

2008-2009 AIPN YEAR IN REVIEW: WHAT WE'VE ACCOMPLISHED AND WHO MADE IT HAPPEN

Over the course of the last year, I have provided monthly updates in the Advisor about the many things the AIPN and our members have been doing. Looking back on the year, I am gratified about how much we have accomplished together, particularly since the work has been done almost entirely on a volunteer basis. Our members willingly give of their time and expertise to make the AIPN a better organization that serves our members' needs and the needs of the industry as a whole.

My sincere thanks go first to the 2008-2009 Board, an incredibly hard-working group of 37 individuals (12 officers, each with functional responsibilities, 7 Regional Directors in charge of activities in the 7 Regional Chapters, and 18 Directors-at-Large). The accomplishments listed below are very much a result of their efforts and those of other interested and involved AIPN members.

MODEL CONTRACTS

Owen Anderson has served as the Vice President of Model Contracts during 2008-2009 and, under his leadership, two Model Contracts have been finalized and three drafting committees have been started. Owen oversees the drafting committees and their activities and also provides the final legal edit of the Model Contracts (free of charge for his services) before they are sent to the Board for approval. The Gas Transportation Agreement, in the works for three years, was approved in January 2009. The drafting committee, co-chaired by Ariel Kaufman and Andreas Gunst, chose to develop two versions of the Model, one with pipeline already in place and one before the pipeline is installed. The revised Consultant Agreement for Business Development in a Host Country was approved in September 2008. This drafting committee, co-chaired by Steve Molina, Chris Strong and Ron Sponberg, focused on making this agreement more international in scope with less emphasis on the FCPA than the original Consultant Agreement. Also approved in September was the Australian User's Guide for the 2002 JOA and 2004 Accounting Procedure, which provides advice on how to modify these AIPN Models for use offshore Australia. Andrew Thompson and Greg Heath spearheaded this effort. Term Sheets for the 2002 JOA and the Study and Bid Group Agreement were also approved. Guy Dayvault and Tom Bateman did most of the work on these Term Sheets, which identify all the salient provisions an agreement of these types should include.

Three translations of Model Contracts were prepared in the last year: the Russian and Spanish translations of the 2007 Confidentiality Agreement and the Spanish translation of the 2004 Accounting Procedure. Our Model Contract policy provides that translations must be made by a single translator and reviewed by at least two independent reviewers. The Russian translation of the Confidentiality Agreement was prepared by Jennifer Josephson, Adam Smith, Doran Doeh and Shane DeBeer, all with law firms in Moscow. The Spanish translation of the Confidentiality Agreement was done by Maria Vargas and reviewed by Veronica Geller and

Elisabeth Eljuri. The Spanish translation of the Accounting Procedure was made by Hilda Yumiseva and reviewed by Maria Vargas and Veronica Geller. Our translations are literal translations intended for informational and educational purposes and may not be suitable for use in some legal jurisdictions. The translation of a Model is typically initiated in the Regions when there is support for such a product.

The LNG Master Sales Agreement has been in the works for 3 ½ years, and is now in the final editing stages and should be approved within the next month or two. Harry Sullivan and Steve Miles co-chaired what was probably our largest drafting committee ever with approximately 160 members. They held meetings in many venues around the world. When it is finalized, it will be available free to members on the website.

New initiatives this year include the Model Contracts Template, Terms and Definitions project, co-chaired by David Moroney, Chris Moore and Owen Anderson. This drafting effort was a direct result of a review and analysis of our Model Contracts by Owen, who determined that our Models are some times inconsistent in certain respects and recommended that we develop a template for our Models as well as standard terms and definitions to be used in all Models. Work on the AMI Agreement commenced this year, with the effort being led by Frank Alexander and Mike Josephson. A third Model was also commenced recently, the Data Exchange Agreement, whose drafting committee is chaired by Carol McDiarmid and Erin Dyer.

Work continued on revision to the 2002 JOA (co-chaired by Jim Barnes and Garry Howe), revision to the suite of Master Services Agreements including a new drilling contract chaired by Bill Pugh with Charles White and Don Simpson as co-chairs for the MSA's and drilling contract subcommittees, respectively.

