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MINERAL LAW AND ENERGY POLICY

Introduction

*Patrick H. Martin**

The importance of oil and gas to Louisiana and the importance of Louisiana as a producing state have been recognized almost from the earliest days of the industry. Knowledge of the existence of petroleum in the state goes back to 1542, when survivors of DeSoto's expedition were forced by bad weather onto Louisiana's shores and made use of oil from a spring to seal their ships. Just after Colonel Drake's 1859 discovery of oil in Pennsylvania, a 450-foot well was drilled, albeit unsuccessfully, in the Calcasieu area. During the Civil War, Governor Henry W. Allen sought to identify and plan for development the state's oil resources for use by the Confederacy.

Extensive commercial oil and gas development began in 1901, when W. Scott Heywood and S.A. Spencer opened the Jennings Field. Since then the industry has grown to its present level of 37,302 producing wells, ranking the state near the top of all states in total production. Some of the largest United States discoveries of both oil and gas in recent years have been made in Louisiana, most notably the Tuscaloosa Trend for gas and the Lockhart Crossing Field for crude oil. Within the state are 6,000 miles of intrastate gas pipeline and 23,000 miles of interstate gas pipeline that link this state and the rest of the country. The income from severance taxes and state land lease bonus, rental, and royalty is a substantial portion of the state's total revenue. Hundreds of thousands of Louisianans depend on oil and gas industry jobs.

With so much dependent on it, the legal regime under which oil and gas are produced is of special importance to the lawyers of this state and all who look to it in structuring their transactions. These may range from lease acquisition programs covering thousands of acres to security arrangements for multimillion dollar wells, to executive right agreements among family members, to farm-out contracts between oil companies. Stability, consistency, and predictability are very high values in an area of such transcendent significance because of the immense amounts of money invested in the industry. People need to plan for the long-term with a sense that they can rely upon the law to support their reasonable and legitimate expectations. Yet much may also be said of the need for flexibility in oil and gas law. As

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recent events have shown, the market for oil and gas can shift dramatically in a short space of time forcing reconsideration of fundamental assumptions built into contracts and programs. Technological developments must be taken into account and incorporated into the body of factors that jurists, scholars, legislators, and practitioners consider as they make decisions and judgments that shape the corpus of law.

It is a welcome decision of the editors of the *Louisiana Law Review* to devote an issue to oil and gas law. This can serve as a convenient and special forum for the preservation of the high values of the law and for the law's growth, free of the strains and pressures of political life and of the narrow focus of the courtroom. The singular role of the *Review* in the development of the law of this state vests heavy responsibility in these editors as well as giving them a unique opportunity. From the quality of the articles and of their editing in this issue, I would say they are off to a good start in building a tradition.