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## Louisiana

Blake Jones

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# ONE J

*Oil and Gas, Natural Resources, and Energy Journal*

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LOUISIANA



*Blake Jones\**

## *I. Introduction*

In a microcosm of national and international trends in recent years, Louisiana saw a policy tug of war between the oil and gas industry and environmental advocates that shaped legal and legislative developments over the course of the past year.

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\* Blake Jones is a member of the Energy Transactions practice group at Steptoe & Johnson PLLC. He advises exploration and production companies through all phases of acquisitions and divestitures, and regularly manages large title due diligence projects for his clients. He is a graduate of The Ohio State University (BA), and Capital University (JD). Mr. Jones is licensed in Ohio and Texas.

## II. Legislative and Regulatory Developments

### A. State Legislative Developments

#### 1. Proposed Constitutional Amendment: Property Tax Exemption for Goods Bound for the Outer Continental Shelf

During the 2019 Regular Session, House Bill 234 was sent to the Secretary of State after passing by a vote of 83 to 12 in the Louisiana House of Representatives, and by a vote of 91 to 4 in the Senate.<sup>1</sup> As a result, the citizens of Louisiana will go to the polls on October 12, 2019, to determine whether to amend the State Constitution to extend the ad valorem tax exemption for raw materials, goods, commodities, and other property to property destined for the Outer Continental Shelf.<sup>2</sup>

If passed, Article VII, Sections 21(D)(2) and (3) of the Constitution of Louisiana, would be amended relative to ad valorem tax exemption for, “[r]aw materials, goods, commodities, and other articles being held on the public property of a port authority, on docks of any common carrier, or in a public or private warehouse, grain elevator, dock, wharf, or public storage facility in this state for export to a point outside the states of the United States.”<sup>3</sup> The Amendment then goes on to specifically include goods bound for the outer continental shelf. “For purposes of this Paragraph, ‘being held’ shall include raw materials, goods, commodities and other articles stored in Louisiana for maintenance or until ready for use with a destination to the Outer Continental Shelf.”<sup>4</sup>

The Amendment is supported by the oil and gas industry, including the Louisiana Oil and Gas Association (“LOGA”), whose President, Gifford Briggs, stated that the proposed Amendment will provide clarity for Louisiana’s offshore operators, “LOGA worked hand in hand with Rep. Blake Miguez to provide some clarification to the tax code. Due to a ‘unique’ interpretation of Louisiana tax codes, oil companies in three parishes have recently been assessed a property tax on goods that were previously not taxed.”<sup>5</sup>

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1. H.B. 234, 2019 Leg., Reg. Sess. (La. 2019).

2. *Id.*

3. *Id.*

4. *Id.*

5. Gifford Briggs, *Roses and Thorns of the 2019 Session*, LOUISIANA OIL & GAS ASSOCIATION (June 25, 2019), <https://www.loga.la/news-and-articles/roses-and-thorns-of-then-2019-session> (last visited July 18, 2019).

### *2. Critical Infrastructure Law Amended to Prohibit Unauthorized Entry to Pipelines*

Effective August 1, 2018, Section 14.61 of the Louisiana Criminal Code was revised to add oil and gas pipelines to the definition of critical infrastructure.<sup>6</sup> As a result, any person who, without authority to do so, enters onto the premises of a pipeline that is completely enclosed by any type of physical barrier, or who remains upon pipeline premises after having been forbidden to do so,<sup>7</sup> may be punished by imprisonment with or without hard labor for not more than five years, and fined not more than one thousand dollars, or both.<sup>8</sup> The amendment defines a pipeline as “flow, transmission, distribution, or gathering lines, regardless of size or length, which transmit or transport oil, gas, petrochemicals, minerals, or water in a solid, liquid, or gaseous state.”<sup>9</sup> The definition of critical infrastructure was also amended to specifically include, “any site where the construction or improvement of any facility or structure referenced in this Section is occurring.”<sup>10</sup> Accordingly, the statute protects the state’s existing pipelines, as well as pipeline construction sites from unauthorized entry.

