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THE ENERGY DISPATCH

A PUBLICATION OF THE IEL YOUNG ENERGY PROFESSIONALS COMMITTEE



The Energy Dispatch, the IEL's Young Energy Professional newsletter, contains substantive articles on trending legal issues in the energy industry, interviews, and professional development.



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Young Energy Professional Highlight: Jennifer Lee

Interview by Amy Tomlinson, Liskow and Lewis, APLC

Jennifer serves as Assistant General Counsel at First Solar, Inc., and she is based in Houston, Texas. For this Highlight, Amy interviews Jennifer about her robust legal career. Jennifer shares several of her unique experiences as a lawyer, her experience with the IEL Leadership Class, and career advice.



AT: Can you tell me about your path to becoming Assistant General Counsel of First Solar?

JL: I took a non-traditional path out of law school as I went to work directly in-house for a telecom infrastructure company. While pursuing

my undergraduate degree in Political Science, I worked full-time for a commercial real estate company and that experience proved to be critical as it shaped my path to starting my legal career as a real estate attorney.

After several years of working in the telecom industry, I started to question "what's next?" Being in a city like Houston, surrounded by oil and gas companies, I hadn't realized the strong presence of renewable energy companies here. The opportunity to be a part of the energy transition got me excited, and I wanted to put my human capital towards work I found meaningful and impactful. That is what led me to the renewable energy space, and I jumped at the opportunity to join a renewable energy company in Houston as their in-house real estate attorney supporting the development of wind and solar

projects. That experience set me up to secure my initial position at First Solar and over the past 4 years, I've continuously taken on new challenges and roles to now currently practicing commercial and corporate law.

AT: How was your experience with the IEL Leadership Class? Were there any speakers or programming that you found particularly interesting?

JL: My experience being a part of the IEL Leadership Class has been fantastic. I've been impressed by the substance and thought put into this program and have met a lot of amazing attorneys working in the energy space. One session that I found particularly interesting was the one on branding yourself as an attorney beyond your law firm/company's profile. I found this session especially insightful since it offered many practical tips on how to brand yourself.

AT: What general career advice helped you that you would like to share?

JL: If you are interested in a position and don't meet all of criteria, still apply; don't shoot yourself down before applying. I found that especially Women and People of Color often feel that they need to meet 100% of what's stated on the job posting and experience issues with self-doubt. Even when you lack confidence, go for it! Another piece of advice is to be your authentic self and to embrace your individual difference(s) instead of believing you need to change in order to fit in. A large part of my career, I was focused on blending in until I realized that I was trying to achieve an impossible feat. Now, I own those differences.

AT: You shared a great experience with our class during our Leadership retreat. Can you share that fun fact that people probably don't know about you?

JL: During the pandemic, I looked for ways to be active and started to explore hiking. I started off slowly with day hikes and in October 2022, I had the opportunity to join Lex Mundi on an extreme challenge to trek 7 days across Patagonia. The purpose of this challenge was to raise funds and awareness for Hope for Justice, a charity fighting to bring an end to modern day slavery. It was a huge challenge and extremely difficult as I don't consider myself athletic, had never participated in a trek, and never slept outside in a tent prior to this experience. I trained for two and a half months and even though I had many moments of panic and doubt, I prepared mentally and physically for the mission. I successfully completed the trek, and I'm so glad I participated as it pushed me outside of my comfort zone. Although hiking started off as a pandemic hobby, I found that it was exactly what I needed since it forced me to truly unplug from the daily stressors. Especially in our profession, we all need an outlet and ways to relax.

Industry Expert Interview with Shelley Eichenlaub, Broad Reach Power

Interview by Michael Ventocilla, White & Case LLP



MV: What motivated you to become a lawyer?

SE: Being an attorney was something I initially resisted. My grandfather was a lawyer and I think my family always wanted another lawyer in the family,

but I resisted that because I wanted to pave my own way. My goal instead was to work in journalism. That was something that I had been very involved in during high school with the school paper, participating in University Interscholastic League (UIL) competitions, and winning a State competition.

