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[Case of the Week: Valentino v. Range Resources](#)

Posted By Cliff Tuttle | August 16, 2010

No. 495

Joseph and Donna Valentino signed an oil and gas lease with Range Resources-Appalachia LLC, together with a side agreement calling for a \$456,800.00 bonus payment.

The side agreement indicated that the bonus payment would be made after a title examination and other actions intended to insure that the lessors owned the full oil and gas estate and it was not subject to existing leases. Other language indicated that the payment was subject to approval by Range's management and that it would occur within 90 days after signing.

90 days passed and Range ultimately sent the Valentinos a letter rejecting the lease on grounds of the economic downturn. Valentinos sued in the United States District Court for the Western District of Pennsylvania. Range filed a motion to dismiss.

In support of its motion, Range relied heavily upon two cases in the Middle District of Pennsylvania: *Lyco Better Homes, Inc. v. Range Resources – Appalachia, LLC*, No. 09-0249, 2009 U.S. Dist. LEXIS 110425 (M.D. Pa. May 21, 2009) and *Hoillingsworth v. Range Resources – Appalachia, LLC*, No. 09-0838, 2009 WL 3601586 (M.D.Pa. October 28, 2009). “Defendant suggests,” remarked the Court, “that because the Middle District granted its motions to dismiss in two factually similar cases, this court should do the same.”

However, the Court rejected the idea that it could or should consider these cases as *stare decisis*. Even if the facts were identical, there is no such thing as “Law of the District” and each District Judge is free to reconsider and prior District Court holding in the current case. While the final decision could ultimately turn on the statute of frauds, the Court indicated that it could not take up that issue on a motion to dismiss, citing a case, and that the defendant would have to wait for another day to press that argument.

It will be interesting to see to what extent the District Court will treat the lease and the side agreement separately. The lease is not signed by the Defendant and thus, under Pennsylvania law is not enforceable. But is the separate side agreement enforceable against Range? In disposing of the motion, the Court holds out the prospect that it may do just that.

The language of the side agreement, recited in the opinion, goes through a litany of procedures that must be accomplished before the bonus can be paid. The implication, seen from the landowner’s perspective, was that if the lessors had good title, the lease would be approved. Moreover, the lessors argue that they negotiated changes in the lease, which were in fact approved. Since the side agreement appears to be ambiguous on this point, the door is open for a trial and a lot of parole evidence.

The obvious importance of this case is that Range is a major player in the Western Pennsylvania Marcellus Shale field and has already leased many thousands of acres. It is likely continue to lease for many years and there will undoubtedly be many more disputes over bonuses, rentals and royalties under the same or a similar document. Perhaps some of those cases will cite [Valentino v. Range Resources](#).



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