

# North Dakota Oil and Gas Division

## Types of Bankruptcy

North Dakota Oil and Gas Division Rules and Regulations can be found at [www.dmr.nd.gov/oilgas](http://www.dmr.nd.gov/oilgas)

Below are the two types of bankruptcy that could be files by operators in North Dakota. Each bankruptcy situation is unique, information below is not representative of every bankruptcy filed.

### Chapter 7 Bankruptcy

Voluntary or Involuntary	Liquidation.	Company stops all operations and goes completely out of business.
--------------------------	--------------	---



#### What action can Oil & Gas Division take?

Monitor the status of the Chapter 7 filing. Review assets and liabilities regulated by the Division the State of North Dakota may be burdened with.



#### What about assets in ND?

The assets must remain in compliance with state regulations.	Assets may be sold to another organization and would continue operating or they could be plugged and reclaimed.
--	---



#### What happens to royalties owed?

A judge and trustee determines the best course of action to assure as many creditors the best potential to collect. The Department of Mineral Resources Oil and Gas Division is not involved in the payment of due royalties.

### Chapter 11 Bankruptcy

Voluntary	Reorganization.	Management still runs business; significant decisions approved by bankruptcy court.
-----------	-----------------	---



#### What action can Oil & Gas Division take?

Monitor the status of the Chapter 11 filing. Review assets and liabilities regulated by the Division the State of North Dakota.



#### What about assets in ND?

The assets must remain in compliance with state regulations.	Assets would be handled per any directions outlined in the organizations "reorganization plan" approved by the courts.
--	--



#### What happens to royalties owed?

A judge and trustee determines the best course of action to assure as many creditors the best potential to collect and to give the organization a chance to recover.

# North Dakota Oil and Gas Division

## Bankruptcy & Mineral Royalties

### Resources and Reading Materials\*:

- [U.S. Courts: Bankruptcy](#)
- [PACER: Public Access to Court Electronic Records](#): an electronic public access service that allows users to obtain case and docket information online from federal appellate, district, and bankruptcy courts, and the PACER Case Locator. PACER is provided by the Federal Judiciary in keeping with its commitment to providing public access to court information via a centralized service.
- [U.S. Securities and Exchange Commission: What happens when public companies go bankrupt?](#)
- NDSU Extension: ND Oil and Gas Law: [Considerations for Mineral Owners: Royalty Clauses](#)
- Bismarck Tribune Article: [A look at bankruptcy in the oil patch \(Jan 14, 2016\)](#)
- Texas Land and Mineral Owners Association: [When Your Oil and Gas Purchaser Goes Broke](#)
- Caldwell East & Finlayson PLLC Attorney's at Law (Texas): [My producer has files bankruptcy now what](#)

### Contacts

- State Bar Association of North Dakota: Lawyer Referral Service – 1-866-450-9579

**\*The Department of Mineral Resources does not provide legal advice nor endorse any of the resources being made available below.**