

# JOA's – THE BASICS



- 47<sup>th</sup> Annual Ernest E. Smith Oil, Gas and Mineral Law and Fundamentals

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## Introduction



- Is it necessary to have an operating agreement?
- If so, why?
- What are the important functions of a JOA?
- How does each part work?
- What do I need to pay particular attention to within each part?

# Purpose



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- If so, why?

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- Oil and gas is a competitive business.
  - Mineral ownership is highly fractionated in most areas.
  - Divided ownership results in more than one party owning the right to develop the oil and gas leasehold estate.
  - Multiple operators is not practical.
- Oil and gas is a complex and expensive business



# Purpose



- QUESTION: What happens when multiple owners come together to jointly develop a property without an operating agreement?

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"Joint Operating Agreements - Understanding and Application "