

Practice of Law in the Oil and Gas Industry

Nine million Americans are employed directly or indirectly in the oil and gas business. The United States is the world's third largest producer of hydrocarbons with over 500,000 active wells operated by 18,000 oil and gas companies. There are 162,000 service stations, hundreds of thousands of miles of pipelines and 141 refineries operating in the United States. America has 3,800 offshore platforms producing oil and gas; nearly all of which are in the Western Gulf of Mexico. The industry is a behemoth. Houston is the epicenter of America's oil and gas business and is believed by most to be the "Oil Capital of the World". Nearly all major and large independent oil and gas companies have offices in Houston. Hundreds of oil-business related companies call Houston "home". Texas, and Houston in particular, perpetually need lawyers who understand how the oil and gas industry works and who are able to identify and offer practical legal solutions for the industry's opportunities, issues, and problems. Parties adversely affected by oil company operations need lawyers who understand the business and are better able to identify and exploit the industry's legal weaknesses.

The list of people and businesses affected by the industry is extensive. Major stakeholders in the oil and gas business include landowners; developers; royalty owners; realtors; banks; local, state, and federal governments; foreign governments; regulatory agencies; non-governmental organizations; and shipping companies. Business men, accountants, economists, geologists, engineers, environmental scientists, public officials, and lawyers represent only a few of the professionals that make full time careers in the oil business or find themselves in positions to regularly and professionally interact with and represent people who do so.

The oil industry created and continues to use an extensive, unique, and colorful language that can be confusing and impede those outside of the "oil-patch". A successful lawyer understands his or her client's business and its language and is familiar with legal issues that arise from the well-site to the gas pump. New legal issues arise as petroleum makes its way from the exploration and production segments of the industry through transportation, processing, refining, marketing, retail, and trading segments of the business.

This course emphasizes the identification of and solutions to legal issues that arise in the major oil and gas industry segments as well as issues that cross segment boundaries. While focusing on the legal issues, the student will learn the business basics and terminology of the industry segments.

Factors influencing companies' approaches to litigation will be explored. Companies, even within a particular oil and gas industry segment, often take opposing positions with respect to environmental protection, employment law, health and safety, use of independent contractors, risk taking, and regulatory and legislative advocacy. Knowing how and why these positions are taken, and the legal risks associated with each position, can help lawyers working inside the companies best serve their clients. Knowing the business and legal rationales behind these decisions can also benefit lawyers dealing with

the companies from the “outside” such as trial attorneys, regulatory attorneys, and lawyers from non-governmental organizations.

The structure of and responsibilities within oil company corporate law departments will be explored. Legal groups within state and federal regulatory agencies that have responsibility for overseeing the industry will be examined. Common legal and procedural practices for dealing with the agencies’ permit and violations processes will be reviewed.

The course will cover contemporary legal issues associated with shale gas development, liquefied natural gas terminals, and deep-water exploration and development. The industry’s legal concerns and approaches to Environmental Justice will be discussed; especially with respect to the siting and operation of refining and chemical operations. Legal issues common to industry downsizing, mergers, and acquisitions will be reviewed.

The student should complete the course with an appreciation of how the oil and gas industry “works”, be able to identify legal issues that typically arise in numerous business situations, and be better prepared to assist his or her client with optimal legal solutions to those matters.