After graduation from college, I got my first real job at the Galveston County Daily News working as a copy editor. I figured I had a good opportunity there to cover stories eventually, because it was a daily paper, but after editing for some time, I began thinking "How do I find a job that isn't Thursday through Monday and isn't 3pm to midnight, so I can see my friends and family on some kind of regular basis?" My dad was in oil and gas, and he actually gave me the idea of looking for a job in a proposals group. He helped me to get my resume in front of the right person at Brown & Root Energy Services (now KBR). There, I started in the proposals department—initially looking at technical proposals and rewriting everything the engineers wrote and later moving to commercial proposals, which was all about pricing and contracts. As I advanced, I wanted to do more than just prepare proposal responses. When I looked around at what the other women at the company were doing at that time, it became obvious to me that those with the most authority and influence were the lawyers. So, I decided to leave KBR and go to law school.

MV: When did you develop a specialty in Engineering, Procurement, and Construction (EPC) transactions?

SE: Because I kept in touch with my former KBR colleagues, nearly two years into my practice as a contracts attorney at Continental Airlines, I got a call from KBR about an opening in their legal department for an Associate Attorney. So, I returned to KBR as a generalist attorney in the beginning, but I went on to exclusively support Granherne, a KBR consulting division, which gave me access to tremendous technical know-how that I was able to leverage to find a niche supporting Chevron projects—first as a bidding attorney and then as a project attorney. I had a knack for the Chevron projects because I had practically memorized their form of contract and had been through several negotiations with them, so I knew where we could give and take, and what it would take to get to award faster. After being on a few projects, I wanted more of a leadership

position within the legal department at KBR but the position wasn't there for me, so I left KBR and went to Sasol to experience being a counsel on the owner's side of a project.

At Sasol, I had a defined role supporting the development of the Lake Charles Chemicals Projects (LCCP) at the Front End Engineering and Design (FEED) contract stage and then the EPC contract stage and it was all part of getting the project financed. I learned when I was at Sasol that there was so much more to getting a project developed than what I perceived when I was at KBR. Getting money for projects takes time and effort and there are many tensions on the owner's side that are different from the tensions typically felt on the contractor's side.

From Sasol, I moved to Anadarko to manage contract drafting and negotiations for the Mozambique LNG project. There were several similarities between LCCP and Mozambique LNG, in terms of both being huge international projects with teams from all over the world and both involving project financing and uncertainty around whether the respective boards would ultimately sanction the projects. Many of the same challenges were present in my next stop as Senior Legal Counsel for Major Projects at Motiva, because Motiva was looking to build facilities similar to Sasol's, but Motiva was a privately held company and that was a new nuance for me because their affairs were handled differently than a public company.

MV: Working at these companies with different structures and cultures underpinning the job requirements, what have you learned?

SE: What I've really taken away from it is how different things aren't. It would have been tempting for me to think that because a company like Motiva is based in Houston, and because I had the remit of building projects in Port Arthur, TX, that my focus was domestic only. But once you get to a certain scale, every project is international. Whether it arises in the equipment, manufacturing, supply, financing, or ownership, there is always an element of international relations in the work.

MV: You've worn a lot of hats in your career—corporate attorney, entrepreneur, business executive—what do you enjoy the most?

SE: I don't know that I could say that I enjoy one more than the other, but the type of task I enjoy is process improvement. I just like building and fixing things. Even though I've been in-house, I gravitate toward projects that have a defined lifespan. In my current role, we're moving from projects to operations all the time, because we're dealing with multiple projects and one is starting up operations as another is breaking ground in construction. I like going into a space (or group or team) and asking "How

do we get better at what we do?" and "How can we get from bid to build faster?" Consistency breeds efficiency.

MV: You've got some great one liners. Is there a piece of advice that you received during your career that you've gone back to time and again?

SE: Yes. It's from Tim Garvin, my former General Counsel (and informal mentor) at Sasol, and its "always be talking." I've always taken that to mean it is important to have a personal network of contacts and it is one thing to be well liked and well respected within your company, but it is a different thing to be well liked and well respected within your industry. If you can do both, that's awesome. But keep those industry contacts alive. You never know when opportunity is going to knock and you want to be able to answer it. There may also be times when you just need some help. You may be looking to your network for guidance navigating an issue that you don't know how to get past. The point stands: always be talking.

MV: You recently changed roles at Broad Reach Power from Managing Counsel in Legal to VP of Procurement. How did that transition come about?

