



48th Annual E. E. Smith Oil, Gas & Mineral Law Fundamentals & Institute  
April 21, 2022

## Oil & Gas Transportation Service Agreements: Key Issues & Considerations

**Jesse S. Lotay**  
Energy Practice Chair  
Jackson Walker LLP

© 2022 JACKSON WALKER LLP

1

## Transportation Service Agreements



### *Why do we care?*

- The value of the produced hydrocarbons is of little value, if they cannot be transported to market.
- Marketing is a fundamental and an invaluable component of the hydrocarbon value chain.

AUSTIN | DALLAS | FORT WORTH | HOUSTON | SAN ANGELO | SAN ANTONIO | TEXARKANA | JW.com

2

## *What does “midstream” mean?*

- **Upstream:** Exploration and production
- **Midstream:**

Gathering	Processing
Compression	Fractionation
<b>Transportation</b>	Storage
Treating	Purchase and sale
- **Downstream:**

Finished products	Refining
Marketing and distribution	

## *Oil vs. Gas*

- **Oil:** A viscous liquid  
Aggregated via storage tanks or central tank batteries
- **Gas:** Gaseous  
Aggregated via points of interconnection with larger pipeline networks  
Compressed, treated, and/or processed within, or within close proximity to, the field

## *Gathering vs. Transportation*

- **Gathering:** The process of individually collecting oil, gas, and water from one or more wellheads and their relatively short movement to various points where they are independently aggregated
- **Transportation:** The movement of independently aggregated quantities of oil, gas, and water out of the field

## *Service-Level Commitments*

- **Firm:** Performance may not be interrupted, unless and to the extent excused by force majeure
- **Interruptible:** Performance may be interrupted at any time, for any reason or for no reason, without liability
- **Issues & Considerations:**
  - Short- / long-term transportation needs and operational constraints
  - Alternative transportation pathways

Find the full text of this and thousands of other resources from leading experts in dozens of legal practice areas in the [UT Law CLE eLibrary \(utcle.org/elibrary\)](https://utcle.org/elibrary)

## Title search: Oil & Gas Transportation Service Agreements: Key Issues & Considerations

Also available as part of the eCourse

[2022 Fundamentals of Oil, Gas and Mineral Law eConference](#)

First appeared as part of the conference materials for the  
2022 Fundamentals of Oil, Gas and Mineral Law session

"A Primer on Oil and Gas Transportation Agreements: Key Issues & Considerations"