

# PROJECT MANAGEMENT



## Understanding & Drafting Upstream Oil & Gas Contracts

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# Understanding & Drafting Upstream Oil & Gas Contracts

## Introduction:

The continued accelerated pace of change in the oil and gas industry makes this one of the world's most challenging and complex sectors in which to understand, draft and negotiate contracts. The legal and regulatory framework of upstream oil and gas industry contracts is constantly changing it is therefore critical that all lawyers, commercial and contracts managers working in this sector are up-to-speed. This course is based on practical examples and real-life scenarios and reflects the unique and comprehensive experience of the course facilitator.

## Who Should Attend?

Contracts, Purchasing, and Project Personnel, Engineering, Operational, and Maintenance Personnel, Project and Contracts Management Professionals, Tendering, Purchasing, Contract Administration Professionals and Personnel, Engineering, Operational, Finance, Maintenance Professionals, Managers and executives in the procurement, finance, legal, risk and supplier relations department, Business Managers, Commercial staff, Project Engineers, Procurement staff, Legal staff, Contracts analysts & Officers, Contract Leaders & Engineers, Cost & Planning Engineers, Contract Administrators, Contracting Unit Supervisors, Contract Strategists, Project Managers, General Managers involved in contract negotiation and disputes, Commercial Managers, Buyers, Purchasing Managers, Tenders Managers, Supply Chain Managers & Executives, Procurement Managers & Personnel, Construction Managers.

## Course Objectives:

**By the end of this course delegates will be able to:**

- Gain in-depth knowledge and further understanding of more agreements that are in common use in the upstream oil and gas industry
- Find out more about the essential bidding and tendering phase
- Become familiar with production sharing contracts
- Learn about how to deal with negligence and nuisance claims
- Recognize the importance of the five key clauses that every oil and gas professional should be familiar with
- Master the drafting of service agreement contracts
- Understand the importance of contract risk management

## Course Outline:

### **Bidding & Tendering for Oil and Gas Contracts**

- Tender preparations, Evaluation resources
- Preparing your finished submission
- Confidentiality at the bidding stage

### **Drafting Production Sharing Contracts – PSCs**

- Different approaches and levels of complexity
- New PSC's in key jurisdictions
- The role of calculation
- Understanding the formulas
- The non-fiscal legal and contractual terms
- Contractual terms and conditions
- Royalties and taxes

## **Drafting Agreements for Farm-Ins & Farm-Outs**

- The role of the 'MAC' clause
- What is a 'MAE' clause?
- Assignment of interest
- Nature of the farm-out
- Subject matter of the farm-out
- Earning requirements
- Interest assigned and reserved

## **Dealing with Negligence & Nuisance Claims**

- What is Hydraulic Fracturing legislation?
- Claims based on abnormally dangerous activity
- Claims based on subsurface transfers
- What are companies required to report?
- Breach of contract claims
- Nuisance claims
- Surface use agreements

## **Five Key Clauses that Every Oil & Gas Professional Should Be Familiar with**

- Termination clauses
- Penalty clauses
- Force Majeure clauses
- Indemnity clauses

- Third party indemnity clauses

### **Key Equipment & Materials Contracts**

- Capital equipment agreements
- Drafting equipment rental and lease agreements
- MRO, Drilling equipment rental and lease agreement
- Ensuring a reliable supply of materials in remote places

### **Drafting Service Agreement Contracts**

- Different model forms
- Applicable systems of general contract law
- Basic general provisions
- Contract formation issues
- Performance and non-performance issues
- Risk allocation and insurance
- Enforcement
- Master service contracts
- Problems involving long-term master service relationships
- Maintenance services
- Well completion services

### **Multi-Party Contracting Scenarios Including Teaming Agreements**

- Contractors and sub-contractors creating a seamless support team
- Teaming agreements – risks and rewards
- Crude and production distribution agreements

- Joint ventures in the oil industry

### **Production & Decommission Phase Agreements**

- The main form of a crude oil sale agreement
- Abandonment, decommissioning and restoration
- The principle contracts for the end of the lifecycle of a petroleum field
- Principle methods of payment under the agreement
- Principle forms of crude oil sale agreements
- The role of letters of credit