### *3. Bill Permitting Refineries and Industrial Plants to Self Report Violations of Environmental Rules Fails in the House*

House Bill 615 failed to pass in the House of Representatives after receiving 46 yeay votes, and 41 nay votes; falling short of the 53 votes required to pass.<sup>11</sup> The controversial bill that received national media coverage sought to authorize “certain voluntary health, safety, and environmental audits by facilities subject to regulation by the Department of Environmental Quality.”<sup>12</sup> The facilities covered by the proposed bill would have included

a pollution source or any public or private property or facility where an activity is conducted which is required to be regulated under this Subtitle and which does or has the potential to do any of the following: (a) Emit air contaminants into the atmosphere. (b) Discharge pollutants into waters of the state. (c) Use or control radioactive materials and waste. (d) Transport, process, or dispose

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6. LA. STAT. ANN. § 14:61 (2019) (as amended by Act 692).

7. LA. STAT. ANN. §14:61(A)(1) & (3) (2019).

8. LA. STAT. ANN. §14:61(C) (2019).

9. LA. STAT. ANN. §14:61(B)(3) (2019).

10. LA. STAT. ANN. §14:61(B)(1) (2019).

11. H.B. 615, 2019 Leg., Reg. Sess. (La. 2019).

12. *Id.*

of solid wastes. (e) Generate, transport, treat, store, or dispose of hazardous wastes.<sup>13</sup>

In addition to permitting the voluntary audits, the information discovered during said audits would have been privileged in civil and administrative proceedings, except in certain circumstances.<sup>14</sup> Additionally, owners and operators would have been immune from administrative and civil penalties for any disclosed violation identified in a voluntary audit.<sup>15</sup> Tyler Gray, head of the Louisiana Mid-Continent Oil and Gas Association, argued during committee debate that the bill would create an environment in which operators would self-report, and allow the Department of Environmental Quality to focus on bad actors.<sup>16</sup> Conversely, opponents of the bill and environmentalists argued that the bill would have allowed the oil and gas industry to regulate itself.<sup>17</sup>

## *B. State Regulatory Developments*

### *1. Plugging Credits Incentivize Operators to Plug Abandoned Wells*

The Department of Natural Resources, Office of Conversation, amended Title 43, Part XIX, Section 104 of the Louisiana Administrative Code to include the Plugging Credit Certificate Program.<sup>18</sup> Under the program, “[a] Plugging Credit may be applied to any new or existing well in lieu of Financial Security required by Subsections A-H of this Section, on a 1 for 1 or 2 for 1 basis.”<sup>19</sup> A single credit being awarded for plugging and restoring the site of an orphan well after August 1, 2016, and one half of a credit awarded for plugging and restoring an operator’s existing well that has been inactive for a minimum of five years on or after August 1, 2016.<sup>20</sup> One credit can be applied to an existing or newly drilled well so long as said well is: (a) in the same field as the plugged well; (b) is the same location type (land,

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13. LA. STAT. ANN. §30:2004(8).

14. See H.B. 615, § (B).

15. *Id.* § (E).

16. Bill to shield some Louisiana environment violations fails, ASSOCIATED PRESS (May 16, 2019), <https://www.apnews.com/da4a1f8e77ee4543ac725ed3ce4ac28c> (last visited July 23, 2019).

17. Sam Karlin, *Bill to keep Louisiana oil and gas industry's violations secret, immune from penalties narrowly fails*, THE ADVOCATE (May 16, 2019) [https://www.theadvocate.com/baton\\_rouge/news/politics/legislature/article\\_7e6367de-7824-11e9-a53b-ef89fda3256f.html](https://www.theadvocate.com/baton_rouge/news/politics/legislature/article_7e6367de-7824-11e9-a53b-ef89fda3256f.html) (last visited July 23, 2019).

18. 44 La. Reg. 2086 (November 20, 2018).