Frank Alexander finalized Section 5 of the Government Petroleum Contract Handbook regarding Minimum Exploration Commitments. This section references 18 different GPC's and analyzes all aspects of GC exploration work commitments and minimum expenditure commitments. Jay Todesco provided a peer review.

In July, we held our annual Model Contracts Workshop in Vail, Colorado, which had sold-out attendance, as usual. Per Schoyen and Garry Howe co-chaired the Workshop, at which all of the Model Contracts then in development were discussed. The 2009 Model Contract Workshop, co-chaired by Garry Howe and Marilda Rosado, will be held in Rio de Janeiro on June 21-24. Our drafting committee co-chairs will again present the issues being addressed by each of our committees, and attendees will give their suggestions for improving the Models.

EDUCATION

Mike Arruda, who has served as our Vice President of Education during the last year, has several educational initiatives under his jurisdiction. The first issue of the official publication of the AIPN, the Journal of World Energy Law and Business, was published in May 2008. There have been four issues published to date. They are available free of charge to AIPN members on

our website. JWELB is a peer-reviewed journal providing objective coverage of relevant issues and combines academic excellence, practicality and professional relevance. Former AIPN President Tim Martin was the driving force leading to the agreement between the AIPN and Oxford University Press to develop the Journal. JWELB has a Board of internationally respected academics, lawyers and other energy professionals. Tim and Daniel Johnston led the effort to find a new General Editor to replace Thomas Walde who died unexpectedly last October. Peter Roberts has recently been approved as the new General Editor.

The Negotiation Skills Workshop was held in London September 9-11, 2008; the next NSWS will be held in Houston in the fall. Yvonne Holm and Harry Sullivan co-chair the talented and dedicated group of faculty who teach this course once or twice a year.

Two research papers were finalized during the past year: "Expropriation of Oil & Gas Investments: Historical, Legal, and Economic Perspectives of Resource Nationalism" edited by Jay Wagner and Robert Priddle of Plexus Energy Ltd., U.K. and "The Pursuit of Stability in International Energy Investment Contracts: A Critical Appraisal of Emerging Trends" by Prof. A.F.M. Maniruzzaman, University of Portsmouth, U.K. These papers are available on our website. In an effort to attract more proposals for research papers, the Board voted to increase the amount of the research grants from \$10,000 to \$25,000. In addition, authors are now being asked to propose a subject of current interest that they wished to research and write about, rather than having the Board propose the topic.

The student outreach effort under Eric Fry was active as usual. Student Clubs were formed at the University of Wyoming (in honor of Gordon Barrows) and University of Dundee (in honor of Thomas Walde). We approved a student scholarship program (also started in honor of Gordon Barrows) to begin this year, with four scholarships of \$5000 each, and a Scholarship Committee to make recommendations to the Board. Winners of the 2008 student writing competition were announced and won a trip to our International Conference in Edinburgh. The winners were Kathleen Campbell of the University of Houston, "The Tide Has Turned: Incorporating the Law of the Sea Treaty into America's Energy Policy" and Assel Amanova, University of Calgary, "Investment Regime in Kazakhstan's Upstream Petroleum". These papers can be found in the archived Advisor's section of the website, August and October 2008 issues. Our Education Advisory Board again helped us with various student outreach initiatives including acting as mentors of student clubs, helping select student writing competition winners and scholarship recipients. "Roadshows" were made by Eric to the University of Oklahoma, Tulsa University and SMU and Jerrod Jones to Texas A&M, to introduce students to the AIPN and international petroleum as a possible career. About 20 students attended last year's spring conference free of charge, and students will again attend this year's conference.

The University of Houston Student Club has been exceptionally active under the leadership of Jennifer Chiang. The Student Club has now grown to 35 AIPN members and has an Executive Board of 7 members. They started a newsletter with over 150 recipients, hosted four programs for UH Law students, held AIPN recruitment events and regularly attend US Chapter meetings.

