No. 26-553

IN THE

# Supreme Court of the United States

FILED
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SUPREME COURT, U.S.

MELISSA McGAHEY,

*Petitioner,*

*v.*

WHITE STAR ROYALTY COMPANY, *et al.*,

*Respondents.*

ON PETITION FOR A WRIT OF CERTIORARI
TO THE SUPREME COURT OF NORTH DAKOTA

# PETITION FOR A WRIT OF CERTIORARI

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## QUESTION PRESENTED

Whether a state court may quiet title to an overriding royalty interest in a federal oil and gas lease administered by the Bureau of Land Management, in favor of claimants whose asserted transfer was never filed with the Bureau as federal regulations require, and contrary to the ownership reflected in the federal government's own lease records.

## PARTIES TO THE PROCEEDING

Petitioner is Melissa McGahey, a defendant below and appellant in the Supreme Court of North Dakota.

Respondents are the plaintiffs-appellees below: White Star Royalty Company; White Star Energy, Inc.; St. Andrews Royalties, LLC; Pecos Bend Royalties, LLLP; Silverado Oil & Gas, LLP; KMP Resources, LLC; SOOL, Ltd.; JCS Family, LP; Rebecca Yarborough; and Sharon E. Michie.

Marathon Oil Company, a defendant below that obtained summary judgment in its favor, and McGahey Oil, LLC, a defendant below, are also respondents.

Petitioner has notified the Clerk, pursuant to Rule 12.6, of her belief that the following persons, nominally parties below who never appeared, have no interest in the outcome of the petition: Randy McGahey; Richard G. Dix, as Personal Representative of the Estate of Marvin L. McGahey; Peter McGahey; and Elena Marie Koebel, f/k/a Elena M. McGahey.

## RELATED PROCEEDINGS

The proceedings directly related to this case are:

White Star Royalty Company, et al. v. McGahey Oil LLC, et al., No. 13-2023-CV-00135, District Court, Southwest Judicial District, Dunn County, North Dakota (final judgment entered December 19, 2025; amended judgment entered March 23, 2026); White Star Royalty Co. v. McGahey Oil, No. 20250297, Supreme Court of North Dakota (appeal dismissed September 11, 2025); and White Star Royalty Co. v. McGahey Oil, No. 20260050, Supreme Court of North Dakota (judgment entered July 9, 2026), the decision under review. There are no other directly related proceedings.

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## OPINIONS BELOW

The opinion of the Supreme Court of North Dakota summarily affirming the judgment, White Star Royalty Co. v. McGahey Oil, 2026 ND 132 (per curiam), is reproduced at App. 1a. That court's judgment, including its award of attorney's fees, is reproduced at App. 9a. The district court's final judgment of December 19, 2025, and amended judgment of March 23, 2026, quieting title, are unreported and reproduced at App. 43a and App. 50a.

## JURISDICTION

The Supreme Court of North Dakota entered its judgment on July 9, 2026. No petition for rehearing was filed. This petition is filed within 90 days of the judgment. Sup. Ct. R. 13.1. This Court has jurisdiction under 28 U.S.C. § 1257(a).

## STATUTORY AND REGULATORY PROVISIONS INVOLVED

28 U.S.C. § 1257(a) provides in relevant part:

> Final judgments or decrees rendered by the highest court of a State in which a decision could be had, may be reviewed by the Supreme Court by writ of certiorari where ... any title, right, privilege, or immunity is specially set up or claimed under the Constitution or the treaties or statutes of, or any commission held or authority exercised under, the United States.

43 C.F.R. § 3106.10(i) provides:

> A transfer of production payments or overriding royalty or other similar payments, arrangements, or interests must be filed in the proper BLM office but will not require approval.

43 C.F.R. § 3106.1(b) (2012), in force when the instruments at issue were executed, provided:

> A transfer of production payments or overriding royalty or other similar payments, arrangements, or interests shall be filed in the proper BLM office but shall not require approval.

The Mineral Leasing Act of 1920, 30 U.S.C. § 181 et seq., is not reproduced here.

## STATEMENT OF THE CASE

### A. The Federal Lease and the Bureau of Land Management's Records

Federal Oil and Gas Lease Serial No. M-37651 (ND) was issued by the Bureau of Land Management, United States Department of the Interior, effective October 1, 1977, covering 1,964.38 acres in Dunn County, North Dakota. [R.3] The lease is administered under the Mineral Leasing Act of 1920, 30 U.S.C. § 181 et seq. Under the Department's regulations, transfers of overriding royalty interests in such leases "must be filed" with the proper BLM office, though they do not require the Bureau's approval. 43 C.F.R. § 3106.10(i); see 43 C.F.R. § 3106.1(b) (2012).