19. LA ADMIN. CODE tit. 43, § 104(J)(1).

20. *Id.*

inland water, or offshore) as the plugged well; and (c) has a total depth that does not exceed 2000' more than the total depth or plug back depth, whichever is less, of the plugged well. (All depths TVD).<sup>21</sup>

### *2. Alternative Source Well Requirements*

The Department of Natural Resources, Office of Conversation, amended Title 43, Part XIX, Subpart 1 in order to condense rules and procedures from several departments and to provide a single location for “a comprehensive compilation of procedural requirements for permitting, construction, operation, maintenance, plugging and abandonment of alternative source wells.”<sup>22</sup> The regulation defines an Alternative Source Well as, “a well that produces water from a water-bearing stratum other than a ground water aquifer, underground source of drinking water (USDW's), or at a depth or location within a ground water aquifer containing water greater than 10,000 mg/l TDS.”<sup>23</sup> The new chapter provides regulations for the permitting, construction, maintenance, financial security, and plugging and abandonment of Alternative Source Wells.<sup>24</sup>

### *C. Local Legislative Developments*

There was no local Louisiana legislation to report on.

## *III. Judicial Developments*

### *A. Federal Court Cases*

#### *1. Eastern District Remands Coastal Parish Lawsuits Against the Oil and Gas Industry to State Court*

The Parish of Plaquemines and other Louisiana coastal parishes filed a total of 42 lawsuits in state court against more than 200 oil and gas companies alleging that, “dredging, drilling, and waste disposal caused coastal land loss and pollution” in violation of Louisiana’s State and Local Coastal Resources Management Act of 1978 (the “SLCRMA”).<sup>25</sup> The SLCRMA provides a cause of action against defendants that violate a state-issued coastal use permit or fail to obtain a required coastal use permit.<sup>26</sup> The plaintiffs solely

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21. LA ADMIN. CODE tit. 43, § 104(J)(4).

22. See 45 La. Reg. 575 (April 20, 2019).

23. LA ADMIN. CODE tit. 43, § 805 (milligrams per liter of total dissolved solids).

24. See LA ADMIN. CODE tit. 43, §§ 801–829 (2019).

25. Parish of Plaquemines v. Riverwood Production Co., No. 18-5217, 2019 WL 2271118, at \*1 (E.D. La. May 28, 2019)

26. *Id.* (citing LA. REV. STAT. §49:214.36(D)).

argued the cause of action under the SLCRMA, and expressly disavowed any potential federal claims that could have been brought under the Rivers and Harbors Act, the Clean Water Act, federal regulations, or general maritime or admiralty law.<sup>27</sup> Despite the plaintiff's disclaimers, defendants for a second time removed the instant suit and similar suits to federal court, invoking federal subject matter jurisdiction, the federal officer removal statute, and the federal question statute.<sup>28</sup>

At the outset of the opinion, the court agreed with plaintiffs that defendant's removal was untimely under 28 U.S.C. § 1442. The defendants argued that they first learned that the case was removable on April 30, 2018, when Plaintiff filed an expert report revealing pre-SLCRMA activities.<sup>29</sup> However, the court agreed that plaintiffs had identified pre-SLCRMA in their original petition in 2013, and that, at the latest, the 30 day removal period under 28 U.S.C. § 1442 was triggered on April 13, 2017.<sup>30</sup> The court then went on to address each of defendants jurisdictional arguments.

To assert federal officer jurisdiction, defendants must show that "(1) it is a 'person' within the meaning of § 1442; (2) it 'acted pursuant to a federal officer's directions and that a causal nexus exists between its actions under color of federal office and the plaintiff's claims [or charged conduct;]' and (3) it has asserted a 'colorable federal defense.'"<sup>31</sup> Defendants argued that the oil operator defendants and their predecessors were under federal supervision and direction during World War II.<sup>32</sup> The court disagreed, holding that "none of these documents establish the type of formal delegation that might authorize [the oil and gas companies] to remove the case."<sup>33</sup> The court found that federal officer jurisdiction as lacking because, "[t]hat the defendants may have complied with some federal oversight directives during WWII is precedentially insufficient to confer federal officer removal jurisdiction. The private oil and gas industry's wartime compliance with federal laws or regulations falls short of being within the scope of 'acting under' a federal official for acts 'under color' of such office."<sup>34</sup>

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27. *Id.* at \*2.