A one-day education course was held in Edinburgh immediately following the 2008 International Conference. The topic was Cross-Border Pipelines and Unitization. A one-day education course, Upstream International Economics and Asset Valuation Workshop, will be held on Wednesday, April 29 before the start of the 2009 Spring Conference. The latter is an abbreviated version of a workshop that is currently being planned under the direction of Chris Moore and Irena Agalliu.

CONFERENCES

Pablo Alliani served in his second year as Vice President of Conferences and was responsible for global coordination and oversight of all of our conferences. He was ably assisted by our Assistant Executive Director and Event Manager, Angelique Vesey, and Executive Director, Valerie Van Lelyveld. While our conferences are largely planned on a local level, the AIPN staff ably assists with all administrative details. Their attention to detail is what makes our conferences so successful. The 2008 Spring Conference was held at the Lost Pines Resort in Bastrop, Texas (near Austin) on April 23-25. There were at least 172 registered for the conference, a record number for one of our spring conferences. Doug De Filippi and John Bowman co-chaired the conference, themed “Big Projects, Big Rewards, Big Risks - Addressing the New Realities for Major Projects”. Last September we held our International Conference in Edinburgh, Scotland. Peter Cameron and Graham Cooper co-chaired and participated in the conference whose theme was second generation oil and gas provinces, with an emphasis on the North Sea. There were at least 162 people registered for this conference. Next up is the 2009 Spring Conference to be held April 29 to May 1. We will hold it in New Orleans, Louisiana for the first time. Bill Pugh and Deborah Resley are co-chairing this conference, themed “Market Unease and the Big Easy – Contracting and Investing Despite Global Volatility”.

Registration will open soon for our 2009 International Conference to be held in Bangkok, Thailand on October 18-21. The theme is “Deal-Making in the New Energy World Order”. New this year will be a Business Opportunity Forum to be held in partnership with SEAPEX. Rick Goenner is serving as the Global Coordinator of the Bangkok Conference and Andrew Smith, Brad Roach, Tara Tiradnakorn are co-chairs with Al Chandler providing local liaison.

The AIPN Board last month reviewed proposals for venues for our 2011 and 2012 International Conferences. Banff, Alberta and Rio de Janeiro were selected for 2011 and 2012, respectively. A strong proposal was presented for Beijing and it will no doubt be considered in the future. Next year’s International Conference will be held in Doha and Sultan Al-Abdulla is heading this planning committee.

A dispute resolution conference, which was coordinated by Tim Martin and co-sponsored with the International Centre for Dispute Resolution, was held in Rio de Janeiro in October 2008. Another one is planned for Singapore on October 26 and 27, 2009, in conjunction with a joint venture of the Singapore International Arbitration Centre and the ICDR. Another dispute resolution conference will be held next April in Houston in association with the ICDR.

COMMUNICATIONS

Costa Fotopolous has served as Vice President of Communications for the last two years and has several matters under his jurisdiction. His primary activity this year involved selecting a service provider to do a complete remodel of our website. I reported on this in the March 2009 Advisor – see <https://www.aipn.org//documents/advisor/March2009Layout1.pdf>. Costa is also responsible for the Advisor as well as the Job Bank and Resume Referral Service. With the assistance of Wendy Petronella, our Website Coordinator, he has re-designed the layout and content of the Advisor, set up a review and editing process for submitted articles, and improved integration of the Advisor with the AIPN website. After several years of being fairly dormant, the Job Bank/Resume Referral Services is being revived and will first target students and recent graduates. Promotional materials were prepared targeting students, potential employers and educational institutions. In addition, presentations were made at Student Clubs and to professors to build awareness of this service.

2009-2011 BUSINESS PLAN

Vice President of Planning, Doug Uchikura, and Valerie van Lelyveld, our Executive Director, were responsible for overseeing the process for the development of the 2009-2011 Business Plan. We began developing Business Plans in 2005 at the suggestion of Rick Goenner and Deborah Resley, who led the preparation of the first Business Plan, a 5-year Plan covering 2006-2010. Due to the importance of the planning process, the VP of Planning position was created two years ago. We have since decided that a 3-Year Plan is more appropriate and workable than a 5-year Plan. The current Plan for 2009-2011 is available at <http://www.aipn.org/members/modelagreements/details.asp?id=93>.

