

## **Wyoming Lien Statutes**

## By Nicol Kramer

In this sudden economic downturn, contractors and oilfield service providers in Wyoming have several options for filing liens against oil and gas properties. However, each has its own particular requirements, including notice contents, delivery, timelines and recording requirements. Wyoming courts strictly construe statutory liens, so it is very important to comply with the particulars of each statute. Missing a deadline will likely be fatal to a lien.

## General Liens

In general, under Wyo. Stat. §§ 29-2-101, *et seq.*, contractors and materialmen in Wyoming have up to 150 days or 120 days, respectively, to file a lien statement for a construction lien. These liens can be asserted against the owner of the property and/or a leaseholder. The property can be a mineral production site, such as a well pad, or the site of an ancillary facility, such as a produced water evaporation pond. The deadline for filing the lien statement is generally calculated from the date the work is substantially complete or the last day on the job site. However, the filing of the lien must be preceded by service upon the owner, leaseholder (and sometimes contractor) of a notice of intent to file a lien. This notice must be sent no less than 20 days prior to the filing of the lien statement. Actions to foreclose on a construction lien must be commenced within 180 days of filing the lien statement.

## Mineral Liens

Wyoming further provides a separate lien procedure for mineral properties under Wyo. Stat. §§ 29-3-101, *et seq*. These statutes generally allow any person who has, under a contract, worked on, furnished materials to, or rented equipment for a well, mine or quarry, to file a lien. The lien under this article can encumber not only the leasehold estate and improvements made thereon, but the production from the property, proceeds from production, mines, wells, pipelines and equipment at the site. In some circumstances, the "persons" entitled to file a lien can also include a contractor's employee who has not been paid.

Mineral lien claimants can encumber proceeds of a well, mine or quarry by properly filing a lien statement and providing notice to the owner and to the purchaser of the production. When such notice is given any proceeds remaining unpaid or any proceeds yet to be paid on future sales of the mineral production are encumbered by the lien. The purchaser then cannot release proceeds to the owner, absent a written notice that the claim is settled or a court order. Liens under this article must be filed within 180 days after the last day of work or delivery of materials, or from the date of substantial completion. The lien claimant must file a civil action to obtain a judgment on its claim within 180 days of filing the lien. Wyoming's lien statutes were substantially updated in 2010 and some revisions introduced the potential for ambiguity in their application. For example, changes to the construction lien statutes may cause supplemental rights and duties under the mineral lien statutes. Furthermore, issues such as determining a substantial completion date can require a fact-intensive legal analysis. Liens found to be false or fraudulent can also subject claimants to civil penalties. Consequently, we strongly advise obtaining legal assistance when filing or defending against liens.

For more information on enforcing or challenging liens in Wyoming, please contact <u>Nicol</u> <u>Kramer</u>.