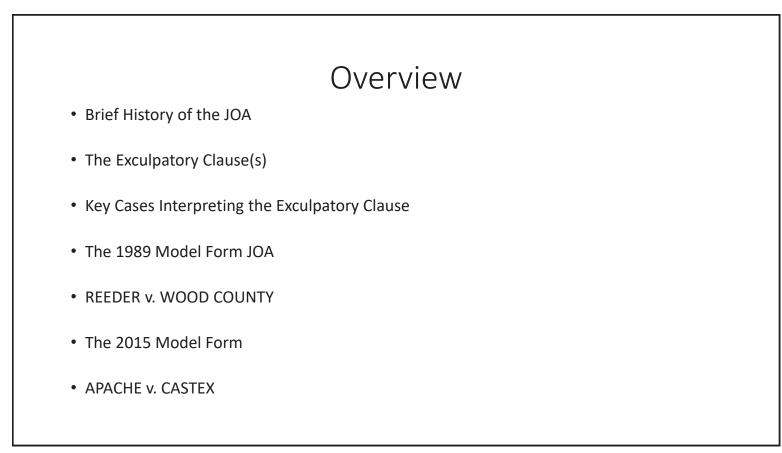
APACHE V. CASTEX AND THE WILLFUL MISCONDUCT STANDARD



PRE-1956

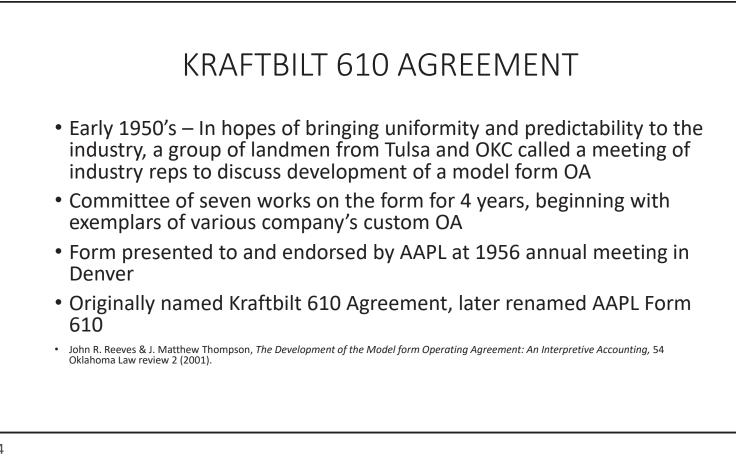
 Prior to 1956, E&P companies developed individual custom forms to manage joint projects

Inefficient

• Expensive

Inconsistent

3



AAPL FORM 610

- Designate Rights and Responsibilities Among Operator and Non-Ops
- Mechanism for Resolving Operational Disagreements Among JOA Parties
- Allocate Costs and Benefits According to Respective Parties' Interests

1956 Model Form OA Exculpatory Clause

shall be the **Operator of the Unit Area**, and shall conduct and direct and have full control of all **operations on the Unit Area** as permitted and required by, and within the limits of, this agreement. It shall conduct **all such operations** in a good and workmanlike manner, but it shall have **no liability as Operator** to the other parties for losses sustained, or liabilities incurred, **except such as may result from gross negligence or from breach of the provisions of this agreement.**

5

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Title search: Apache v. Castex and the Willful Misconduct Standard in JOA(s)

First appeared as part of the conference materials for the 48th Annual Ernest E. Smith Oil, Gas and Mineral Law Institute session "*Apache v. Castex* and the Willful Misconduct Standard in JOA(s)"