose of inducing that person to enter into a contract; and
 - (B) relied on by that person in entering into that contract; or,
 - (2) false promise to do an act, when the false promise is
 - (A) material;
 - (B) made with the intention of not fulfilling it;
 - (C) made to a person for the purpose of inducing that person to enter into a contract; and
 - (D) relied on by that person in entering into that contract.

Theories of Recovery

- Deceptive Trade Practices Act
 - (1) The use or employment by any person of a false, misleading, or deceptive act or practice that is:
 - (A) Specifically enumerated in a subdivision of Subsection (b) of Section 17.46 of this subchapter; and
 - (B) Relied on by a consumer to the consumer's detriment;
 - (2) Breach of an express or implied warranty;
 - (3) Any unconscionable action or course of action by any person

Theories of Recovery

- Texas Free Enterprise and Antitrust Act of 1983
 - Improper contract, combination or conspiracy in restraint of trade or commerce
 - With the intended purpose and effect of lessening competition in the market

Recoverable Damages

- Actual Damages
 - Bonus Payments Contracted For
 - Lease Terms Agreed To
- Exemplary/Punitive Damages
 - An Amount intended to serve as an example to others similarly inclined, and to punish the actor that engaged in the conduct
- Recovery of Attorneys Fees
 - Reasonable and Necessary Attorneys Fees

Example # 1 = Most Successful

\$ 5,000.00 Bonus Payment Recovered

\$10,000.00 Exemplary/Punitive Damages Award

\$10,000.00 Attorneys Fees

\$25,000.00 Total Award

-\$ 8,333.33 Attorneys Fees

-\$ 3,500.00 Recovery of Expenses

\$13,166.67 Net Recovery to Client

Example # 2 = Least Successful

- \$ 5000.00 Bonus Payment Recovered
 - \$ 0.00 Exemplary/Punitive Damages Award
 - \$ 0.00 Attorneys Fees
- \$ 5,000.00 Total Award

- \$ 1,666.66	Attorneys Fees
<u>- \$ 3,500.00</u>	Recovery of Expenses
5,166.66	(Attorneys Fees and Costs limited to
<u>\$ 2,500.00</u>	50% of Total Recovery)
\$ 2,500.00	Net Recovery to Client

Example # 3 = Total Failure

- \$ 0.00 Bonus Payment Recovered
- \$ 0.00 Exemplary/Punitive Damages Award
- \$ 0.00 Attorneys Fees
- \$ 0.00 Total Award

-\$ 0.00	Attorneys Fees
<u>-\$ 3,500.00</u>	Recovery of Expenses
3,500.00	(Client Owes NO Attorneys Fees or
\$ 0.00	Costs if No Recovery)
<u>\$ 0.00</u>	Net Recovery to Client

Existing Lease & Bonus Offers

- Typically Offering Approximately \$1,500.00/ Acre
- Highest Aware Of Is \$5,000.00/Acre
(\$1250.00 for a typical lot)
- Equal only about ½ of the Least Successful Outcome Scenario from Examples Already Discussed.
- Do not include COST FREE Royalty Agreements, which in the long term out-value most or all bonus payments.
- Give the developers 5 year terms without optional term bonuses.
- Do not provide important property value, quality of life and safety provisions.

North Texas Lease Litigation Group

www.ntxleaselitigation.com

Petroff & Associates, PC

3838 Oak Lawn Avenue

Suite 1124

Dallas, Texas 75219

(214)-526-5300

www.petroffassociates.com

RIDDLE & WILLIAMS, P.C.

3710 Rawlins Street

Suite 1400

Dallas, Texas 75219

(214)-760-6766

www.riddleandwilliams.com

MATHIS & DONHEISER, P.C.

2001 Ross Avenue,

Suite 4600

Dallas, Texas 75201

(214)-661-8915

www.mathisdonheiser.com