

GULF INSTITUTE



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Joint Venture and Other Collaboration Agreement for the Oil & Gas Industry

INTRODUCTION

- A Production Sharing Contract (PSC) is used in key oil and gas producing countries, each of these have different approaches and levels of complexity. These complex agreements include a number of clauses that have particular legal interpretation and accompanying fiscal formulas. Therefore, it is crucial to have the correct understanding of the terms in order to calculate the formulas correctly and ensure a smooth agreement implementation.
- During this training, delegates will acquire a clear understanding of the fundamentals Production Sharing Contracts (PSCs), along with Joint Operating Agreements (JOAs) negotiation techniques and strategies that work in international and multicultural settings. Delegates will also master how to effectively negotiate in concert with counsel and how to get the terms negotiated incorporated into an enforceable agreement.
- The training course is specifically designed for professionals involved nationally and internationally in the oil and gas industry, it offers a unique opportunity to rapidly increase your understanding of the legal issues involved in Production Sharing Contracts (PSCs) and Joint Operating Agreements (JOAs) to in various international scenarios and to improve your techniques and skills in drafting a variety of related contracts.

This training seminar will highlight:

- Evolution of the Production Sharing Contracts (PSCs), Service Agreements and concessionary systems
- Joint Operation Agreements (JOAs)
- Comparisons of model Production Sharing Contracts (PSCs) in various countries
- Negotiation techniques and the role of counsel
- Explanation and analysis of key provisions to make the Production Sharing Contract (PSC) work

OBJECTIVES

- Understand the evolution of the Production Sharing Contracts (PSCs), Joint Operation Agreements (JOAs), and Service Agreements
- Learn the negotiation techniques and the role of counsel
- Differentiate the comparisons of model Production Sharing Contracts (PSCs), in various countries
- Identify and analyse the key provisions to make the Production Sharing Contract (PSC), work
- Know the Production Sharing Contracts (PSCs), arrangements within the host government contracts' framework
- Avoid commonly occurring causes of disputes and to gain knowledge on International Dispute Resolution Framework and Institutions: how to negotiate arbitration clauses

TRAINING METHODOLOGY

- This interactive training course will provide the participants an ideal opportunity to improve and sharpen their skill sets in planning, negotiating and managing Production Sharing Contracts (PSCs), Joint Operation Agreements (JOAs) through interactive session with role playing, case studies, discussion groups and scenario building and the high-point of the training course being a simulation exercise of Production Sharing Contracts (PSCs) and Joint Operation Agreements (JOAs) negotiation involving interactive role play by the participants. The objective of the interactive role play is to enable participants to apply the knowledge and understanding gained at the workshop to negotiate a more effective Production Sharing Contracts (PSCs) and Joint Operation Agreements (JOAs). This will help participants gain practical insights into managing the risks and enhancing their rewards.

ORGANISATIONAL IMPACT

- Production Sharing Contracts (PSCs) are used in key oil and gas producing countries, each of these have different approaches and levels of complexity. These complex agreements include a number of clauses that have particular legal interpretation and accompanying fiscal formulas. Therefore, it is crucial to have the correct understanding of the terms in order to calculate the formulas correctly and ensure a smooth agreement implementation.

Your organisation will benefit from this training course by:

- Gaining expertise and improving knowledge and skill sets of personnel dealing with Production Sharing Contracts (PSCs) on its essential clauses
- Compare the existing Production Sharing Contracts (PSCs) arrangements from other key oil producing countries and how it compares with your own practice to work out best contract strategies
- Understand the risk factors in Production Sharing Contracts (PSCs) and how to mitigate them before they affect profits and bottom lines

PERSONAL IMPACT

- A unique opportunity to rapidly increase your understanding of the legal issues involved in production sharing contracts and joint operating agreements
- Understanding the key players in the International Oil and Gas Industry
- Analysis of the negotiation techniques and the role of counsel
- Explanation & Analysis of Key Provisions in International Oil & Gas Contracts, including:
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 - Operating / Joint Venture
 - Concession / Royalty
 - Study and Bid Group
 - Hydrocarbon Sales
 - Insurance & Service Company Agreements
 - Principal Standard Form Contracts Used in the Industry including the North Sea LOGIC / CRINE and the International Petroleum Negotiators (AIPN) standard form contracts
 - International Dispute Resolution Framework and Institutions: challenges unique to the oil and gas industry
 - Key Legal Contractual Risk Management Issues

WHO SHOULD ATTEND?

This training course is beneficial for operator and contractor professionals involved in Production Sharing Contract (PSC) and Joint Operation Agreement (JOA) negotiation and administration, including:

- Contracts Managers and Administrators in the Oil and Gas sector looking to improve their drafting and negotiation skills with particular emphasis on the risk assessment clauses
- Legal Practitioners looking to increase their Oil and Gas Contracts Law knowledge and how to avoid common contractual pitfalls
- Geologists and Engineers who seek practical understanding of the legal aspect surrounding contracts
- Academics / Students looking to increase or specialise in the area of Oil and Gas Law
- Insurance and Risk Managers looking to reduce the legal and contracts risks for their companies
- Government Departments, Policy Makers and Regulators

Course Outline

Introduction to Upstream Agreements & Production Sharing Contracts (PSCs)

- The Legal Framework and Contract Law II
- Contract Law II
- Oil and Gas Contracts Fundamentals and Legal Principles
- Agreement with Resource Holders
- An Introduction to Production Sharing Contract (PSCs)

Agreements Between Co-Ventures

- Agreement with Resource Holders (I)
- Leases
- Service Agreements
- Concessions / Licensing
- Example from Three International Jurisdictions
- Agreements between Co-Ventures
- International model form Confidentiality Agreement (CA)
- AML's and Bidding Agreements
- Joint Operating Agreements (JOA)
- Standard Model form International Operating Agreement
- Drafting Issues
- Unit Operating Agreement / Unitization: What is it? Why do it?

Production Sharing Contract (PSC) Structure

- Key Characteristics of Production Sharing Contract (PSC)
- The Subject of a Production Sharing Contract (PSC)
- The State as a Party to a Production Sharing Contract (PSC)
- The Exploration Activity of an Investor is at its Own Expense and Risk
- Ownership of Production Produced under a PSC and the Contractor Nature of an Investor under a Production Sharing Contract (PSC)
- The Sharing of Product: Substance and Procedure
- PSC Sample, Content and Format
- Drafting Issues & Workshop

Minimizing Loss Through Careful Limitation of Liability Clauses

- Drafting Enforceable Liquidated Damage Clauses
- Handling Consequential Damage Waivers
- Mitigation of Damages Clause
- Contractual Limitations Periods
- Transferring Risk by Contractual Indemnity
- Negligence
- Strict Liability
- Pre-Existing Conditions
- Managing Risk through Adequate Insurance Provisions
- Insurance Subordination Issues
- Effective Claims Management

Preventing Costly Litigation through Effective Use of Alternative Dispute Resolution Options

- Avoiding Common Contract Pitfalls
- Types of Dispute Resolution Vehicles
- Assessing Litigation vs. Arbitration Options
- Mediation Considerations
- Considerations for Selecting Effective Mediators and Arbitrators
- Selecting Arbitration and Mediation Rules of Procedure
- Drafting Effective Dispute Resolution Clause

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