



**OIL & GAS**  
LAWYERS

conybeare  
solicitors

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[www.conybeare.com](http://www.conybeare.com)

**Steven Conybeare** of Conybeare Solicitors "is personable and responsive, and his work on international transactions was just fantastic" according to impressed clients. Steven is a long-standing presence in CEE. Clients are extensive in praising his Budapest-based corporate practice, particularly his "broad cross-border expertise. He sees the full picture, while also being detail-oriented. He always makes sure that his client's interests are fully protected." He advises on M&A across a range of industries, with particular activity on cross-border and CEE-wide mandates, as well as transactions arising from the UK market. His experience is notably strong in the energy and real estate sectors. Clients state: "He is able to quickly and efficiently understand the commercial requirements of a transaction, and is fantastic at negotiations with counterparty lawyers."

*Chambers & Partners Global Guide 2016*

M&A boutique Conybeare Solicitors' 'very ambitious' team is a key name for oil and gas transactions, and is commended for its 'industry knowledge' and 'commercial understanding'. *Legal 500 EMEA Guide 2016*





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## OIL & GAS

*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 and across the full spectrum of Europe – Western,

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

Central, Southern and Eastern. 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 ap-

plicable 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 par-

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participates in international conferences, 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
- ◆ Fracture Stimulation Service Contracts
- ◆ Joint Study Agreements
- ◆ Joint Bidding Agreements
- ◆ 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
- ◆ Fracture stimulation 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** – Sale of E&P Company / UK and Romania

We acted for our English Oil & Gas client company on the pre-sale restructuring of its Romanian exploration and production subsidiary company and its consequential sale by way of a share sale and purchase to a Romanian buyer.

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

We acted for our Hungarian Oil & Gas client company on the successful implementation of an incorporated joint venture with the Serbian national Oil & Gas company for hydrocarbon exploration and production in Hungary. The transaction documents required negotiation and execution of a joint venture agreement, an operator services agreement, loan facility agreements and ancillary agreements.

◆ **OIL & GAS** – 140 km<sup>2</sup> Seismic Acquisition Contract / Czech Republic and Austria

We acted for our Czech client company in connection with general advice and assistance as well as the drafting of a technically complex and environmentally sensitive 3D seismic acquisition contract for which the Czech client was undertaking an EU public procurement process.

◆ **OIL & GAS** – Invitation to Tender and Fracture Stimulation Contract / Germany

We provided English law advice and assistance to our upstream client in connection with the preparing of a full suite of invitation to tender (ITT) documents including a master contract for services relating to fracture stimulation (“fracking”) to be undertaken in Germany. The ITT documents including a number of challenging issues, not least the impact of environmentally led regulatory issues relating to fracking and the consequent impact on timing and thus pricing. We drafted the ITT documentation in a short timescale and liaised with client’s in-house counsel as well as local German counsel to ensure that the ITT met the strict time requirements of the client. We were instructed as the contract is subject to English law (as is common in the industry when operating in Europe) due to the particular “knock for knock” indemnity provisions which are prevalent in the industry and on which we are experts.

◆ **OIL & GAS** – Joint Study Agreement / Hungary, Serbia

We are advising our longstanding client in relation to their commercial arrangement with a Gazprom Neft subsidiary in Serbia to undertake a joint study in relation to the new hydrocarbon exploration licenses which are to be subject to a bid round by the Hungarian government and to agree terms for it as well as the arrangements for submitting a bid in respect of those licenses the parties jointly agree to seek which include some bordering Serbia and thus include consideration of cross-border unitisation of developments. Over and above traditional commercial and legal issues, the bidding round is subject to ongoing advice depending on how the licensing rounds will work in practice and in particular the criteria to be applied when considering bids which is an area in which we have specialist knowledge.

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◆ **OIL & GAS** – 200 km<sup>2</sup> 3D Seismic Acquisition / [Hungary, Central Europe](#)

We were instructed to draft and negotiate a 3D seismic acquisition contract in relation to a new seismic acquisition program conducted in Hungary, including through Natura 2000 (EU protected environmental zones). We helped our client issue a tender for contractors, and undertook extensive negotiations with successful bidders from Hungary, Poland and Germany. The contract was awarded to a Polish contractor following successful negotiation and execution of the contract. In addition to this contract we were also involved with all ancillary contracts dealing with Quality Control (QC) contractor appointments, land damage assessment and related services.