28. *Id.* at \*3.

29. *Id.* at \*5.

30. *Id.* at \*7.

31. *Id.* at \*8 (quoting *Winters v. Diamond Shamrock Chemical Co.*, 149 F.3d 387, 400 (5th Cir. 1998)).

32. *Id.* at \*11.

33. *Id.* at \*14 (quoting *Watson v. Philip Morris Co.*, 551 U.S. 142, 156 (2007)).

34. *Id.* at \*17.

The court then addressed federal question jurisdiction under 28 U.S.C. § 1331, which vests federal courts with “original jurisdiction of all civil actions arising under the Constitution, laws, or treaties of the United States.”<sup>35</sup> Cases arise under federal law only if the well-pleaded complaint establishes either that: (1) “federal law creates the cause of action[;]” or (2) “the plaintiff’s right to relief [under state law] necessarily depends on resolution of a substantial question of federal law.”<sup>36</sup> In rejecting defendants assertion of federal question jurisdiction, the court noted that the defendants arguments were self defeating because they previously argued (in their timeliness argument) that the initial state court petitions did not reveal the existence of a federal question.<sup>37</sup> Defendants immediately appealed the remand order under their federal officer removal predicate under 28 U.S.C. § 1292(b), and the Fifth Circuit currently has discretion to permit said appeal.

*2. Operators Prohibited from Charging Unleased Mineral Owners for Post-Production Costs*

In a case of first impression, the United States District Court for the Western District of Louisiana held that oil and gas operators are prohibited from deducting post-production costs from an unleased mineral owner’s (“UMO”) share of production.<sup>38</sup> In doing so, the Court relied on a clear and unambiguous reading of La. Rev. Stat. 30:10(A)(3), which states that a UMO is entitled to be paid its tract’s “pro rata share of the proceeds of the sale of production.”<sup>39</sup> The operator, Chesapeake Louisiana, LP (“Chesapeake”), argued that the statute does nothing more than direct the time period within which operators may pay a UMO. The Court disagreed and found that “this statutory provision directs both when an unleased mineral owner is to be paid and what he is to be paid – the payment of sales proceeds.”<sup>40</sup> The Court also noted that the Legislature drew a distinction between UMOs and other nonparticipating working interest owners by using a broad and all-encompassing definition of owners in Section 10(A)(2), while restricting the application of Section 10(A)(3) to unleased owners.<sup>41</sup> In its Motion for

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35. *Id.* (citing 28 U.S.C.A § 1331 (Westlaw through P.L. 116-56)).

36. *Id.* (citing *Empire Healthchoice Assur., Inc. v. McVeigh*, 547 U.S. 677, 689-90 (2006)).

37. *Id.* at \*18.

38. *Johnson v. Chesapeake La., LP*, No. 16-1543, 2019 WL 1301985 (W.D. La. March 1, 2019).

39. *Id.* at \*4 (quoting LA. STAT. ANN §30:10(A)(3) (2019)).

40. *Id.*

41. *Id.*



Summary Judgment, Chesapeake made additional arguments based on unjust enrichment and co-ownership; however, the Court refused to address said arguments because, “the Legislature has provided a specific rule for this situation.”<sup>42</sup>

### *B. Supreme Court Cases*

There were no Louisiana Supreme Court decisions to report on.

