

June/July 2008 President's Message

The mission of the AIPN is to increase the professionalism of cross-border petroleum negotiators and the ancillary professions that support them. To accomplish this, the AIPN is dedicated to providing services to promote the skills and effectiveness of our members around the world. In order to remain on the cutting edge of a constantly evolving industry, we also need to constantly identify and develop new services to retain our members as well as attract potential members.

Model Contracts

Our flagship service is the development and updating of Model Contracts. For the last 20 years, drafting committees have developed a variety of fair, neutral and balanced Model Contracts most required by petroleum negotiators. Several drafting committees are currently nearing completion of their work - these include two versions of the Gas Transportation Agreement (with and without the infrastructure already in place), a revised Business Consultant Agreement and the LNG Sales and Purchase Agreement. Work began last year on revisions to our services agreements as well as a new drilling contract. Work is just getting underway on revising and updating the 2002 Operating Agreement. The drafting committees also prepare Guidance Notes to give users insight into the deliberations of the committee and why it chose to include certain provisions and not others, and decided that certain provisions should be options and alternatives. In the last couple of years, the committees have been producing Education Modules, to introduce people to the Model Contracts in Regional Chapter meetings. The Education Modules are power point presentations which outline the major, substantive provisions of the Model Contract. Term Sheets have been produced by a separate drafting committee for several of the Model Contracts - these identify the essential elements that a contract of this type should have and serve as a practical tool for the negotiator in developing the contract. Model Contracts, Guidance Notes and Term Sheets are available free of charge to members on the AIPN website. Because a Model Contract can only be effective if it is widely used, the Models are also available for a nominal charge to non-members. We also have translations of several of our Model Contracts, with the purpose of introducing them to people whose first language is not English. The most recent translation is the Russian translation of the 2007 Confidentiality Agreement. In order to facilitate the use of Model Contracts while the negotiator is working away from the office, the Board is currently considering producing mini-versions of each of the Models that are easily portable. Each of our Models is reviewed periodically to insure that it is up-to-date and addresses any issues identified with the earlier version. You can provide your comments and real-life experiences with any of the Model Contracts on our website. These comments are extremely valuable and will be considered by the drafting committee when it revises a Model.

Conferences and Workshops

Other long-time services include our annual International Energy Law, Contracts and Negotiations courses, consisting of two week-long, in-depth courses, one devoted to upstream and one to mid-stream international energy issues and agreements, and the annual Model Contracts Workshop where drafting committee members and others can provide comments about the contracts currently under development. The AIPN also holds annual spring conferences in the United States and international conferences in numerous locales around the world. The 2008 international conference, whose theme is "Coming Round Again! Developing a Second Generation Oil and Gas Province," will be in Edinburgh on September 14-17, followed by a one-day educational course, "Joint Projects: Cross Border Pipelines and Unitization" on September 18. The 2009 international conference will be in Bangkok on October 18-21 and the 2010 conference will be held in Doha. AIPN conferences provide courses of topical interest, as well as exceptional networking opportunities with others in the industry. New in conjunction with the 2009 Bangkok conference will be an investment forum co-sponsored with SEAPEX. The half day session will showcase investment opportunities in the region through a series of short presentations. There will also be an opportunity to meet the project sponsors for more detailed discussion during the conference.

The Negotiation Skills Workshop is offered twice a year in various locales around the world. The next NSW will be September 9-11 in London, just before the Edinburgh conference. Workshop faculty members are currently discussing whether an Advanced Negotiation Skills Workshop would be of interest to members.

A recent addition to our line-up of courses is the Dispute Resolution in the International Oil & Gas Business Conference held with different arbitral institutions. The next conference, co-sponsored with the International Centre for Arbitration (a division of the American Arbitration Association), will be held in Rio de Janeiro on October 20-21, followed the next day by a meeting of the AIPN's Latin American Chapter. As you can see, we try to schedule various events at the same time and general locale to make it more worthwhile for our members to travel a long distance.

For those who find it difficult to travel to our conferences, you can still find courses closer to home. Our Regional Chapters are the best means of delivering services to members and prospective members in many locales around the world. Each Regional Chapter holds periodic educational and networking meetings. These vary from monthly lunch meetings of the U.S. Chapter in Houston to half-day or full-day courses in rotating locales within other Regional Chapters.

Educational Resources

Our newest educational resource is the official AIPN publication, the Journal of World Energy Law and Business, which is designed to provide both scholarly and practical articles relating to law and business, reflecting the diverse make-up and interests of our membership. The first issue was recently published and the second and third issues are expected to be available on July 30 and October 29. The upcoming issue will contain these articles: "Stabilization in International Oil & Gas Host Government Contracts", "Reconciling Regulatory Stability and Evolution of Environmental Standards in Investment Contracts: Towards a Rethink of Stabilization Clauses" and "Investment to Promote Electricity Supply in India: Regulatory and Governance Challenges and Options." The JWELB can be downloaded on our website free of charge for members.

There is a wealth of other educational resources on the AIPN website. Each year the AIPN funds a research grant to authors who submit proposals for a timely topic chosen by the AIPN Board. Papers on stabilization clauses have recently been finalized and the paper on expropriation will be available soon. The topic for the upcoming year is the role of NOC's. We have also long-held an annual student writing competition. The two winning papers are printed in the Advisor, and the winners receive complementary registration to attend the international conference where they have an opportunity to discuss their papers. While it would be very difficult to develop a Model Contract for Host Government Contracts, since there are a variety of types, we have several chapters of the Host Government Handbook on the website, which provides numerous examples of actual clauses. The chapter on stabilization clauses will be available soon.

A final service that we hope to deliver to members free of charge is access to the Barrows Library. We are currently discussing this possibility with Gordon Barrows. The current plan is that members would trade a current law, regulation or contract in order to obtain another law, regulation or contract. By doing this, we will be able to keep the Library up-to-date, which is critical. Members that do not have anything to trade would pay a nominal charge. Details still need to be worked out, but if we can reach agreement, this will be an incredible benefit to members. Thanks to Gordon Barrows for including the AIPN in his plans for the future of his Library.

Planning, developing and implementing these services require a lot of work. Next month, I will tell you how you can participate in this process by joining one of the AIPN's numerous committees.

All the best,
Pat Allison