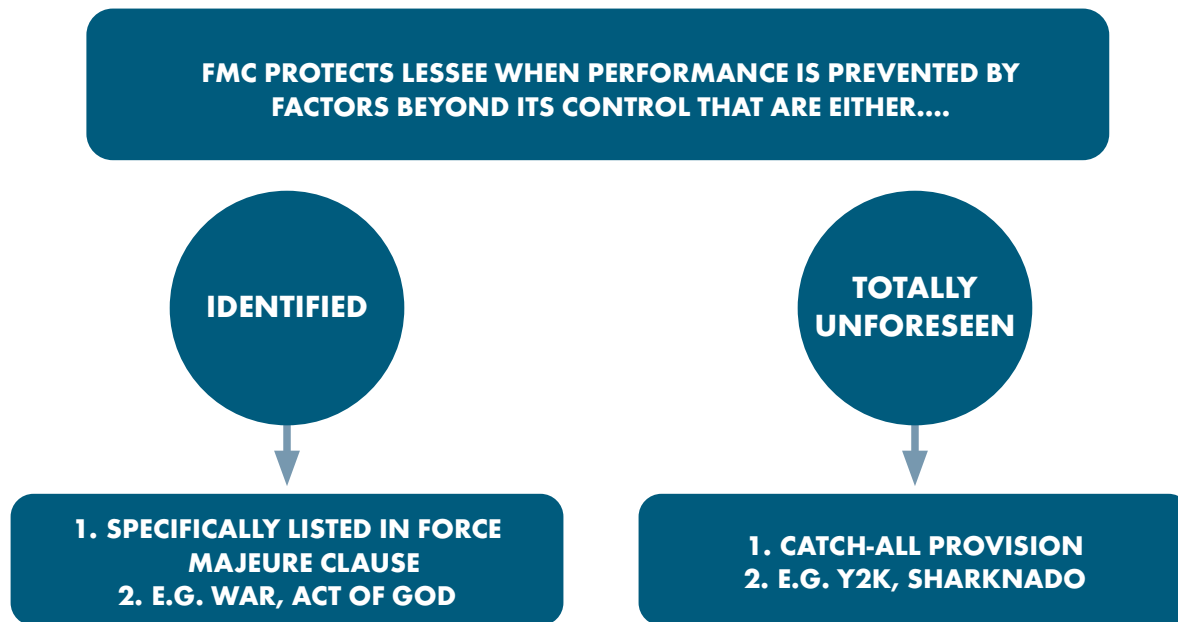
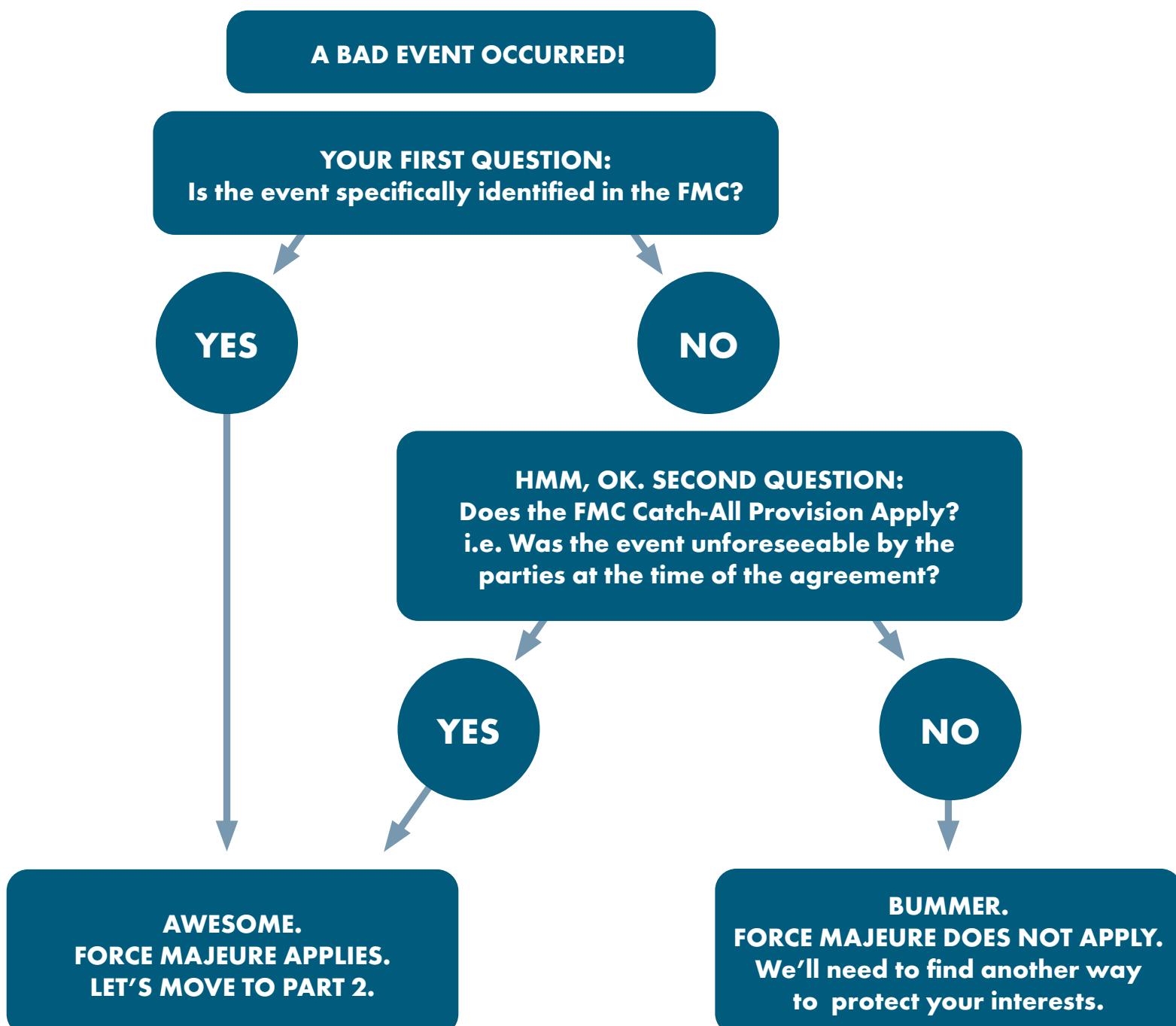


## FM is a Negotiated Substitute for Production



Force Majeure analysis in Texas centers on two key questions:

## PART 1: Does Force Majeure Apply?



## PART 2: What protections does the Force Majeure Clause provide?

### KEY CONSIDERATION:

**DOES THE FORCE MAJEURE CLAUSE PREVENT THE LEASE FROM TERMINATING?**

SO FORCE MAJEURE APPLIES, NOW WHAT?

THE LANGUAGE ACTUALLY USED IN THIS FMC IS THE MOST IMPORTANT CONSIDERATION

WHAT PERFORMANCE DOES THE FMC EXCUSE?

HOW LONG IS THE PERFORMANCE EXCUSED FOR?

**FMC's Applicability is HIGHLY Fact Intensive**

### MOST IMPORTANT FACTOR

**The ACTUAL LANGUAGE in the Force Majeure Clause at issue.**

- **In sum, to be fully effective under Texas law, the FMC must:**
  1. Cover the event that happened (either listed or unforeseeable)
  2. Include language extending the lease while Lessee is prevented from conducting operations or from producing
- **FMC will not save the lease from termination where:**
  1. FM event does not prevent Lessee from conducting operations
  2. Lessee unreasonably delays resuming activities after the FM event
  3. FM event occurred after the lease had terminated