

Bond Case Briefs

Municipal Finance Law Since 1971

MUNICIPAL ORDINANCE - OKLAHOMA

Magnum Energy, Inc. v. Board of Adjustment for City of Norman

Supreme Court of Oklahoma - March 22, 2022 - P.3d - 2022 WL 840198 - 2022 OK 26

Oil and gas operator appealed decision of city board of adjustment denying operator's application for variance from ordinance requiring oil and gas operators to maintain an umbrella insurance policy with at least \$2 million in coverage.

The District Court granted operator's motion for summary judgment. Board appealed. The Court of Civil Appeals reversed. Operator filed petition for certiorari, which was granted.

As matters of first impression, the Supreme Court held that:

- Municipal authority to regulate oil and gas is limited in scope to those areas reserved in statute governing municipal regulation of oil and gas activities and elsewhere in statute, and
- Ordinance exceeded scope of authority to regulate oil and gas production reserved for municipalities.

City ordinance requiring oil and gas operators to maintain an umbrella insurance policy with at least \$2 million in coverage exceeded scope of authority to regulate oil and gas production reserved for municipalities; umbrella-insurance requirement did not fall within any of the categories reserved for municipal regulation under statute governing municipal regulation of oil and gas activities, and statute governing cities' jurisdiction over permit fees for drilling and operation of oil and gas wells did not apply given that satisfying umbrella-insurance requirement could not be fairly characterized as permit fee.