

Pright Commercial Litigation

Restraints on Alienation and Consent-to-Assign in Light of *Mayo Foundation v. BP*

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Mayo Foundation v. BP – Background

Mayo Found. for Med. Educ. & Research v. BP America Prod.
Co., 447 F. Supp. 3d 522 (N.D. Tex. 2020)

- **Lessor:** Mayo Foundation
- Lessee: BP America
- Assignee: Courson Oil & Gas (also longstanding lease operator)
- Provision: Lessor's consent required, but its approval cannot be "unreasonably withheld"

Note the preferred purchaser, Latigo Petroleum, was owned largely by the Mayo Foundation.

Applicable Law

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Contract Law

Rights freely assignable unless otherwise agreed (subject to public policy) Strong policy of giving effect to the parties' freedom of contract

Property Law

Restraints against alienation are generally invalid

Landlord-Tenant Law

Default is that tenant rights cannot be assigned without consent







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Strong bias against restricting ability to transfer

Language is "strictly construed"

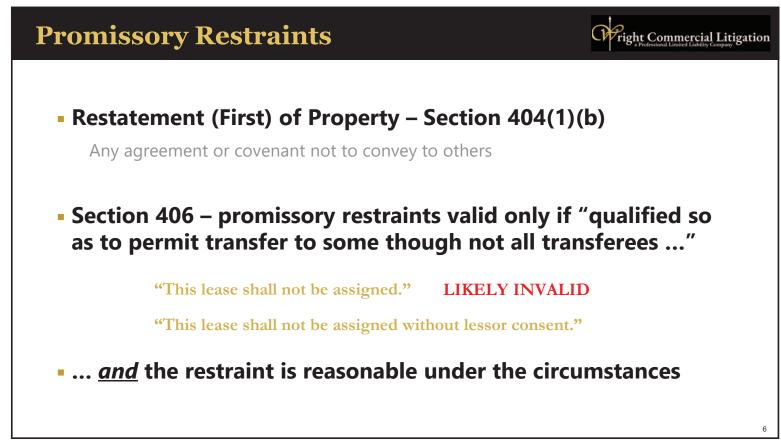
Three types of restraints

Promissory

Disabling

Forfeiture

Texas courts look to Restatements for guidance ... for now



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