SE: I've always been a very commercially minded lawyer and the more focused I got on a project level, the more I came to appreciate that you can't really divorce the two subjects (business and law). I've worked with procurement groups that have tried to dissuade Legal from reviewing the entirety of a contract and instead directing that just the "legal part" be analyzed. My response is always that the whole thing is the legal part just like the whole thing is the business part. At Broad Reach Power, where I am right now, I saw the opportunity for me to be helpful in building up the company outside of the legal department. We're a young company—having started in 2019—and I have the advantage of having worked at some of the largest companies in the world and on some of the biggest projects in the world, so there is a lot I've seen that I can pass along and help implement. My driver in moving more to the commercial role here versus Legal is that I believe that space is where I can be most useful at this moment.

MV: While simultaneously managing this illustrious career, you also managed to co-found Eureka Heights Brew Co. in Houston, TX. What motivated you to open a brewery?

SE: Before getting married (thankfully, I knew what I was getting into), my husband, Rob, shared with me his dream of owning a brewery. The dream that was initially his, soon became our dream by virtue of our relationship, and it's now very much a mutual passion project. When Eureka Heights was still just an idea, we registered with the Brewers Association as a Brewery in Planning and went to our first Craft Brewers Conference (that I mistakenly thought was a beer festival!). At some point over the course of the many seminars Rob signed me up to attend, I had a

lightbulb moment and made the connection of a brewery being a process plant and I thought "that's what I do!" I help build process plants. Usually, its chemicals coming out the other side and not beer, but the same sort of thought process applies. As soon as I realized that this was our own sort of EPC project, I was fully in and we were off to the races.

MV: What do you consider to be the things that you are most proud of in your career?

SE: I am proud to have had a hand in safeguarding the ways things have been developed in some cases. There are things that happen in the name of project development that can be uncomfortable. To build big projects, you need a lot of land. Sometimes that means relocating people and, while I am not necessarily proud of having been a part of projects that had to do that, I am glad that I was there to help ensure that the things that did need to happen were done in a responsible and ethical way. I care about our planet and the future for it and its inhabitants. If someone is going to review and approve a grave removal contract, I guess I am glad it's me. Because I care about it being done the right way.

Interview with Floriane Lavaud, Counsel – Debevoise & Plimpton, LLP

Interview by Rhianna Hoover, Debevoise & Plimpton, LLP



RH: Floriane, can you tell us about your career path, how you started in the energy industry and how your work has evolved to the present day?

FL: Nearly 20 years ago, I began my legal career working in the energy

industry at Total, in Paris. During my time there, I was involved in a major arbitration that I found incredibly interesting and engaging. This is when I started to really develop an interest in arbitration and an international disputes practice.

What I really enjoyed about this type of law is that it often has a political dimension, especially in cases involving a government as one of the parties. As a lawyer in these types of disputes, you are thinking not only about legal strategy but also about political strategy and diplomacy.

In 2007, I joined Debevoise & Plimpton as a member of the firm's International Dispute Resolution Group, and began to build my arbitration and international disputes practice. Early on, I worked on a number of complex arbitrations involving oil and gas companies and their investments. One of these cases was *Perenco Ecuador Ltd. v. Republic of Ecuador*, which was an investor-State arbitration that

arose out of regulatory changes in Ecuador that negatively impacted Perenco's investment.

These types of cases often arise after there is a change in government, and changed policies with respect to the energy investment. For example, a government could choose to nationalize oil and gas resources. More commonly, governments impose new legislative or regulatory changes that negatively impact an investment – for example, a tax scheme under which a very large percentage of profits are owed to the State. In essence, this is known as indirect expropriation, and could lead an investor to commence arbitration.

I have also worked on cases representing sovereign States, and have focused on that work quite a bit over the last few years. This includes public international law matters—for example, cases before the International Court of Justice—in addition to investor-State arbitration. For example, one recent series of cases that I worked on were those brought by Qatar and Qatar Airways against the United Arab Emirates, Bahrain, Saudi Arabia, and Egypt following the unlawful coercive measures imposed by those States against Qatar starting in June 2017.

RH: You have also made pro bono a key part of your practice. How has this work contributed to the development of your energy-related practice?