### *C. Appellate Activity*

#### *1. Severance Taxes on Crude Oil Based on Gross Proceeds*

In *Avanti Exploration, LLC v. Robinson*, the Court of Appeals for the Third Circuit held that the Louisiana Department of Revenue (the “Department”) erred in imposing severance taxes based on index pricing rather than based on gross proceeds.<sup>43</sup> Two of Avanti’s purchasers in arms-length transactions remitted severance taxes to the Department based upon the gross proceeds that Avanti received. The Department audited Avanti’s records, and found that Avanti had impermissibly reduced its tax computation by subtracting transportation costs, which were deducted from Avanti’s gross proceeds pursuant to the two sales contracts.<sup>44</sup> The Court noted that under the relevant statute:

The severance tax is calculated on the producer's gross receipts on sales or by the posted field price, whichever is higher. However, if a producer incurs transportation costs in getting his product to market, to a point of sale off the lease, he can subtract the transportation costs from his gross receipts and calculate the severance tax on the reduced amount.<sup>45</sup>

The Court ruled out the possibility that the Department used a posted field price because “there was no traditional posted price in the field, which is apparently a practice that has been in disuse for many years.”<sup>46</sup> Further, the Department offered no evidence to show how it arrived at its figures, and the Court concluded that the Department erroneously added back the pricing

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42. *Id.* at \*5 (quoting LA. CIV. CODE ANN. art. 4 (2019) (“When no rule for a particular situation can be derived from legislation or custom, the court is bound to proceed according to equity. To decide equitably, resort is made to justice, reason, and prevailing usages.”)).

43. *Avanti Expl., LLC v. Robinson*, 268 So.3d 1093 (La. Ct. App. 2019).

44. *Id.* at 1095.

45. *Id.* at 1094 (citing LA. STAT. ANN. § 47:633(7) (2019)).

46. *Id.* at 1097.

46. *Id.* at 1100.

differential to the large market center indices contemplated in Avanti's contracts. Accordingly, the Court concluded that, in the absence of a posted field price, gross proceeds received by an operator must be used to calculate an operator's severance tax liability.

*2. Coastal Use Permit Issued by the Department of Natural Resources Upheld*

On April 3, 2017, the Louisiana Department of Natural Resources ("DNR") issued a Coastal Use Permit ("CUP") to Bayou Bridge Pipeline, LLC ("Bayou Bridge") for the construction of a petroleum pipeline from St. Charles to St. James.<sup>47</sup> Plaintiffs filed petitions for reconsideration with the DNR, and the DNR denied their petition but addressed their concerns in a written response. Plaintiffs then filed the instant action for judicial review asserting that:

- (1) DNR did not consider the potential adverse environmental impacts of the proposed pipeline on St. James Parish;
- (2) DNR ignored its constitutional and regulatory duties to consider the cumulative impact of the proposed pipeline on St. James Parish;
- (3) DNR ignored evidence that the people of St. James Parish may be trapped in the event of an emergency with no viable evacuation plan; and
- (4) DNR misapplied its own Guidelines.<sup>48</sup>

The district court ruled in favor of plaintiffs, finding that the DNR did not apply Coastal Use Guidelines, and ordered Bayou Bridge to "to develop effective environmental protection and emergency or contingency plans relative to evacuation in the event of a spill or other disaster, in accordance with guideline 719(K), PRIOR to the continued issuance of said permit."<sup>49</sup> DNR and Bayou Bridge appealed the judgment. The Fifth Circuit reversed the trial court, finding that: (i) the DNR's conclusion that certain Coastal Use Guidelines did not apply was not unreasonable or arbitrary; (ii) the DNR did not fail to require effective environmental spill cleanup and emergency response plans; (iii) the evidence supported a finding that the DNR satisfied its constitutional public trust duty when issuing the CUP.<sup>50</sup>

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47. *Joseph v. Sec'y, La. Dep't of Nat. Res.*, 18-414 (La.App. 5 Cir. 1/30/19); 265 So.3d 945, 947-948.

48. *Id.* at 948.

49. *Id.*

50. *See generally, Joseph*, 18-414 (La.App. 5 Cir. 1/30/19); 265 So.3d 945.

