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MODULE 1

Introduction to Contract Law and Background to the Oil and Gas Industry

Course Content

- The legal framework and contract law
 - Introduction to legal systems
 - Contract law definition
 - Formation of contract, offer, consideration, acceptance
 - E-mail contracts/internet contracts
 - 'Battle of the forms' contracts
 - Contractual capacity and consequences of an 'illegal' contract
 - Duress/force
 - Error, misrepresentation or uncertainty of terms as a ground of invalidity of contract
 - Termination of contracts and remedies for breach
- Key oil and gas terminology
- Oil and gas industry structure
 - Main producing areas
 - Relationship between different players in the oil and gas industry
 - Phases of the oil and gas industry
- Oil and gas contract fundamentals and legal principles
 - The contractual process, drafting, enforcement
 - Fundamental legal principles
- Territorial water, continental shelf and United Nations Convention on the Law of the Sea (UNCLOS)

Learning Outcomes

- Gain a basic understanding of English law with relation to contract formation
- Be able to explain the legal rules on validity of contract
- Understand how to discover and interpret the terms of a contract
- Appreciate how a contract may be breached and what the available remedies are
- Develop the ability to use the basic legal resources available in English law, both in the context of discussion of issues and problem solving

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MODULE 2

Contracting in the Upstream Sector: Ownership and Licensing

Course Content

- Contracting in the upstream sector
 - Characteristics of upstream contracts
 - Commercial realities of the oil and gas business
- Agreement with resource holders
 - Ownership of oil and gas
 - Risk Service Contracts (RSCs)
- Grant of rights by resource holder
 - Leases and concessions
- Licensing regimes
 - Examples including the UK licensing regime and the European Union dimension
 - Application procedure for a license
 - Assessing applications
 - Applicant
 - Financial and technical capacity
 - Acreage selection
 - Licensing rounds
 - Types of license

Learning Outcomes

- Identify the fundamental legal principles applicable to oil and gas contracts
- Explain the typical contractual process and areas to avoid in drafting
- Define the concepts of territorial waters and continental shelf
- Examine the issues around ownership of petroleum and the differences between the US and the rest of the world
- Discuss the agreements with resource holders such as Leases and Concessions
- Explain the licensing regime for the UK Continental Shelf
- Discuss service agreements including the Iranian "Buy Back" model contract

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MODULE 3

Contracting in the Upstream Sector: Production Sharing Agreements and Unitisation

Course Content

- Production Sharing Agreements (PSAs)
 - Phases and bonus payments
 - Production sharing
 - Cost recovery, profit shares
 - Taxation of contractor's profit
 - Operations under a PSA
 - State participation
 - Training, infrastructure and local content
 - Domestic supply obligation
 - Gas terms
 - Stabilisation
 - Governing law and jurisdictions
 - Approvals and PSA as law
- Agreements between co-ventures
 - Upstream preference for joint ventures
 - Unincorporated joint venture
 - Area of Mutual Interest (AMI) and bidding agreements
 - Key provisions: opportunity, duration, no obligation to participate, exclusivity
- Unitisation and Unit Operating Agreements (UOAs)
 - What is unitisation?
 - Unitisation in practice
 - Government approval
 - Key issues in UOAs: tract participation, determination and redetermination provisions, role of the expert
- Transboundary unitisation
 - Examples, including Netherlands, UK and Norway, Nigeria, Saudi Arabia and Kuwait
 - Transboundary developments

Learning Outcomes

- Understand the relationships between the parties in a Production Sharing Agreement
- Explain the use of a Joint Operating Agreement as well as other contractual arrangements that are made as part of this
- Examine what happens when oil and gas reserves cross over licence/boundary areas
- Define what a Unitisation or Unit Operating Agreement is and how these are used to ensure optimal performance

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MODULE 4

Agreements Between Co-Ventures, Suppliers and Contractors

Course Content

- Joint Operating Agreements (JOAs)
 - What is a Joint Operating Agreement (JOA)?
 - Nature, aim and functions of a joint venture
 - Background to the UKCS Joint Operating Agreements
 - Government approval
 - Key areas of the JOA
 - Purpose and scope: participating interests
- Operators
 - Powers of the operator
 - Operator standard of operating
 - Operator's restriction of liability
 - Operator's control by non-operators
 - Removal of operator
- Operating committee
- Sole risk and non-consent provisions
- Agreements with suppliers and contracts
 - Standardisation in the UKCS
 - Background to CRINE/LOGIC contracts
 - Review of model service contracts: LOGIC onshore/offshore services

Learning Outcomes

- Understand the legal nature of contractual arrangements and the relationship between the companies that have been issued a licence to undertake oil and gas exploration and exploitation activities
- Comprehend the key issues in joint operating agreement (JOA)
- Appreciate the importance of standardisation in oil and gas industry and examine the UKCS standard form

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MODULE 5

Contracting in the Downstream Sector: Sales and Transportation of Oil and Gas

Course Content

- Transportation agreements
- Transporting oil and gas: getting it to market
- Contractual matrix for the transportation of petroleum
 - Inter-linking nature of chain of contracts
- Pipelines and transportation agreements
 - Producer as pipeline owner
 - Third Party Access (TPA)
 - Common terms of a TPA
 - Common stream and quality specification
 - Allocation, attribution and measurement
 - Transportation tariffs and send or pay/ minimum bill/quantity
 - Warranties : payment and default, title and risk, liabilities and indemnities, liability for failure to provide transportation service, force majeure
- Transshipment: transportation by ship
 - General issues
 - Crude oil tankers, LNG tankers, ex-ship or free-on-board (FOB)
- Sale agreements
 - Main areas of law applicable to petroleum Sale and Purchase Agreements (SPAs)
 - Crude oil sales
 - Gas Sales Agreements (GSAs) and LNG SPAs
- Comparison and distinctions between supply and depletion contracts
- Contents of a typical GSA or LNG SPA
 - Duration, delivery point, property and risk, conditions precedent, start date, transportation and third party access
- Gas quantities and nominations
 - Buyer and seller obligations
 - Effects of under-delivery by seller
 - Need for flexibility: nominations, excess gas
- Take or pay obligations of the buyer
- Maintenance of facilities
- Specification of the gas
- Force majeure, termination, dispute settlement
- Contract pricing of gas

Learning Outcomes

- Understand the key oil and gas transportation arrangements
- Examine the sales arrangements of oil and gas
- Appreciate the contractual pitfalls and how these agreements can be negotiated profitably

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MODULE 6

Certificate in International Oil & Gas Contract Law

Dispute Resolution in Oil and Gas Contracts

Course Content

- Adjudication of oil and gas disputes
 - Court litigation, arbitration, statutory adjudication, expert determination
- International arbitration of oil and gas disputes
- Arbitration as a legal concept of dispute resolution
 - International arbitration, inter-state arbitration, reference to a 'collegiate' body, international commercial arbitration
- Expert determination in the oil and gas industry
- Mediation
 - Definition
 - Stay of proceedings pending mediation, refusal
- Negotiation of oil and gas disputes
 - Importance of negotiation in oil and gas business
 - Disadvantages of competitive or positional negotiation
 - Principled negotiation

Learning Outcomes

- Compare and contrast adjudication with other available types of dispute resolution
- Explore and appreciate the various dispute resolution mechanisms available to players in the oil and gas industry
- Examine the concept of negotiation in oil and gas disputes