



Chapter 14

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Management of Tort Risks in Oil and Gas Exploration, Development, and Production

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Synopsis

§ 14.01.	Introduction.....	419
§ 14.02.	Concept Development.....	420
§ 14.03.	Lease Acquisition.	425
§ 14.04.	Obtaining Investment Funding.	427
§ 14.05.	Site Preparation and Drilling.	428
§ 14.06.	Operation and Marketing.	435
§ 14.07.	Plugging, Abandonment, and Restoration.	437

§ 14.01. Introduction.

Oil and gas operators often risk tort liability in the process of considering, funding, acquiring, finding, developing, and marketing prospects. Frequently, insurance provides a practical, economic method of handling those risks so that they do not result in financial disaster, but it cannot effectively handle some types of tort risks. This chapter addresses various types of tort risks that insurance can effectively control, and discusses methods of managing the types of tort risks that are uninsurable for all practical purposes.¹

¹ Oil and gas operations present endless combinations of conduct, duties, and injuries. Due to the infinite number of these combinations, this chapter does not attempt to exhaust the subject of managing tort risks. Instead, the chapter addresses examples of various types of claims for negligent injuries, intentional injuries, breaches of fiduciary duty, risks from constructive trusts, and other risks, and how to manage those risks. These examples come from the various oil and gas producing states, which have differing theories of ownership of minerals and theories of recovery. Therefore, the case authorities cited in this chapter will not apply to all jurisdictions.