FL: I'm fortunate to be at a firm that values pro bono work on equal footing to billable matters, and provides a great deal of support for taking on pro bono cases. This has allowed me to take on a wide range of pro bono cases—from energy-related cases to cases involving serious violations of human rights such as genocide.

One of the most rewarding aspects about pro bono work is having the opportunity to partner with organizations that are giving back to local communities and making a difference on a global scale. I've been fortunate to partner with some great organizations that are doing very important work, including the Public International Law and Policy Group, the Clooney Foundation for Justice, and Legal Action Worldwide.

Pro bono work also offers a great opportunity to give back to your local community. For lawyers working at an energy company, pro bono offers a way to engage with the local communities where your company operates or has investments and have a positive impact. Pro bono matters can help build trust and strengthen partnerships between your company and these local communities.

RH: Do you have any advice for young energy professionals who may be interested in doing pro bono work, but aren't sure where to start, or how to best use skills gained working in energy?

FL: I think young energy professionals have so much to offer, and should make every effort to do pro bono work that interests them. In the past, I've spoken to young professionals who aren't sure how they can make an impact – especially for those who are working in-house rather than within a firm, there may not be a clear process for getting involved in pro bono cases.

My best advice is to be creative and think outside the box. If you have the support of your firm or company, reach out to organizations that are working on issues that interest you, and consider ways to build a relationship and offer your support.

Another possible way to get involved is to collaborate with a law firm on pro bono cases. Recently, I worked with one of Debevoise's corporate partners to establish a pro bono clinic for individuals from Afghanistan seeking asylum or humanitarian parole in the United States. The idea for the clinic came from an informal conversation with individuals who were just looking for a way to help. We have now helped over 15 individuals. Sometimes, it just takes one person to make a difference.

RH: In your view, what's the most important issue that we, as energy professionals, should be thinking about today?

FL: In my view, energy professionals should be focusing not only on the issues of today, but the issues of tomorrow. The energy industry is evolving rapidly, and we should position ourselves accordingly.

Think about: what will energy disputes look like in the future? Domestic litigation related to climate change has, of course, been on the rise around the world over the past several years. There is a huge range of possible disputes that could arise in new areas—for example, related to emerging carbon credit markets. Notably, experts are also working on developing a conciliation annex for the Paris Agreement, which would allow parties to bring climate-related disputes to a conciliation commission that could assist the parties in finding a solution and issue a non-binding recommendation.

Given these changes, my best advice for young energy professionals is to stay informed. Keep up with news on emerging risks, including new types of disputes, and stay one step ahead.

Transportation Security Administration's Proposed Rulemaking Targeting Cyber Risk Management for Pipelines

J. Brian Jackson, McguireWoods LLP Andrew F. Gann, Jr., McguireWoods LLP Mitchell D. Diles, McguireWoods LLP

On November 30, 2022, the Transportation Security Administration (TSA) published an Advance Notice of Proposed Rulemaking (ANPRM) aimed at enhancing cyber risk management in the pipeline sector. Indeed, the ANPRM recognizes the critical role that pipelines play in ensuring economic and national security. But the ongoing and growing risk of cyber threats increases the potentially devastating consequences of short- and long-term disruptions to such sector. Thus, the ANPRM reflects the government's interest in ensuring the safety, security, and resiliency of pipelines.

The ANPRM identifies several cyber risks to the pipeline sector. One risk is the threat of ransomware attacks and other cybersecurity incidents targeting information technology (IT) and operational technology (OT) systems, including the connections between these systems. The term "IT systems" generally refers to sets of services, equipment, or interconnected systems organized for the automatic acquisition, storage, analysis, evaluation, etc. of data and information. The term "OT systems," on the other hand, generally encompasses several types of control systems, "including industrial control systems, supervisory control and data acquisition systems, distributed control systems, and other control system configurations." In the pipeline sector, this includes SCADA and distributed control systems.

The pipeline sector, along with nearly all other industrial businesses, rely on functioning IT and OT systems to conduct operations consistently and reliably. This has resulted in IT systems increasingly integrated with industrial operations. As a result, there is a growing fear that attackers may migrate from business computer systems to those that control and manipulate industrial operations. For this reason, the DHS, DOE, and FBI have all encouraged a layered, "defense-in-depth" cybersecurity strategy to segregate IT and OT systems to protect against infections across systems.