◆ **OIL & GAS** – Farm-out Agreement / [Hungary / Serbia](#)

We assisted our upstream client in their negotiations and subsequent execution of a farm-out agreement relating to a 50% participating interest in conventional resources which was acquired by a subsidiary of Gazprom Neft. The structure deployed was a novel one for Hungary which required careful consideration of payment terms and structure, but which allowed the client to book a receivable on the farm-out, rather than invest via a traditional carry structure.

◆ **OIL & GAS** – Farm-in Agreement / [Romania / Central Europe](#)

We provided English law advice and assistance to our upstream client in its farm-in to a 50% participating interest in conventional resources in Romania. The structure deployed was a novel one for Romania which required careful consideration of payment terms, but which allowed the client to book a receivable on the farm-out, rather than a traditional carry structure.

◆ **OIL & GAS** – Joint Operating Agreement / [Hungary / Central Europe](#)

We assisted our upstream client in their negotiations and subsequent execution of an AIPN International joint operating agreement (JOA) relating to a 50% participating interest in conventional resources which at the same time included provisions for financing and a subsequent demerger as a mechanism to transfer relevant assets all optimised for Hungarian corporate and tax laws.

◆ **OIL & GAS** – Joint Operating Company (JOC) / [Hungary / Central Europe](#)

We assisted our upstream client in the conversion of an unincorporated joint venture (Joint Operating Agreement) into an incorporated joint venture (Joint Operating Company) which included significant debt-for-equity and the negotiating, drafting and execution of a shareholders' agreement for the continued exploration and production of a new hydrocarbon exploration license as well as a number of production licenses.

◆ **OIL & GAS** – Joint Operating Company (JOC) / [Hungary / Central Europe](#)

We negotiated, drafted and executed a shareholders' agreement for our upstream client relating to an investment by a Hungarian public oil company in an incorporated joint venture (Joint Operating Company) undertaking exploration and production of a Hungarian exploration license. The shareholders agreement included specialist provisions accommodating AIPN International Joint Operating Agreement principles duly adapted for Hungarian corporate, accounting and tax regulations.

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◆ **OIL & GAS** – 450 km<sup>2</sup> 3D Seismic Acquisition / [Hungary](#) / [Central Europe](#)

On behalf of our upstream client, we negotiated, drafted and executed an agreement for the acquisition of onshore 3D seismic across an area of 450 km<sup>2</sup> with an option 50 km<sup>2</sup> with a leading Polish contractor.

◆ **OIL & GAS** – Contractual Operatorship Services Agreement / [Hungary](#) / [Central Europe](#)

We negotiated, drafted and executed an agreement for the provision of contractual operatorship services by our Hungarian exploration and production client in relation to services provided to its joint venture subsidiaries.

◆ **OIL & GAS** – Master Drilling Contract / [Hungary](#) / [Central Europe](#)

We assisted our upstream client in its detailed negotiations with a leading German drilling contractor and the subsequent drafting and execution of a master drilling contract for the client's 5 conventional wells drilling program.

◆ **OIL & GAS** – Financing – USD100m secure bond placement / [USA](#) / [Hungary](#)

We assisted our NASDAQ listed client and their US special counsel on all Hungarian aspects of a partial group corporate restructuring as well as negotiations and execution of corporate security arrangements with the security agent on behalf of bondholders.

◆ **OIL & GAS** – Financing – USD 65m pre-paid swap / [UK](#) / [France](#) / [Hungary](#)

We assisted our NASDAQ listed client company, in conjunction with its primary English and French legal advisers, on all Hungarian aspects of the proposed financing arrangements to be implemented by Deutsche Bank, which involved reviewing and commenting on ISDA Swap Transaction documentation as well as Hungarian corporate law issues.

◆ **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.

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◆ **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.

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

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 m<sup>3</sup> – as well as reviewing and assessing environmental and local authorities permitting issues.

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◆ **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 intervener claims being filed with the Supreme Court of Hungary prior to the matters being amicably settled.

◆ **OIL & GAS** – Exclusive Operations / [Europe](#)

We acted for a number of our E&P client companies in connection with their proposed exclusive operations under JOAs and/or shareholder agreements governing JOCs, including the review, consideration and negotiation of applicable terms under the governing agreements taking into account mandatory local legal and fiscal regulations, whilst maintaining commerciality.

