

Operator vs. Non-Operator Disputes in Uncertain Economic Times

Presented By

Clay Jacobson

Xiaodi Jin

Matti Lemmens

Mike Marion

April 28, 2020



Speakers

Moderator:



Mike Marion

Partner

Panelists:



Clay Jacobson

Partner



Xiaodi Jin

Partner



Matti Lemmens

Partner

Agenda

- Nature of relationship
- Remedies against defaulting non-operators
- Remedies against defaulting operators
- Shutting-in



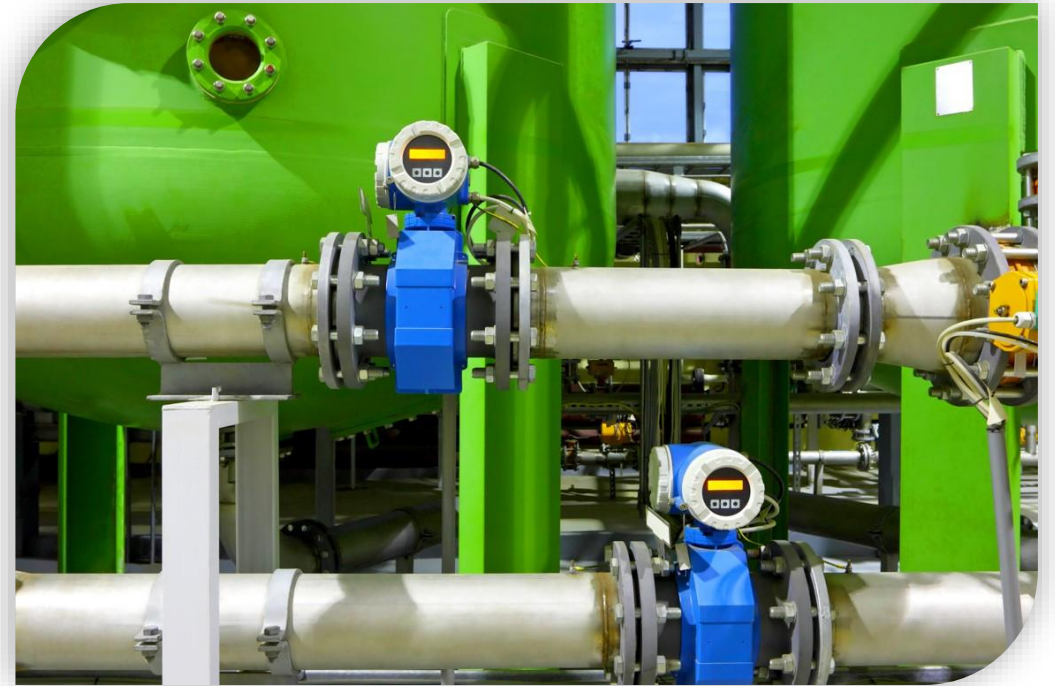
Nature of Relationship

- Not fiduciaries, but sometimes fiduciaries
- Operator acts for all working interest partners on the joint interests
- Potential conflicts heightened by current industry situation



Remedies Against Defaulting Non-Operators

- Operator's lien
- Unilateral right of set-off
- Assignment of production proceeds



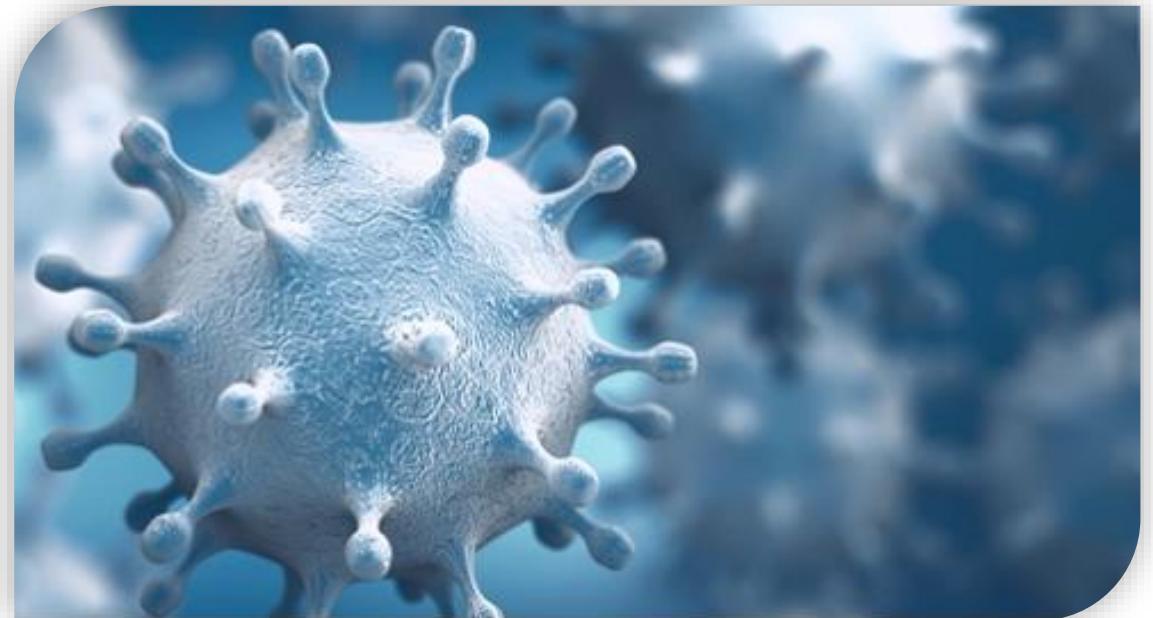
Remedies Against Defaulting Operators

- Tracing trust funds
- Operator director and officer liability
- Claims against trust fund recipients
- Fiduciary duties
- Replacement of operator



Shutting-in

- Management of operations delegated to operator
- Duty to consult and keep informed
- Risk of lease termination
- COVID-19 and force majeure
- What is a valid reason for shut in?
- Replacement of operator





Questions...

Thank You

For more information, contact:

Clay Jacobson

CJacobson@blg.com | 403.232.9542

Xiaodi Jin

XJin@blg.com | 403.232.9523

Matti Lemmens

MLemmens@blg.com | 403.232.9511

Mike Marion

MMarion@blg.com | 403.232.9464

The information contained herein is of a general nature and is not intended to constitute legal advice, a complete statement of the law, or an opinion on any subject. No one should act upon it or refrain from acting without a thorough examination of the law after the facts of a specific situation are considered. You are urged to consult your legal adviser in cases of specific questions or concerns. BLG does not warrant or guarantee the accuracy, currency or completeness of this presentation. No part of this presentation may be reproduced without prior written permission of Borden Ladner Gervais LLP.

© 2020 Borden Ladner Gervais LLP. Borden Ladner Gervais is an Ontario Limited Liability Partnership.



BLG
Borden Ladner Gervais