

## Global petroleum industry model contracts revisited: *Higher, faster, stronger*

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The petroleum industry is very familiar with the changing fortunes of oil and gas prices and related costs, and the challenges of geology, geography, technology, politics and social issues. Indeed, these are the forces that make the petroleum industry both interesting and controversial. Some of these forces are within the control of industry players and some are not. One of the few areas of control for petroleum companies are costs and efficiency. Few industries have done a better job of attaining their objectives in these areas as quickly and proficiently as the petroleum industry. The challenge for companies in the industry is to manage those factors within their control with the expectation that this will lead to success in a changing world.

Success in the industry has always required cooperation with other parties, whether they be contractors, governments or competitors. Indeed, the upstream petroleum industry is unique in terms of how it deals with its competitors. Oil and gas producing companies frequently negotiate contracts between each other with a view to mutual benefit. Joint ventures, farmouts, unitizations and other such arrangements are common transactions. It is difficult to imagine Coke and Pepsi negotiating a joint venture, but international oil companies (IOCs) do so frequently. While these companies do compete in the traditional sense in many areas of the petroleum business, when it comes to upstream operations, they frequently find cooperation to be mutually beneficial.

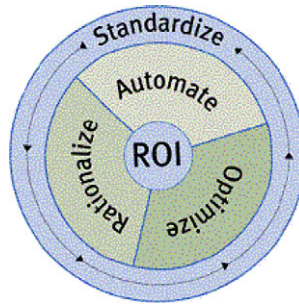
There has been a growing use of model contracts in the petroleum industry where negotiated cooperative contracts are common and with constant pressure to work efficiently. Model contracts seek to standardize the terms governing certain common types of agreements used in the petroleum business. This movement to model contracts is not surprising when you consider how significant a role standardization can play in attaining efficiency.

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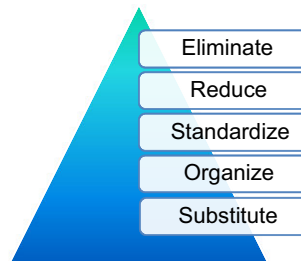
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A common diagram that efficiency experts use to define the value of standardization in business processes is illustrated below. It shows that standardizing practices improves return on equity across the full range of efficiency actions: automation, rationalization and optimization.



Another illustrative diagram shows a hierarchy where standardization is shown as the third most useful change in business processes, with 'elimination' (as in, ceasing an unnecessary process) and 'reduction' in first and second place.



With millions of contractual transactions concluded on a daily basis in every corner of the petroleum world, the oil and gas industry stands to benefit significantly from standardization. Many of these contracts involve large sums of money, substantial risk, huge liabilities and many difficult issues. Consequently, depending on their complexity, they may take months and sometimes years to negotiate, draft and sign. Standardization of model contracts can save months of management time in each and every negotiation.

The origin of these model contracts are contractual documents that companies used independently for more than 100 years. Initially, companies would create a set of contracts that represented their own preferred precedent. Individual one-on-one negotiations with counterparties would result in these contracts being altered to the point where they were mutually agreeable. This took up significant time and resources. Sometimes, dominant players were successful in forcing other parties to use their contract. But more often, parties found that they engaged in a 'battle of the contracts' over a particular contractual

format. Even in situations where two companies had previously reached consensus on a particular form of contract to govern a prior transaction, the negotiation process would often start over again each time a new agreement was required. Industry veterans all have stories of how company models were in a constant state of change. So each time a new transaction was agreed, the documentation would have to be reviewed again by the counterparty from the first to the last word. While the advent of word processors and comparison software has made it an easier process to find alterations, the inconvenience and inefficiencies remained. Moreover, this approach failed to establish industry contract standards.

IOCs that had created their own contract precedents often discovered that counterparties would provide similar comments and issues frequently were addressed in similar ways. This process became extremely time consuming and inefficient. With some reluctance, companies began to realize that they had automatically built these inefficiencies into their contractual process by insisting on using their own contracts. Gradually, commercial and legal personnel in the industry recognized that there were a multitude of benefits in cooperating to develop model contracts that were consistently and regularly used by all.

Over the last several decades, the industry has taken this alternative approach and worked on a cooperative basis to develop and use various types of petroleum model contracts to gain the benefits of standardization and efficiency. The extent of the petroleum industry's efforts in this area was first documented and analysed in a paper by A. Timothy Martin.<sup>1</sup> This paper updates that review, by identifying the new and revised models that have been developed by the industry since the time of the original article. Over 30 new or revised documents have been created in the past five years. Clearly, the global petroleum industry is fully engaged in expanding the number of model contracts and improving the quality of the models that already exist. It is this Olympian effort that has suggested this paper's subtitle: *Higher, faster, stronger*.