*3. Deed Listing Well Names and Quarter-Section Property Descriptions Sufficient to Place Third Parties on Notice*

In 1977, Caroline Hunt (“Hunt”) inherited a fractional mineral interest in and to a tract of land in Jackson Parish from her father. In 1988, Hunt filed for Chapter 11 bankruptcy in Texas, and executed a deed as a part of the bankruptcy proceedings in favor of R. Carter Pate, as Trustee, effective January 8, 1990, and recorded in Jackson Parish on February 6, 1992.<sup>51</sup> Said deed conveyed:

the wells described on Exhibit “A” attached hereto and incorporated herein by reference for all purposes (collectively, the “Wells” or singularly, a “Well”); and all mineral estates, mineral leases, oil and gas leases, oil, gas, hydrocarbons and mineral leases and other interests of any kind whatsoever in any mineral estate, together with all oil, gas and other minerals produced therefrom, whether known or unknown, metallic or nonmetallic, common or unique (and the proceeds of the sale thereof), including, without limitation, gravel, shale, lignite, sulphur, gold, silver, lead, zinc, copper, iron, coal, gas, oil, casinghead gas, other hydrocarbons, uranium, steam, geothermal energy and all other minerals or substances and all royalty interests, overriding royalty interests, net profits interests, production payments and similar interests described in Exhibit “A”, any amendments, renewals, extensions, replacements or modifications thereof, and each and every kind and character of right, title, claim or interest which Grantors have in and to the interests, properties and lands set forth on Exhibit “A”, and any other surface estates, in the above-referenced County and State as of the Effective Time (as hereinafter defined)(collectively, the “Leases”). The description of the Wells in Exhibit “A” and the description of the Leases in Exhibit “A” are not intended to limit each other, it being the intent of the Grantor and Grantee that this Deed convey every interest of Grantor in and to the Leases described in Exhibit “A” irrespective of whether the extent to which any Well is located on, includes or is related in any such Lease, and that this Deed convey every interest of Grantor in and to every Well described in Exhibit “A”

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51. *Compass Energy Operating, LLC v. Robena Prop. & Royalty Co.*, 52,468 (La.App. 2 Cir. 2/27/19); 265 So.3d 1160, 1162-63.

irrespective of whether or the extent to which any such Well is located on or related to any Lease.<sup>52</sup>

Exhibit “A” of the deed contained the following descriptions, and the deed also specifically referenced the bankruptcy proceedings:<sup>53</sup>

Davis Brothers A-1 & C-1	E/2 Sec. 21 & W/2 Sec. 22, T-16-N, R-2-W
McDowell	SW/4 Sec. 2, SE/4 Sec. 3, NE/4 Sec. 10, NW/4 Sec. 11, all T-16-N, R-2-W
Breedlove	N/2 Sec. 3, T-16-N, R-2-W & S/2 Sec. 34, T-17-N, R-2-W

Subsequently, on February 6, 1992, R. Carter Pate, as Trustee, conveyed the mineral interests to several parties, including Robena Operating & Royalty Company.<sup>54</sup> In a separate chain of title, a deed recorded on October 1, 1997, stated that the mineral interest acquired by the United States from Caroline Hunt was sold to Wayne Pender and A.O. Milstead, Jr. In yet another chain of title, on January 12, 1998, Caroline Hunt and her mother’s estate conveyed the mineral interest to Wayne Pender, Linda Blaylock Pender, Andrew Ordell Milstead, Jr., and Florentina Rodriguez Milstead. Dynex Royalties would acquire a mineral interest in the property through this chain of title.<sup>55</sup>

Compass Energy Operating, LLC (“Compass”), the operator of a unit that included the subject mineral interest filed a petition in concursus to resolve the disputed mineral interest ownership, naming Robena Property & Royalty Company, Ltd., Dynex Royalties, and the Milsteads as defendants. The Milsteads prevailed at the trial court after arguing that Louisiana law required the liquidating trust agreement to be recorded in Jackson Parish to own immovable property there, and that the description in the Pate deed did not provide adequate notice to third parties who acquired an adverse interest.

In reversing the trial court’s decision, the Second Circuit held that the liquidating trust agreement did not need to be recorded in Jackson Parish

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52. *Id.* at 1163.

53. *Id.*

54. *Id.* at 1165.