To address IT system and OT system threats, as well as other cybersecurity threats, the ANPRM describes the "core elements" of a cybersecurity risk management (CRM) program. Those core elements include, among other things:

- The designation of a responsible individual for cybersecurity;
- Access controls;
- Training, drills and exercises;
- Technical and physical security controls;
- Incident response plan and operational resilience; and

· Record keeping and documentation.

Finally, in issuing the ANPRM, TSA is currently soliciting comments from interested individuals and organizations to aid in the development of future regulations. More specifically, TSA is seeking comments to address the following policy priorities:

- Assessing and improving the current baseline of operational resilience and incident response;
- Maximizing the ability for owner/operators to be selfadaptive to meet evolving threats and technologies;
- Identifying opportunities for third-party experts to support compliance;
- Accounting for the differentiated cybersecurity maturity across the surface sector and regulated owner/ operators;
- Incentivizing cybersecurity adoption and compliance;
- Measurable outcomes; and
- Regulatory harmonization.

While the deadline to provide comments on the ANPRM has passed, the ANPRM signals a shift in critical infrastructure sectors from encouraging voluntary and incentivized measures to requiring mandatory action. Pipeline operators should expect the federal government to continue this shift with additional regulatory and enforcement actions coming down the pike.

Salt of the Earth: Ownership of Salt Cavern Pore Space Still Lies with the Surface Owner in Texas

John M. Byrom, Brown & Fortunato, PC

While subsurface storage is not new, interest in a low-carbon future has caused a renewed interest in subsurface storage. Carbon capture, utilization, and storage (CCUS) is one of the few proven technologies that enables the capture and storage of carbon dioxide underground in the pore spaces of geologic formations. "Pore space" refers to emptied space in underground geological formations, including microscopic void space between rock and sand molecules, which can be used as storage reservoirs for many different elements. including natural gas, hydrogen, and carbon dioxide. As interest in subsurface storage grows, determining title to salt caverns, pore spaces, and other subsurface areas used for subsurface storage, and the right to use those geologic areas, will be of the utmost importance. A recent Texas appellate court case analyzed title to subsurface pore spaces and considered some of its nuances, which the Texas Supreme Court has an opportunity to hear if it approves the outstanding petition to review.

Myers-Woodward, LLC v. Underground Servs. Markham, LLC,

2022 Tex. App. LEXIS 4082 (Tex. App.—Corpus Christi June 16, 2022, pet. filed) (mem. op.) held that the surface owner owned the pore space within subsurface salt caverns used for storage even though the salt caverns were created by the mineral owner while producing the minerals it owned. A significant amount of time in this case was dedicated to issues related to the valuation of mineral royalties. *Id.* at *1-26. For purposes of this case summary, the author does not address the royalty valuation issues and has focused only on issues related to ownership of the caverns and the related pore space used for subsurface storage.

In Myers-Woodward, Underground Servs. Markham, LLC (hereinafter, the "Company") acquired the mineral interests in the salt and salt brine underlying the subject tract from a 1947 deed that conveyed "the right of ingress and egress and possession at all times for the purpose of mining, drilling and operating for said minerals and the maintenance of facilities and means necessary or convenient for producing, treating, and transporting such minerals." Id. at *8, *26-27. The case does not provide much information about the 1947 deed, but the Company acquired at least all the interest in the salt and salt brine, subject to the stated purposes. In 2013, Myers-Woodward, LLC (hereinafter, "Myers") acquired all the surface interest of the subject tract. Id. at * 2. Between 2015 and August of 2019, the Company mined salt on the property. Id. at *4-5. As part of its salt mining operations, the Company created artificial caverns entirely out of the salt formations that it owned. Id. at *26-27. The Company maintained the pore spaces in the caverns for subsurface storage. Id.

