

Bond Case Briefs

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EMINENT DOMAIN - OKLAHOMA

Stephens Production Company, a division of SF Holding Corp. v. Larsen

Supreme Court of Oklahoma - May 9, 2017 - P.3d - 2017 WL 1900492 - 2017 OK 36

Natural-gas company brought action to exercise eminent domain power on landowner's 80-acre parcel to establish an underground natural gas storage easement and a surface easement to complete an underground natural gas storage facility on 900 acres of land, which included landowner's parcel.

After a bench trial, the District Court set an amount of just compensation. Landowner appealed. The Court of Civil Appeals affirmed. Landowner appealed.

The Supreme Court of Oklahoma held – as matter of apparent first impression – that natural resource, agricultural, and recreational use, rather than use as a natural-gas reservoir, constituted the highest and best use of landowner's parcel.

Natural resource, agricultural, and recreational use, rather than use as a natural-gas reservoir, constituted the highest and best use of landowner's 80-acre parcel at the time that natural-gas company established an easement on the parcel via eminent domain for underground natural gas storage and a surface easement to complete an underground natural gas storage facility on 900 acres of land, which included landowner's parcel, and thus \$9,000, rather than \$419,000, was just compensation to the landowner; for the reservoir to have been feasible, a combination of the interests of the landowners whose parcels composed the 900 acres was absolutely necessary, and there was no active market in the area for underground gas storage before natural-gas company began its project.