Fundamentals of Joint Operating Agreements

44th Annual Ernest E. Smith
Oil, Gas and Mineral Law Institute
Houston, Texas
April 19-20, 2018

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Why Joint Operations?

- Interests in land can be split:
    1. By parcels
    2. By percentage interest

- Who is in charge?

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Why?

- A particular target for development might extend over thousands of acres.
- Centralized and uniform operations can reduce costs and waste (spending too much or leaving oil in the ground).

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Questions in Search of an Answer

- Who is in charge?
- How are costs and expenses handled?
- What is the relationship of the Operator to the non-operators?
- Standards of conduct?
- What are the rights and responsibilities of the parties?

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Development of a Form Joint Operating Agreement

- Everyone had their own version. This led to confusion.
- Finally, industry participants got together and created a form.

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Variations Over the Years

- Initial form, called "Form 610," created in 1956.
- Adopted by the AAPL shortly after.
- Official modifications to the form occurred in 1977, 1982 and 1989.
- More recent modifications, in large part to address horizontal drilling, occurred in 2013 (1989-HZ Form) and 2015 (new form released in late 2016).

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First appeared as part of the conference materials for the
2018 Fundamentals of Oil, Gas and Mineral Law session
"Basic JOA"