

## WHAT DOES YOUR RESERVATION CLAUSE MEAN?

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**Webb et al. v. Martinez** (Tex. App. San Antonio) - On December 14, 2016, San Antonio's Fourth Court of Appeals affirmed the trial court's take-nothing summary judgment regarding a property dispute in favor of Martinez. Webb had owned the entire surface and 75% of the mineral estate. The remaining 25% of the mineral estate was owned by a third party. Webb agreed to sell the entire property to Martinez through a contract of sale. The 1998 deed included the following reservation:

SAVE AND EXCEPT and there is hereby reserved unto [Webb], [her] heirs and assigns, 75% of all of the oil, gas, and other minerals presently owned by [Webb], in and under and that may be produced from the herein described property.

The deed was also "subject to . . . reservations of record." The parties dispute what percentage of the mineral estate was reserved by the reservation. The dispute arose in 2010 when Chesapeake leased from Webb and contacted Martinez about leasing. Webb argues the 1998 deed reserves 100% of their 75% interest whereas, Martinez argues the deed reserves only 75% of the 75% interest Webb owned in 1998.

Webb contends the reservation clause contained a scrivener's error and mutual mistake regarding the wording of the reservation. Webb argues the deed "should have said 75 percent of all oil and gas and other minerals on the tract or 100 percent of all oil and gas or other minerals presently owned." In response, Martinez alleges Webb's claims were time-barred, prompting Webb to amend her petition by instead contending that the reservation unambiguously reserved 100% of her 75% interest. In support of this argument, Webb claims the phrases "subject to . . . reservations of record" and "in and under and that may be produced from the herein described property" clarify the reservation to be 100% of Webb's 75% interest.

The Court of Appeals rejected this argument by explaining that the phrase "'in and under and that may be produced from the herein described property,' describes the location of the mineral estate by reference to the description of the surface estate." According to Webb, the reservations of record to which the conveyance was subject, included Webb's 75% interest and a third-party's 25% interest. The Court states that such reservations establish the "'oil, gas, and other minerals presently owned' by [Webb] when the deed was executed was a 75% interest" and that "the plain language of the 1998 deed unambiguously reserves 75% of that interest." As such, the Court found that the reservation clause unambiguously reserves 75% of Webb's 75% interest, thereby granting Martinez a 25% interest in Webb's mineral estate interest.

In addition, the Court agrees with Martinez's assertion that Webb's quiet-title and deed-reformation claims are barred by the applicable limitations statute. The Court explains that both "[q]uiet-title and deed-reformation claims are subject to a four-year statute of limitations . . . [whereby] [the] cause of action for a quiet-title claim accrues upon the execution of a facially valid instrument 'purport[ing] to convey any interest in or make any charge upon the land of a true owner' and a cause of action for a deed-reformation claim based on mutual mistake accrues when the mistake first becomes apparent to the parties." The Court acknowledged "the discovery rule does not apply to a cause of action supporting such claims because the parties executing a deed have notice of the mistake."



Since Webb's claims are based on her execution of a facially valid deed, Webb's cause of action accrued on October 8, 1998, the date on which the deed was executed. It is clear that because Webb did not file an original petition until August 5, 2013, the four-year limitations period had expired. Therefore, in regards to the quiet title and reformation claims, the Court rendered judgment as a matter of law in favor of Martinez.

This decision further emphasizes the importance of properly phrasing a reservation clause, as to avoid inadvertently granting an interest in a mineral estate. The *Webb* Court demonstrates the way in which courts consistently interpret grantor's intent based on the plain language of the deed.

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