On October 5, 1977, the original lessee executed a transfer of record title to Marvin L. McGahey, which BLM approved effective December 28, 1977. [R.3]

On August 31, 2009, Marvin L. McGahey executed BLM Form 3000-3a transferring the four percent overriding royalty interest at issue to McGahey Oil LLC. The transfer was filed with BLM on September 4, 2009, as the regulations require, and was also recorded with the Dunn County Recorder on October 19, 2009, as Instrument No. 3039144. [R.52] By letter dated October 7, 2009, BLM's Montana State Office confirmed: "The transfer of overriding royalty has been accepted for filing and placed in the lease file for record purposes." [App. 54a] From that filing to the present, McGahey Oil LLC has remained the owner of the interest reflected in the Bureau's lease file. No subsequent transfer of the interest has ever been filed with BLM.

**B. The Transfer Asserted Below**

Respondents' claim of ownership rests on instruments that never entered the federal record system. A series of quit claim deeds from the 1980s purported to convey the interest among family members; none states the percentage of overriding royalty conveyed, and none was filed with BLM. [R.169] Respondents' operative instrument — a BLM Form 3000-3a purportedly transferring the interest from McGahey Oil LLC to Respondents — was recorded with the Dunn County Recorder on January 12, 2012, but was never filed with the Bureau of Land Management. [R.36] The federal lease file accordingly continued, and continues, to reflect McGahey Oil LLC as owner of the interest.

Petitioner contended below that a state probate court had earlier purported to pass the federal lease through the Estate of Alma McGahey, an act she asserted exceeded any state court's jurisdiction. [Appellant Br., Statement of Issues ¶1(b)] The operator's compiled title opinions for 2008 through 2021, in the record as an exhibit to Petitioner's April 15, 2025 motion, credited the interest to Alma W. McGahey and McGahey Oil LLC before reflecting a shift to Respondents, contained internally inconsistent statements of the interest's percentage, and referenced unrecorded quit claim deeds. [R.146, R.147]

### C. The State Court Proceedings

Respondents commenced a quiet title action in the District Court of Dunn County on July 27, 2023, naming as defendants McGahey Oil LLC, Melissa McGahey (Petitioner here), Marathon Oil Company, and others. [ROA Party Information] Of the named defendants, only Marathon Oil Company — which obtained summary judgment in its favor — Petitioner, and, through counsel until April 2025, McGahey Oil LLC appeared and defended; no other defendant ever appeared. [R.7, R.9; Opinion ¶1]

The district court granted partial summary judgment to Respondents and summary judgment to Marathon by order entered July 1, 2025 [R.239, R.240], entered final judgment on December 19, 2025 [R.297], and entered an amended judgment on March 23, 2026 [R.308], quieting title to the interest in Respondents and adjudging that McGahey Oil LLC, Petitioner, and the other defendants have no interest in it. The trial settings were vacated; no trial was conducted. At entry of judgment, McGahey

Oil LLC — the owner reflected in the federal lease file — had been without counsel since April 15, 2025, when the court granted its attorney leave to withdraw. [R.149] The money judgment for attorney's fees of $11,164, the appellate fee award, and the pre-filing order designating a vexatious litigant were each entered against Petitioner alone. [R.238; Opinion ¶1]

The Bureau of Land Management was not a party to the action, received no notice of it, and its lease records were not addressed by the judgment.

**D. The Decision Below**

Petitioner appealed, contending among other things that the district court lacked subject matter jurisdiction to quiet title to an interest in a federally administered lease contrary to the federal record system. [Opinion ¶2] On July 9, 2026, the Supreme Court of North Dakota summarily affirmed under N.D.R.App.P. 35.1(a)(1), (6), and (8). White Star Royalty Co. v. McGahey Oil, 2026 ND 132 (per curiam). [App. 1a]

On the jurisdictional question, the court held "on this record" that the district court had subject matter jurisdiction, citing Wallis v. Pan American Petroleum Corp., 384 U.S. 63 (1966), BTU Western Resources, Inc. v. Berenergy Corp., 442 P.3d 50 (Wyo. 2019), and Bolack v. Underwood, 340 F.2d 816, 820 (10th Cir. 1965), the latter quoted for the rule that state law governs disputes between private individuals regarding federal oil and gas leases "where no right of the federal government is involved." [Opinion ¶4] The court held arguments concerning ownership of the interest, the validity of Respondents'

assignment, and Respondents' standing not preserved for review. [Opinion ¶3] It affirmed the vexatious litigant pre-filing order and awarded Respondents $22,999.50 in appellate attorney's fees under N.D.R.App.P. 38. [Opinion ¶1] The court's mandate issued July 31, 2026, and its judgment was docketed in the district court the same day. [R.310, R.311]

## REASONS FOR GRANTING THE WRIT

### I. The decision below applies a rule whose own terms do not reach this case.

The court below sustained state jurisdiction by quoting Bolack v. Underwood, 340 F.2d 816, 820 (10th Cir. 1965): disputes between private individuals regarding rights under federal oil and gas leases are governed by state law "where no right of the federal government is involved." [Opinion ¶4] That formulation states a boundary as well as a rule. The question this petition presents lives at the boundary.

