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Drilling Deeper into the Significance of Louisiana Oil Well Liens in Energy-Related Bankruptcies

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and
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Pop Quiz!

Facts: You represent a vendor who is owed money for goods and services provided to an operator at a well site located on the Outer Continental Shelf off of the coast of Louisiana, but the operator just filed for bankruptcy.

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Pop Quiz

QUESTION: What should Vendor do to best increase its chance of recovery in the bankruptcy?

MULTIPLE CHOICE :

- (A) File a proof of claim for the amount owed.
- (B) File a notice of lien in order to perfect statutory lien rights under the Louisiana Oil Well Lien Act ("LOWLA")
- (C) File a notice of perfection of interests under section 546 of Title 11 of the United States Code (the "Bankruptcy Code")
- (D) All of the above

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Answer: (D) All of the Above

- As will be discussed in greater detail, the LOWLA provides significant tools for vendors that provide services, materials or equipment in connection with the drilling, development, operation and abandonment of oil and gas properties located in the State of Louisiana and in federal waters adjacent to the State of Louisiana. These rights (and the associated requirements to perfect such rights) are not lost simply because the company files for bankruptcy.
- Note: Section 362(b)(3) specifically provides that the automatic stay imposed by section 362 of the bankruptcy code does stay any act necessary to perfect, or to maintain or continue the perfection of, an interest in property of the estate.

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Overview

Part One: What is LOWLA?

Part Two: How Does it Work?

Part Three: Intersection of LOWLA and Bankruptcy

Part Four: Test Time

Part Five: Appendix

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