



Oil & Gas

EXPERTISE & EXPERIENCE



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solicitors

a better perspective...



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The Oil & Gas practice of Conybeare Solicitors is built upon a solid foundation in commercial contract law matched with a key understanding of the risk-reward structure of the sector, which clients appreciate and rely upon to ensure that they have access to a first-class pragmatic legal and transaction advisory service wherever they may be operating.

OVERVIEW

Our Oil & Gas practice is primarily focused on upstream activities undertaken by exploration & production companies with an international dimension, with a particular emphasis on those working in Europe, Africa and Australia.

Over the years we have gained a particular understanding of civil law issues.

In all cases, we take the time to fully understand your business objectives and then provide a pragmatic, hands-on and commercial approach to helping you to achieve them as efficiently as possible, with the minimum amount of legal jargon.

We provide expert advice on all applicable aspects of English law and

EU legislation, and over the years we have gained a particular understanding of civil law issues by working with a number of local experts. Our expertise means that we give you clear, concise & practical advice.

We advise on the legal and regulatory aspects of obtaining exploration licenses, undertake negotiations with potential joint venture partners, review and prepare confidentiality agreements & non-disclosure agreements, draft and review areas of mutual interest agreements, farm-in agreements and joint operating agreements, draft and review service contracts related to exploration as well as negotiating and concluding contracts for the disposal of hydrocarbons.

Steven is a member of the Association of International Petroleum Negotiators (AIPN) and regularly participates in international conferences,

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ensuring that he is fully up-to-date with latest industry practice and developments, as well as being familiar with AIPN model contracts.

Our expertise covers:

- ◆ Exploration and production of hydrocarbons
- ◆ Buying and selling participating interests in JOAs
- ◆ Buying and selling of Oil & Gas producing assets
- ◆ Buying and selling E&P companies
- ◆ Structuring joint ventures to facilitate investment in exploration
- ◆ Joint Operating Agreements (JOA)
- ◆ Joint Operating Companies (JOC)
- ◆ Farm-in Agreements / Farm-out Agreements
- ◆ Areas of Mutual Interest Agreements
- ◆ Drilling Contracts
- ◆ Seismic Acquisition contracts
- ◆ Building, operating and leasing of natural gas pipelines
- ◆ Operating production facilities
- ◆ Disposal and sale of hydrocarbons

EXPLORATION

Exploration requires an in-depth understanding of business objectives, legal considerations and the prevailing regulatory environment.

Moreover, joint operations between E&P companies add an extra, but necessary layer of complexity to ensure that the risks and rewards are properly and adequately shared. We have worked with a number of operators on complex joint operating arrangements concluded with international E&P companies in respect of both conventional and unconventional resources.

The vast majority of Farm-out Agreements and Joint Operating Agreements are based on Association of International Petroleum Negotiators (AIPN) model contracts and are usually concluded under English law. However, where operations are located in civil law jurisdictions, then a

We have a demonstrable track-record of ensuring our clients achieve their business objectives on time.

proper evaluation and consideration of local law is required to fully understand the ramifications of relying on a different legal system or the interplay between the two in other cases. We have worked on a number of transactions in civil law jurisdictions,

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where we have adapted contractual arrangements to satisfy local requirements and where we have a demonstrable track-record of ensuring our clients achieve their business objectives.

We have expertise in the development of corporate structures and procedures to assist operators optimise their exploration activities, taking into account local regulatory restrictions, such as single-holder exploration and production licenses as well as non-delineation of license areas, by the creation of special purpose companies, governed by a shareholders agreement and the appointment of an operator under an operator service contract. In particular, the crucial issues of operator liability and the no-loss/no-gain principle of operatorship and also the consequences of default by any participant.

Our specific expertise includes:

- ◆ Setting up of legal and technical data rooms
- ◆ Confidentiality agreements / Non-Disclosure Agreements
- ◆ Data Exchange Agreements
- ◆ Area of Mutual Interest Agreements
- ◆ Farm-in and Farm-out Agreements
- ◆ Joint Operating Agreements
- ◆ Shareholders Agreements for Joint Operating Companies
- ◆ Accounting Procedures

SERVICE CONTRACTS

Operators rely on a number of specialist contractors to assist them with their E&P activities and we have negotiated and concluded a number of these service contracts for operator clients.

Aside from the commercial terms, one of the most critical aspects of these service contracts is the issue of liability and the proper allocation of risk and reward. Insurance is not always sufficient coverage and so this topic often leads to extended negotiations. An appropriate understanding of the underlying principles can usually provide the impetus to focus on the key issues, thus saving both time and money.

The key consideration in these service contracts is to appreciate the context and inter-relationship of any particular contract and the arrangements in place with other contractors and subcontractors. This should ensure that each party's relevant share of risk is properly allocated and priced. Ultimately, it is the desire of all parties to achieve a fair and balanced contract, taking into account the then prevailing economic climate, and for longer term contracts, the anticipated economic climate.

We are familiar with various industry standards and model form service contracts including those published by Association of Interna-

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tional Petroleum Negotiators (AIPN) and International Association of Drilling Contractors (IADC), which form the contractual basis of most international service providers and operators.

