

Court Holds That Trust Owned Mineral Interests And Not The Settlor's Wife

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In *Moore v. Estate of Moore*, a decedent's wife claimed that she had an interest in an oil and gas lease formerly owned by her deceased husband. No. 07-20-00019-CV, 2021 Tex. App. LEXIS 6142 (Tex. App.—Amarillo July 30, 2021, no pet. history). The decedent's children were the trustees of a trust that was the residuary beneficiary of the decedent's will. If the decedent still owned the mineral interests at the time of his death, the trust would inherit that interest. After the decedent died, the wife and the trustees settled their dispute and entered into a settlement agreement that provided: "The Parties agree that each shall keep and own such real and personal property as they currently possess without any challenge of any other party." *Id.* Later, the trustees sued the wife, alleging she breached her contractual duty to transfer the mineral interest to the trust, was liable under a theory of money had and received, and breached her fiduciary duties. After a jury trial, the trial court entered a judgment for the trustees, and held that the mineral interest belonged to the trust. The wife appealed.

The court of appeals affirmed. The court disagreed with the wife's argument that the settlement agreement meant that the mineral interest belonged to her:

The record shows Nancy possessed a life estate in William's working interest in the Goliad/Ledbetter mineral lease. However, no record evidence shows William gave Nancy any interest — actual or possessory — in the Shelton lease. Nor does any evidence conclusively indicate Nancy otherwise obtained title or possession of the Shelton lease in the absence of William's consent. Rather, the 2012 judgment simply required Nancy, as William's attorney-in-fact, to transfer William's interest in the Shelton lease to the trust. The 2014 settlement agreement did not, by transfer or waiver, vest the Shelton lease with Nancy. Designation of an attorney-in-fact through a power of attorney is one means of creating a principal-agent relationship. Nancy's duties of performance as attorney-in-fact for William were subject to the terms of the governing document. When we interpret Nancy's rights and duties as granted under the power of attorney, we (1) restrict the meaning of the general words in the document to the context in which they exist, and (2) strictly construe Nancy's authority "so as to exclude the exercise of any power that is not warranted either by the actual terms used, or as a necessary means of executing the authority with effect."

We find nothing in the power of attorney executed by William that made any transfer of the Shelton lease to Nancy. Rather, as the language and their context conclusively show,

Nancy's authority to act as attorney-in-fact merely permitted her to perform "acts as fully as [William] might do if done in [his] own capacity..." Moreover, the 2012 arbitration and award was careful to distinguish between Nancy's responsibilities as "attorney-in-fact" for William and those in her individual capacity. Relevant here, Nancy's obligation to transfer to the trust all of William's working interest in the Shelton lease was expressly directed to "Nancy, acting as William H. Moore's attorney in fact, pursuant to the Durable Power of Attorney." That Nancy, as William's agent, failed to fulfill her obligation to transfer the Shelton lease to the trust did nothing to contrive a personal interest in the Shelton property; nor did the settlement agreement signed in May 2014. When William died in January earlier that year, Nancy's authority as attorney-in-fact ceased. Ergo, William's working interest in the Shelton Lease had already passed according to his will before the 2014 agreement was signed. The 2014 settlement agreement may have granted Nancy the ability to "keep and own such real and personal property as [she] currently possess[es] without any challenge of any other party," but no evidence in the record reflects that Nancy, individually, ever possessed any interest in the Shelton lease. We conclude, on this record, no evidence support's Nancy's claimed entitlement to an interest in the Shelton lease. Because Nancy's first, second, third, and sixth sub-issues depend on her erroneous theory that she possesses an interest in the Shelton lease, we overrule said issues.

Id. (internal citations omitted).

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