



---

Portfolio Media, Inc. | 860 Broadway, 6th Floor | New York, NY 10003 | [www.law360.com](http://www.law360.com)  
Phone: +1 646 783 7100 | Fax: +1 646 783 7161 | [customerservice@law360.com](mailto:customerservice@law360.com)

---

## Pa. Appeals Court Backs Energy Cos. In Lease Dispute

By **Keith Goldberg**

Law360, New York (July 07, 2014, 5:30 PM ET) -- The Pennsylvania Superior Court on Monday backed a lower court ruling that nixed a drilling rights dispute involving Chesapeake Energy Corp. and Anadarko Petroleum Corp., rejecting a landowner's argument that oil and gas leases were governed by the Keystone State's landlord-tenant law.

Landowners David and Sandra Nolt had appealed a June 2013 ruling by the Court of Common Pleas in Bradford County, Pennsylvania, dismissing their claims that the oil and gas lease assigned to Chesapeake and Anadarko on land they bought was invalid under the state's Landlord and Tenant Act of 1951. That's because seller Joseph Cullen had transferred the land to his son and daughter-in-law before inking the lease agreement, the Nolts argued.

The lower court granted summary judgment to the energy companies, which argued that oil and gas leases aren't governed by the Landlord and Tenant Act but are a transfer of property rights subject to Pennsylvania's general statute of frauds.

A three-judge Superior Court panel backed that finding, saying Pennsylvania case law has rejected the notion that oil and gas leases are governed by landlord-tenant legal principles.

"This transaction did not create a lease, but rather a transfer of a property right in the oil and gas," the panel said. "Accordingly, this conveyance is subject to the general statute of frauds, not the statute of frauds contained in the Landlord and Tenant Act, and so the Nolts' argument fails."

What's more, the general statute of frauds requires the signature of the grantor — in this case, Cullen, the appeals court said. Cullen inked the lease agreement with TS Calkins & Associates LP, which eventually assigned the lease to Chesapeake, which then assigned a 50 percent interest to Anadarko.

"Joseph Cullen signed the instrument granting the oil and gas lease in Calkins' favor; therefore there is no violation of the applicable statute of frauds," the panel said.

The panel also rejected the Nolts' contention that TS Calkins & Associates LP, which originally inked the lease agreement with Cullen before assigning the lease to Chesapeake, didn't do its due diligence to ensure that Cullen, not his son and daughter-in-law, was the owner of the property that was being leased.

A Calkins representative "searched the property records ... spoke with the owner of record and the possessor, Joseph Cullen, who told her that he owned the property she sought to

lease on Calkins' behalf," the court said. "This investigation revealed no indication of a possible defect in Joseph Cullen's title. We conclude that as a matter of law, Calkins met its due diligence obligation."

Counsel for Chesapeake and Anadarko couldn't immediately be reached for comment Monday.

Judges Christine L. Donohue, Cheryl Lynn Allen and Sallie Updyke Mundy sat on the panel for the Superior Court.

The Nolts are represented by Dean E. Weisgold of Dean E. Weisgold PC.

Chesapeake is represented by Nicolle R. Snyder Bagnell and Ariel N. Forbes of Reed Smith LLP.

Anadarko is represented by Andrea E. Hammel and Jared D. Bayer of Cozen O'Connor.

The case is Nolt et al. v. TS Calkins & Associates LP et al., case number 1214-MDA-2013 in the Superior Court of Pennsylvania.

--Editing by Christine Chun.

---

All Content © 2003-2014, Portfolio Media, Inc.