If **WRITING,** answer Question 10 in the **BLUE** answer book.
If using **LAPTOP,** be certain you answer in the **correct** screen.

QUESTION 10

Blackacre and Whiteacre are adjoining five hundred acre tracts of land in Concho County, Texas. Ann owned Blackacre, and Betty owned Whiteacre.

In April 2009, Ann conveyed Blackacre to Cary by a properly executed and recorded general warranty deed.

In the general warranty deed, Ann reserved for herself "all oil, gas, and other minerals in and under and that may be produced from Blackacre."

On June 1, 2013, Ann and Betty each entered into oil and gas leases with BigOil covering Blackacre and Whiteacre, respectively. Both leases contained the following provisions:

- The stated term was "one year from June 1, 2013, and as long thereafter as oil and gas, or either of them, is produced in paying quantities from the leased tract."
- BigOil had the right, at its option, to pool all or part of the leased acreage with other land in the immediate vicinity, if necessary or advisable to properly develop the leased acreage.
- In order to form a pooled unit, BigOil was required to sign and record in the Concho County real property records an instrument identifying and describing the pooled acreage.
- Under the pooling clauses, production on pooled acreage would be treated as if it were from the leased acreage, whether or not the well was located on the leased acreage.
- Also, Betty's Whiteacre lease with BigOil stated that the lease would remain in force only as to those lands within the pooled units upon which production was already occurring at the end of the primary term.

On October 2, 2013, BigOil formed a unit by pooling the north half of Whiteacre and the north half of Blackacre, and identified the unit in a signed and recorded instrument as required in the leases. BigOil promptly drilled an oil well on the pooled portion of Whiteacre, and the well began to produce in paying quantities in November 2013.

In May 2014, Ann and Deb entered into a lease for water rights attributable to Blackacre.

On July 15, 2014, BigOil formed a unit by pooling the south halves of Whiteacre and Blackacre and identified the unit in a signed and recorded instrument as required in the leases. Betty objected.

1. **Is BigOil entitled to form a pooled unit that includes the south part of Whiteacre? Explain fully.**

2. **Who owned the water rights attributable to Blackacre in May 2014? Explain fully.**

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