REGIONAL CHAPTERS

Six of our seven Regional Directors were new to the Board this year. They include Abayomi Akinjide (Europe-Africa), Marleen Bergman (U.S.), Courtney Fowler (CIS), Bill Lafferrandre (Australia Asia Pacific), Luis Pacheco (LARC) and Jay Park (Canada). Sean Korney served in his second term as Regional Director for the Middle East Chapter. All of them have brought great enthusiasm to the position and have worked hard to develop executive committees to assist them. The Regional Chapters are our vehicle for delivering services and offering networking opportunities to our members within their areas. During the 2008-2009 AIPN Year, at least 40 Regional Chapter meetings were held in the following locales with meetings held several times in some of the locales:

Aberdeen, Almaty, Bangkok, Calgary, Dallas, Dubai, Ho Chi Minh City, Houston, Kuala Lumpur, London, Melbourne, Moscow, Perth, Rio de Janeiro, Singapore, Suntee City, and Tokyo

Most of the Regions have plans to hold meetings in additional venues next year. Each Regional Chapter will have its own page on the website, once it is redesigned. Discussions will occur soon

to determine when certain new Regional Chapters may be created. For more information about the Regional Chapters see the January 2009 issue of the Advisor <https://www.aipn.org//documents/advisor/January2009.pdf>.

ADMINISTRATION

Richard Aguirre and Valerie van Lelyveld are the co-chairs of our Administration Committee and oversee staff matters and the overall running of the AIPN. Of major interest this year was the move into larger office space in the same building. Come by to see it. If you are visiting from out of town, please feel free to use the office space as a base for your operations.

EXTERNAL AFFAIRS

Chris Moyes served as the first Vice President of External Affairs, a position that was created last year. He brings a wealth of experience to promoting the AIPN and our services. For the first time we are experimenting with advertising in professional trade publications. We are co-sponsoring and co-promoting events with other organizations, such as SEAPEX and APPEX. Chris was responsible for designing the mini-model contract books as well as the tri-fold promotional brochure which is easily adapted for use in the Regional Chapters. Chris also chaired the new Presidential Advisory Committee. More information about our External Affairs program is available in the February 2009 issue of the Advisor <https://www.aipn.org//documents/advisor/February2009.pdf>.

TREASURER

Victor Obadiah served in his third term as Treasurer of the AIPN with help from Assistant Treasurer, David Davies (the Assistant Treasurer position was created last year due to volume of financial dealings of the organization). They developed our \$1.5 million annual budget for 2009 with input from our officers. They maintain a balanced budget, watch our expenditures and also liaise with our investment advisors. New this year is an Investment Committee to help us make prudent investment decisions.

SECRETARY

Don Wendland, our Secretary, is responsible for making sure the members of the Board are aware of their duties to the organization and that we follow rules pertaining to Texas not-for-profit organizations. He heads the Legal Committee which reviews contracts and various legal issues facing the AIPN. He prepares the Minutes of our Board Meetings and Reports of the Executive Committee, with the able assistance of staffer Wendy Petronella.

COMMERCIAL FORUM

The Commercial Forum, chaired by David Davies and Costa Fotopoulos, became a standing committee this year and grew out of the 2007-2008 Goal Committee No. 1 (Achieve

Commercial Balance). Membership of the AIPN is almost equally balanced between commercial and legal, yet there has been the perception that perhaps not enough attention has been paid to commercial issues. One of the first initiatives of this Committee is the development of two tracks to be held at the 2009 Spring Conference, one focused on commercial issues and the other on legal issues. The one-day valuation/evaluation education course to be held at the Spring Conference and the extended evaluation workshop being planned will have a commercial focus. Chris Moore and Irena Agalliu are heading the committee to develop the evaluation workshop.

