

Gavel to Gavel: Horizon for energy busy, bright

By: Steve Adams Guest Columnist February 13, 2019



Steve Adams

The energy industry continues to lead the Oklahoma business environment. In 2018, 5,266 new jobs were added in the Oklahoma energy sector.

The Oklahoma energy sector may expect a busy 2019. Oil prices are pushing \$54 per barrel and natural gas prices appear stable around \$2.70 per thousand cubic feet. Activity is brisk for business deals including acquisition and divestiture of assets, business combinations and mergers. The demand for minerals and leases remains strong and funding for transactions remains available from public and private equity sources.

Many issues will continue to confront energy producers in 2019. Some of these issues have and will continue to result in litigation. The challenge to balance costs and benefits will continue for Oklahoma landowners, royalty owners, energy producers and the courts.

Demand for efficient transportation of natural gas, oil and gas liquids and crude oil has resulted in several major pipeline projects in Oklahoma and the Southwest region. Pipeline projects are critical to meet energy demand and require acquisition of rights of way through private treaty negotiation or eminent domain.

Leases of land and minerals allow energy production and revenue generation, which benefits the state, the mineral owners and the energy producers. Inherent in these activities is the friction between interests, which can result in lawsuits.

Protection of the environment should be a priority for all citizens. Energy producers have made impressive progress in limiting possible environmental impact to the land where energy is produced. Oil and gas producers continue to make technological progress to develop energy while conserving Oklahoma water, soil and air quality.

Earthquakes in Oklahoma spawned 42 lawsuits in Oklahoma since 2012. Most of the lawsuits blame the disposal of produced water from oil and gas operations for causing increased seismicity. Although scientists and the Oklahoma Corporation Commission eliminated hydraulic fracking as a cause of Oklahoma earthquakes, the question remains in Oklahoma courts whether normal oil and gas activity is responsible for an increased number of earthquakes.

Advances in technology, creative thinking and hard work by energy leaders allow all Oklahoma citizens to enjoy the many benefits of maintaining a strong energy industry. Reasonable regulation of the oil and gas industry by the Oklahoma Corporation Commission, appropriate legislation by Oklahoma lawmakers, and the dedicated industry workforce provide Oklahomans with the energy that is important to Oklahoma's future.

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