◆ **OIL & GAS** – Proposed acquisition of Production Assets / [Europe](#)

We acted for our international E&P client company on its proposed purchase of a package of production licenses and production facilities which included reviewing, considering and undertaking legal and regulatory due diligence and negotiations on a sale and purchase contract.

◆ **OIL & GAS** – Acquisition of Drilling Contractor / [Europe](#)

We acted for our service contractor client company on the screening and preliminary due diligence review of its proposed purchase of a European drilling contractor company which included reviewing and considering existing drilling contracts and pending tender submissions.

◆ **OIL & GAS** – Drilling Contract / [Europe](#)

We advised our service contractor client company on the drafting of a drilling contract in the form of a master services agreement as part of its tender for bids, and the subsequent negotiation and execution of a two plus one well option drilling contract with the winning bidder.

◆ **OIL & GAS** – Concession Contract / [Hungary](#)

We acted for our oil & gas company client following its successful bid for a concession license in Hungary and in conjunction with Hungarian legal counsel, we provided advice and assistance provided on the terms of the concession contract issued by the Hungarian government and related mining authority and regulatory issues.

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◆ **OIL & GAS** – Sale of E&P Company / [Hungary](#)

We acted for our Austrian client company on the sale of its 100% holding in a Hungarian exploration and production subsidiary holding a current hydrocarbon exploration license along with 5 hydrocarbon production licenses by way of a share sale and purchase for a significant cash consideration and a committed work program.

◆ **OIL & GAS**– Sale of Producing Assets / Production Licenses / [Hungary](#)

We acted for our Hungarian Oil & Gas client company on the successful sale of its oil producing assets / production licenses in Hungary.

◆ **OIL & GAS** – Seismic re-processing contract/ [Hungary](#) / [Austria](#)

We acted for our Hungarian Oil & Gas client company on the negotiation and execution of a seismic re-processing agreement, relating to an existing 3-D seismic acquisition.

◆ **OIL & GAS** – Termination of Joint Operating Company / [Hungary](#)

We acted for our Austrian Oil & Gas client company on the successful termination of an incorporated joint venture with a Hungarian Oil & Gas company, which had been formed for hydrocarbon exploration and production in Hungary. The transaction required negotiation and execution of a tax-neutral and cost-effective arrangement.

◆ **OIL & GAS** – Farm-out Agreement / [Germany](#)

We acted for our German Oil & Gas client company on the successful farm-out of a portion of an exploration license in Germany to a national oil company and the execution of related documents to bring in the new partner to an existing JOA, all of which was subject to English law.

◆ **OIL & GAS** – Joint Operating Agreement / [Germany](#)

We acted for our German Oil & Gas client company in undertaking a detailed legal review and contractual interpretation of an existing JOA governed under English law relating to a proposed exclusive operation and the extent of the subject area and preparing a detailed memorandum of advice thereon

◆ **OIL & GAS** – Farm-out Agreement / [Europe](#)

We advised our German Oil & Gas client company on the legal interpretation of the terms of a farm-out agreement governed under English law relating to the “carry” premium to be paid and farm-in obligations specified therein.

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◆ **OIL & GAS** – Oilfield Service Contracts / [Germany](#)

We acted for our German Oil & Gas client company on the successful negotiation and execution of master service agreements (MSA) governed by English law for the provision of a suite of oil field services relating to their 3 well drilling campaign. The service providers included international contractors such as Baker Hughes, Halliburton, Schlumberger, Weatherford as well as independent specialist contractors for drilling fluids and chemicals.

◆ **OIL & GAS** – Drilling Contract / [Germany](#)

We assisted our German Oil & Gas operator company, together with local German counsel, on the successful negotiation and execution of a drilling contract with a German contractor for two conventional wells.

◆ **OIL & GAS** – Joint Operating Company / [Hungary](#) / [Serbia](#)

We acted for our Hungarian Oil & Gas client company on the successful implementation of an incorporated joint venture with a Serbian Oil & Gas company for hydrocarbon exploration and production in Hungary. The transaction documents required negotiation and execution of a joint venture agreement, an operator services agreement, loan facility agreements and ancillary agreements.







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