MEMBERSHIP

We amended our Bylaws to allow more flexibility for admitting applicants. Now active membership will be open to all who have an interest in international petroleum transactions, rather than only those who are “primarily engaged” in international negotiations or supporting professions. The Membership Committee, chaired by Elisabeth Eljuri, our Vice President of Membership, reviewed and made recommendations about the changes. The Committee also reviews all of our applications for membership. 515 new members were approved from April 2008 through March 2009, compared to 409 for the same period in the prior year. The Committee has also developed a proposal to be considered at the April 29 Board meeting which will provide for a temporary waiver of dues for persons who have lost their jobs, as well as a discounted membership fee for retirees.

NOC OUTREACH

The NOC Outreach Committee, also chaired by Elisabeth Eljuri, was created this year, as a continuation of 2007-2008 Goal Committee No. 3 (Increase NOC and Host Government Participation). The Committee has held a number of meetings in the last year to discuss how to make the AIPN more relevant to NOC's and host governments. We already have three representatives of NOC's (Sena Anthony who recently retired from the Nigerian National Petroleum Corporation, Alberto Tovar of Ecopetrol and Guy Dayvault of Gazprom) on our Board and 16% of our sponsorship funds come from NOC's. This year we will be adding Dan LeFort of Qatar Petroleum and Paul Owen of StatoilHydro to our Board. The NOC Committee is assessing the differing needs of NOC's in order for us to provide better services to them and their representatives. The Regional Chapters will play a big role in getting NOC's involved in our activities on a local basis.

YOUNG NEGOTIATORS

The formation of the Young Negotiators group within the AIPN was approved in November 2008. This group is designed for professionals under the age of 40 or people who have been in the business five years or less, although most functions will be open to all members regardless of age. The effort to get this group started was led by Lindsay Jennings, Helen Mitchell and Aurelia Figueroa, whose enthusiasm convinced the Board that this group would be successful. The YN will first focus on Houston and will expand to other areas later. Approximately 50

Houston-based members have joined YN, with a total membership to date of about 120 worldwide.

The inaugural reception of the YN in Houston on March 26 was attended by more than 50 people. The YN plans to sponsor a monthly speaker series and mentorship program. Jerrod Jones is assisting with the planning of these programs. If you would like to mentor a young professional or speak at one of the monthly meetings, please contact Lindsay at aipnyn@aipn.org. Once YN is established in Houston, there are plans to help Regional Chapters develop their own YN programs.

SPONSORSHIP

We love our sponsors, who make it possible to keep our annual dues low while allowing us to provide quality services. A list of our generous 2008-2009 sponsors is available at <http://www.aipn.org/aboutus/sponsors.asp>. In 2008, under the leadership of Richard Aguirre, we set a new record for contributions in the amount of \$230,950. This was almost a 50% increase from the previous record set in 2007 in the amount of \$158,700. Bryant Daniels joined Richard in co-chairing the 2009 sponsorship campaign. We have already broken the record contributions set in 2008 with \$248,350 in pledges and the campaign is still underway. Last year, we offered incentives to our sponsors. Sponsors at the \$10,000 level may send three people to our spring or international conferences or Model Contract Workshop free of charge, while \$5,000 sponsors may send one person.

In addition to the AIPN sponsors, we also have companies and firms that sponsor our conferences and Regional events. Thanks to all our sponsors. We couldn't do it without you!

There are literally hundreds of members who have volunteered their time this last year. I want to thank them for contributing to AIPN's success. Thanks also to our great administrative staff: Valerie van Lelyveld-Eyckmans, Executive Director; Angelique Vesey, Assistant Executive Director and Event Manager; Wendy Petronella, Website Coordinator; Cecilia Acosta, Office Administrator; and Connie Leonard, our new contract accountant. They provide the support that this volunteer organization needs to keep running effectively and efficiently. My special thanks to my husband (and law partner) Bill Allison who has allowed me to forego billable hours while working on AIPN matters and who accompanied me to all the AIPN conferences and workshops I've attended in the last 12 years.

Last of all, thank you for the opportunity to serve as President of the AIPN this past year. I have enjoyed the work and meeting so many colleagues through AIPN activities. Karen Krug takes over as the new President at the Spring Conference along with the 2009-2010 Board, and she already has plans for what she wants to accomplish this coming year. I plan to stay involved and hope you will, too!