Our expertise covers:

- ◆ Operator Service Agreements
- ◆ Compliance with JOA or JOC accounting procedures
- ◆ Seismic Acquisition & Interpretation Contracts
- ◆ Well Services Contracts
- ◆ Drilling Contracts
- ◆ Lifting Agreements
- ◆ Shareholders Agreements for Joint Operating Companies
- ◆ Secondment Agreements

PRODUCTION

Success in the form of a commercial discovery is obviously the aim of all exploration but many issues need to be considered in advance. Production and the disposal of hydrocarbons give rise to a number of commercial as well as contractual issues. These range from installing the necessary production equipment and subsequent operation of the production facilities, transporting the hydrocarbons and ultimately their sale.

The contracts and agreements necessary to deal with these matters are often negotiated and concluded at an early stage and therefore it is important to ensure there is sufficient flexibility in the arrangements to cover delays and changes to the prevailing economic climate at the time of production.

Where transportation requires either new pipelines to be built or connection to existing facilities, then there is usually a long lead time due to ordering of requisite materials, but also to take into account governmental permitting procedures. For these reasons, it is critical to ensure that contractors are aware of timescales and can be held to account for delays which may adversely affect ancillary arrangements with subsequent knock-on effects down the line.

Our expertise covers:

- ◆ Production Sharing Agreements
- ◆ Production Operating Contracts
- ◆ Gas Sales Agreements
- ◆ Gas Transportation Agreements
- ◆ Pipeline Construction Contracts
- ◆ Pipeline Operation Contracts
- ◆ Unitisation Agreements

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EXPERIENCE◆ **OIL & GAS – Farm-in Agreement** / Hungary / Netherlands

We acted for a Hungarian oil & gas company on a complex farm-in agreement governed by English law which entailed the farm-out of a 75% participating interest in the exploration license within Hungary for unconventional resources and a 25% participating interest in conventional resources to a private equity backed Dutch company. Committed Work Program: USD 50m.

◆ **OIL & GAS – Joint Operating Agreements** / Central Europe

We have negotiated, drafted and reviewed a number of Association of International Petroleum Negotiators (AIPN) based joint operating agreements (JOA) for the exploration and production of oil and gas in Central Europe, and we are familiar with the civil law issues which arise when adapting common law principles to be effective in Central Europe.

◆ **OIL & GAS – Tender for Bids** / Hungary

We reviewed our client's commercial objectives and then drafted a call for tender/tender for bids issued to a number of participants in respect of the sale of 3 producing gas wells in Hungary.

◆ **OIL & GAS – Joint Ventures** / UK / Seychelles / Holland / Austria / USA

We have advised clients in respect of their rights and obligations under a variety of farm-in / farm-out agreements and joint operating agreements (JOA) as part of the corporate restructuring of continuing operations by way of sale & purchase of participating interests, automatic transfer of participating interests pursuant to issuing of default notices under JOA.

◆ **OIL & GAS – Joint Operating Company** / Hungary

We acted for a Hungarian oil & gas company on its incorporated 50/50 joint venture arrangement (JOC) with another Hungarian major in respect of hydrocarbon exploration in the Hungarian/Croatian border areas, which involved the extensive assessment, review and conversion of Association of International Petroleum Negotiators (AIPN) based joint operating agreements (JOA) into a shareholders' agreement and the negotiation and execution of a deemed operator services agreement.

◆ **OIL & GAS – Seismic Acquisition** / Hungary

We acted in relation to the lengthy negotiation and execution of an onshore 3D seismic acquisition contract with a leading German contractor, as well as all related ancillary service-contracts, such as Quality Control supervision services agreement and ongoing contractual issues arising during the performance of the services.

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◆ **OIL & GAS – Service Contracts** / *UK / Hungary*

We have advised on a number of oil & gas service contracts relating to oil & gas upstream activities for both contractors and employers/principals, covering drilling contracts (conventional and HTHP wells), fracking contracts, hydrocarbon and distillate disposal agreements, production operating contracts, production sharing agreements as well as leasing and operation of natural gas pipelines.

◆ **OIL & GAS – Gas Sales** / *Central Europe*

We assisted our international client to negotiate and execute a contract with Eon for the sale of natural gas from its Hungarian producing wells, where the gas was to be transported along a newly built natural gas pipeline and then injected directly into Eon's underground storage facility – approx. 30,000,000 m³ – as well as reviewing and assessing environmental and local authorities permitting issues.

◆ **OIL & GAS – Natural Gas Pipeline** / *Central Europe*

We assisted our international client to negotiate and execute a contract for the construction of a new 22 km natural gas pipeline in Hungary including the financing arrangements as well as the contractual arrangements to connect the pipeline into Eon's existing infrastructure, who would also lease part of their pipeline and undertake operational services and maintenance.

◆ **OIL & GAS – Exploration Licensing** / *Hungary*

We managed and supervised a team of Hungarian lawyers on the legal and commercial strategy in a series of challenges to the client's exploration licenses, which ultimately resulted in the issuance of judicial review proceedings to intervenor claims being filed with the Supreme Court of Hungary prior to the matters being amicably settled.



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