The federal government's rights are involved here in a concrete and documentary sense. Congress committed the administration of federal oil and gas leases to the Secretary of the Interior under the Mineral Leasing Act, 30 U.S.C. § 181 et seq., and the Department's regulations command that transfers of overriding royalty interests in such leases "must be filed" in the proper Bureau of Land Management office. 43 C.F.R. § 3106.10(i); accord 43 C.F.R. § 3106.1(b) (2012) ("shall be filed in the proper BLM office but shall not require approval"). That filing system is not decorative. It is how the United States knows, at any moment, who holds interests in its minerals

— the record against which the Bureau administers, audits, and communicates concerning its leases. That the Bureau's acceptance of such filings is ministerial makes the system depend more on its completeness, not less: like any recording office, it approves nothing, yet everything relies on its record being complete.

The judgment below quieted title to a four percent overriding royalty interest in Federal Lease M-37651 in claimants whose asserted transfer was never filed with the Bureau, and against the entity whose ownership the Bureau's lease file has reflected since 2009. The state court did not find the federal record erroneous; it did not address the federal record at all. The result is a state decree and a federal record that permanently disagree about who owns an interest in a federal lease — with the agency that administers the lease never made a party, never given notice, and never heard. Such a decree does not merely resolve a private quarrel under state law; it displaces the federal system's answer to the precise question that system exists to answer.

A rule for cases in which "no right of the federal government is involved" does not, by its terms, answer a case in which the state judgment's operative effect is to override the federal government's own mandatory record of its own lease. Whether Bolack's boundary is crossed in these circumstances is a federal question, and no court in this litigation has engaged it: the district court did not address it, and the court below resolved it in a summary affirmance without analysis beyond the citation itself. [Opinion ¶4]

## II. Wallis does not resolve the question presented.

In Wallis v. Pan American Petroleum Corp., 384 U.S. 63 (1966), this Court held that state law governs a contract dispute between private parties over rights arising from a federal mineral lease, absent a significant conflict between some federal policy or interest and the use of state law. Wallis settled that federal leases do not federalize every private quarrel that touches them. Petitioner does not ask the Court to revisit that holding.

But Wallis itself conditions the application of state law on the absence of significant conflict with federal interests. The question here — unpresented in Wallis and unaddressed below — is whether that condition fails when a state quiet title decree adjudicates ownership of a federal lease interest in direct contradiction of the Bureau's records, in favor of a transfer that never complied with the Department's mandatory filing regulation. A judgment that quiets title against the federal record does not merely apply state law alongside the federal system; it displaces the federal system's answer to the precise question the system exists to answer.

Respondents argued below, citing Devon Energy Corp. v. United States, 45 Fed. Cl. 519 (1999), that the absence of Bureau filing may affect a party's dealings with the Bureau without undermining a transfer's validity between private parties. [Marathon Br. ¶¶26-29] That doctrine, whatever its proper scope, describes the consequences of non-filing for the parties. It does not address the antecedent question of judicial power that Petitioner preserved: whether a state court may enter a decree whose effect is to establish, as against the world,

an ownership the federal record refutes — leaving every person who consults the United States' own records about the United States' own lease affirmatively misled. Banks, operators, and title examiners consult the Bureau's lease files precisely because federal regulation makes those files the repository of record. The regulation makes the filing mandatory precisely so that the record is reliable; reliance on the lease file is the regulation's purpose, not its accident.

## III. The question is important, recurring, and answerable only by this Court.

The Bureau of Land Management administers tens of thousands of oil and gas leases across the public lands, and overriding royalty interests in those leases are created, traded, inherited, and litigated continually. Every such interest sits at the junction this case exposes: a federal record system that commands filing, and state courts of general jurisdiction that quiet title without reference to it. When the two diverge, the divergence is permanent — a state decree on one side, a federal lease file on the other, and no mechanism in either system to reconcile them. Each such divergence clouds the title it purports to clear.

The posture of this case shows why the question will persistently evade review. Quiet title actions over lease interests proceed in state court under Wallis and Bolack; state courts applying those citations do not reach the boundary question; and summary affirmance — as here — leaves the issue undecided even when squarely raised. Only this Court can say whether the Bolack qualifier and the Wallis condition have content in the circumstance

where they matter most: a judgment that contradicts the federal record itself.

**IV. This case is a suitable vehicle.**

The federal question was pressed throughout Petitioner's appellate briefing and passed upon: the court below held, on this record, that the district court had subject matter jurisdiction, resolving the federal question on the merits against Petitioner. [Opinion ¶4] The question is outcome-determinative — without jurisdiction, the judgment, the fee awards, and the ancillary orders fall. And the facts frame the question cleanly: one transfer filed with the Bureau in 2009 and confirmed by the Bureau's own letter [App. 54a]; one instrument recorded only in a county courthouse in 2012 and never filed federally; a lease file that has answered the ownership question the same way for seventeen years; and a state decree that answers it the other way without ever looking.

The judgment below is final, this Court has jurisdiction under 28 U.S.C. § 1257(a), and no independent state ground supports the jurisdictional holding — a court cannot rest subject matter jurisdiction on waiver.

## CONCLUSION

The petition for a writ of certiorari should be granted.

Respectfully submitted,

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