BEATTY & WOZNIAK, P.C.
ENERGY IN THE LAW

Colorado, Wyoming, and North Dakota Mineral Liens

The magnitude of the current industry downturn will force many oil and gas companies into insolvency and potentially bankruptcy. As a result, owners of upstream and midstream assets must not only focus on maintaining their own liquidity but also protecting themselves from exposure created by insolvent companies with whom they contract. Among the many concerns these owners and operators face in the current environment is protecting their assets from statutory mineral liens filed by oilfield contractors.

A mineral lien is most commonly used to secure payment of a contractor's upstream or midstream services. Because they are statutory in nature, these liens may attach to mineral assets of an owner or operator who did not even hire the contractor. Subcontractors, for example, often assert liens over lease or pipeline assets when an operator's general contractor is insolvent. Therefore, any party owning interests in upstream and midstream assets should, at a minimum, understand the nature of mineral liens and the variations of each state's statute. Important variations include the type of person who can invoke a lien, the property subject to a lien and the requirements for perfecting a lien.

The last edition of the Client Alert covered the mineral lien statutes in New Mexico and Texas. The following provides a survey of mineral lien statutes in Colorado, Wyoming, and North Dakota.