Prior to the mining, the Company, as the mineral owner, sued Myers, as the surface owner, seeking a declaratory judgment in 2013. Id. at *3. The Company sought a declaration on "whether cavern space created by [the Company] in the salt mass underlying the Subject Tract through brine mining and the right to store oil, gas and other gases or liquids in such cavern space is owned by [the Company], as the creator of the cavern space and the owner of the salt and salt formations, or the Surface Owners of the Subject Tract." Id. at *3-4. The case does not provide more on the outcome of the declaratory judgment action. However, the litigation continued after the mining, and the Parties exchanged counter petitions and motions. Relying on Mapco, Inc. v. Carter, 808 S.W.2d 262 (Tex. App.—Beaumont 1991), the trial court declared on summary judgment that the Company "is the owner of the subsurface caverns created by its salt mining activities on the Subject Tract." Id. at *7, *28. The Mapco case, which the trial court relied on, stated that "under well-recognized, decisional law, the continued ownership interest in the mineral estate in an underground storage facility is acknowledged and harmonious with the decisional law of [Texas]." Id. at *28. On appeal, the issue was whether the reservoir storage space created entirely out of the mineral estate, was owned by the surface owner, or the owner of the mineral estate. Id. at *26.

The appellate court began its de novo review of the summary judgment ruling by outlining precedent. Id. at *27. The surface overlying a mineral estate is the surface owner's property, and the surface owners' ownership extends to all of the non-mineral molecules in the subsurface. Id. at *27 (citing Humble Oil & Refining Co. v. West, 508 S.W.2d 812, 815 (Tex. 1974); Dunn-McCampbell Royalty Interest, Inc. v. Nat'l Park Serv., 630 F.3d 431, 442 (5th Cir. 2011)). "The conveyance of mineral right ownership does not convey the entirety of the subsurface." Id. at *27 (citing Dunn-McCampbell 630 F.3d at 442). The appellate court clarified that a mineral owner does not actually "own" any specific minerals while they are still in the ground, but rather owns the opportunity and right to recover and extract the minerals. Id. at *29 (citing Coastal Oil & Gas Corp. v. Garza Energy Trust, 268 S.W.3d 1, 15 (Tex. 2008); Gulf Land Co. v. Atlantic Ref'g Co., 134 Tex. 59, 131 S.W.2d 73, 80 (1939); Lightning Oil Co. v. Anadarko E&P Onshore, LLC, 520 S.W.3d 39, 49 (Tex. 2017)).

Further, the trial court incorrectly relied on *Mapco*, which cited no authority in its assertion that the "well recognized" decisional law allowed the mineral owner to continue ownership in an underground storage facility. *Id.* at *28. "There is no case law that supports a conclusion that a mineral estate owner who does not own the surface estate owns the subsurface of the property and may then use the subsurface for its own monetary gain even after extracting all the minerals." *Id.* at *29 (citing *XTO Energy Inc. v. Goodwin*, 584 S.W.3d 481, 487 (Tex. App.—Tyler 2017, pet. denied)). Accordingly, the appellate court overruled the trial court summary judgment holding and held that, as a matter of law, Myers owned the pore space in the subsurface, including the caverns created by the Company during its mining operations. *Id.* at *29.

Dicta in the case hinted that the holding may have been different if the language included in the deed conveyed the "salt formation" or the right to the "caverns" and not only the "salt." *Id.* at *30 n.17. However, in this instance, the Company only owns the mineral estate, and no additional rights in the subsurface, so the court did not need to address this issue. The holding also relied on the language of the 1947 deed, which provided the rights of mining, drilling and operating, producing, treating, and transporting of such minerals and maintenance of such facilities. Nothing in the deed specifically allowed the Company to use the subsurface for storage. Additionally, the court did not differentiate between natural salt caverns and the artificially made salt caverns in this case. The significance of this case is that it solidifies the law in an emerging area, which is that the surface owner owns all non-mineral molecules in the subsurface. A petition for review for the holdings in Myers-Woodward was filed with the Texas Supreme Court on January 20, 2023. Texas law can be particularly influential on energy matters, so energy practitioners should follow new developments in this case closely.

Increased interest in carbon reduction and corresponding technologies like CCUS will increase the significance of determining who has the right to use pore spaces for subsurface storage. It is well settled in Texas that the surface owner owns the non-mineral molecules in the subsurface, but nuanced facts and public policy may cause new developments in subsurface ownership. Going forward, it would be prudent for parties to pay particular attention to the rights included in subject leases or deeds, because clearly stating which parties own the rights to subsurface storage could prevent future disputes.

UPCOMING PROGRAMS

2nd Conference on Renewable Project Development





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