55. *Id.* at 1166.

because it was a trust created under the authority of a United States bankruptcy court--not under the Louisiana Trust Code, and because the deed itself “clearly established from whence Pate's interest in the property originated.”<sup>56</sup> Next, the court held that the description in the Pate deed satisfied the public records doctrine, as set forth by La. Civ. Code art. 3338:

Exhibit A lists wells in one column and then various property descriptions in another column. Thus, to the right of the “McDowell” well is the property description of “SW/4 Sec. 2, SE/4 Sec. 3, NE/4 Sec. 10, NW/4 Sec. 11, all T-16-N, R-2-W.” Within the SW/4 of Section 2 is the property at issue in this matter, namely the E/2 of SE/4 of SW/4 of Section 2 in T-16-N, R-2-W. Thus, Exhibit A clearly designates the property in which the Hunts conveyed ‘every kind and character of right, title, claim, or interest’ to Pate, that being the property at issue.<sup>57</sup>

Accordingly, the deed description was “sufficiently specific to place third parties on notice of what had been conveyed.”<sup>58</sup>

#### *4. Materialman’s Lien does not Affect New Leases Executed by Mineral Servitude Owners*

In *Marlborough Oil & Gas, L.L.C. v. Baker Hughes Oil Field Operations, Inc.*, the owner of a mineral servitude sought a declaratory judgment from the court declaring that an oil well lien did not encumber its mineral servitude, or attach to a well located on the leasehold for which the materialman did not furnish labor or equipment.<sup>59</sup> Marlborough Oil & Gas, L.L.C. (“Marlborough”) was the owner of the oil and gas servitude for the leasehold upon which Baker Hughes Oilfield Operations, Inc. (“Baker Hughes”) furnished labor, equipment, machinery, materials, and related services to Northwind Oil & Gas, Inc (“Northwind”) in connection with its operations on the Marlborough Oil & Gas, LLC No. 3 well.<sup>60</sup> Northwind failed to pay \$412,415.64 owed to Baker Hughes for the goods and services provided, and as a result, Baker Hughes recorded an “Oil Well Lien Affidavit, Notice of Claim of Lien and Statement of Privilege” pursuant to the Louisiana Oil Well Lien Act (“LOWLA”), La. Rev. Stat. § 9:4861-4873.

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56. *Id.* at 1167-68.

57. *Id.* at 1169.

58. *Id.*

59. *See* *Marlborough Oil & Gas, L.L.C. v. Baker Hughes Oil Field Operations, Inc.*, 2018-0557 (La.App. 1 Cir. 11/14/18); 367 So.3d 102.

60. *Id.* at 104.

Baker Hughes then received summary judgment against Northwind and was awarded the sum of the lien.<sup>61</sup>

Marlborough then filed its petition for declaratory judgment, and the trial court held that the summary judgment in favor of Baker Hughes was “of no legal effect or consequence, insofar and only insofar as to (1) [Marlborough], its successors, lessees and assigns and (2) the mineral servitude owned by [Marlborough] affecting the leased property as described in the judgment” or as to the Marlborough No. 1 Well.<sup>62</sup> Baker Hughes appealed the decision, and the First Circuit reversed the decision of the trial court, holding that, “the privilege granted [by the lien] is not restricted to the proceeds of the well actually drilled, but rather exists on the entire lease as a whole,” and therefore, the lien was effective as to both the Marlborough No. 3 Well and the Marlborough No. 1 Well.<sup>63</sup> The court then addressed Marlborough’s claim that the lien created a cloud on its title—holding that no cloud existed because Baker Hughes could only seize production pursuant to the operating interest/lease under which Northwind operated, and thus, “any new lease negotiated by Marlborough would not be affected by the Baker Hughes’ lien and judgment at issue herein.”<sup>64</sup>

#### *D. Trial Activity*

There were no Louisiana Trial Court orders to report on.

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61. *Id.*

62. *Id.* at 105.

63. *Id.* at 107 (citing *Guichard Drilling Co. v. Alpine Energy Serv’s, Inc.*, 657 So.2d 1307, 1312 (La. Ct. App. 1995)).

64. *Id.* at 109.