## 1. Defining model contracts

The concept of a model contract goes by many different names. It is sometimes called a 'model form', 'model agreement', 'model form contract', 'contract template' and a number of other terms that quite often describe the same thing. Occasionally, documents that fall short of an executed agreement might be treated as models, such as a commonly used exhibit or an accepted procedure. For purposes of simplicity, this article will use the term 'model contract' to describe these various formats. With a few exceptions, they tend to be models developed and endorsed by industry organizations on a cooperative basis to achieve wide industry acceptance and usage.

By casting the net so widely, there are a broad range of documents that can be characterized as model contracts. Some are only a couple of pages long while others run to hundreds of pages with detailed guidance notes explaining the intricacies of the document.

<sup>1</sup> A Timothy Martin, 'Model contracts: A survey of the global petroleum industry' (2004) 22(3) JENRL 281. In this article, Tim Martin's paper is referred to as the 'Original Model Contracts Review'.

The short, simple model contracts tend to use a standardized format with parties engaging in minimal negotiation and drafting. These are often issued in paper format only with a 'tick-the-box' approach to handling alternatives. Many of the model contracts in the petroleum industry that deal with more complex transactions are made available in electronic format to provide parties with the flexibility to use the document as they see fit. They can accept it entirely in the issued format and simply choose the options and alternatives they want, or they can use the model contract as a starting point and redraft the document as they deem appropriate. Naturally, the more a model contract is redrafted, the more complex and lengthy negotiations become, resulting in many of the efficiencies and benefits of the model contract being lost.

Many different parties throughout the global petroleum industry use model contracts. The majority of these contracts are used between IOCs, and these are the model contracts which are the focus of this article. But there are many governments around the world that have developed model 'host government contracts' such as production sharing contracts or service agreements that are used to grant petroleum rights to investing companies. They may be used as a model for government contracts in a particular jurisdiction but they are not always widely accepted and used in other countries, even though some countries have cooperated with each other in sharing these types of precedents. These 'models' are sometimes encouraged and supported by multilateral institutions such as the World Bank. The World Bank has offered its assistance to states as they develop their legal, contractual and fiscal frameworks to attract foreign direct investment that will quicken the development of petroleum opportunities. As part of this programme, the World Bank has encouraged states to draft one or several variants of a 'model contract' and provided technical assistance to assist in these efforts. Dr William T Onorato, former Lead Counsel, Oil & Gas with the World Bank, expressed it this way:

Despite some disagreement within the industry on the necessity of this element, a State is best served by having its own purpose-crafted contractual format from which to commence the negotiation of Petroleum Agreements.<sup>2</sup>

These government 'model contracts' are not the focus of this article because they tend to be developed unilaterally by an individual government to meet principally its own needs, rather than a multilateral organization to meet the needs of all parties.

Interestingly, the Association of International Petroleum Negotiators (AIPN) undertook an initiative to create a global model 'host government contract'. Unfortunately, the project did not gain sufficient support from key IOCs and host governments and was never completed. The reasons behind this are interesting to examine, because they hold lessons for other potential initiatives to create model contracts where none currently exist. The story is best told in the AIPN report that was created in substitution for the global model host government contract, involving an extensive comparative survey of

<sup>2</sup> William T Onorato and J Jay Park, 'World petroleum legislation: Frameworks that foster oil and gas development' (2001) 39(1) *Alta L Rev* 95, 70–126.

common clauses used by host governments throughout the world in their petroleum granting contracts.<sup>3</sup> The gist of the tale is that host government contracts take many different structures and are designed by host states to meet a wide variety of needs. Similarly, IOCs as counterparties to the state in these contracts may be prepared to commit to arrangements in one state that they are not willing to do in another state. Consequently, the variety of arrangements was thought by both states and IOCs to be too broad to permit a single model contract to meet the needs and capabilities of all parties in all situations. Nevertheless, the 'Host Government Handbook' that the AIPN created out of this initiative is a valuable tool.

## **2. Advantages and disadvantages of model contracts**

The creation of a model contract involves a significant degree of effort on the part of the organization that develops and maintains it. So it is important to assess whether it is a worthwhile effort before embarking on the process. Also, an IOC that considers using a model contract should examine the advantages and disadvantages of doing so.

### **Advantages**

Industry associations that consider the creation of a model see many benefits. Similarly, IOCs are often very keen to utilize a model contract if one is available. There are many good reasons for doing so.

### **Cost efficiency**

The opening pages of this paper describe how standardization of business processes is considered to be one of the best ways to improve business efficiency. There are significant savings of time and costs involved in the use of a model contract. This is undoubtedly the principal benefit of creating a model.

Anecdotal evidence suggests that, at least for the international petroleum industry, contract negotiations for many large projects have been reduced from 2 years to 6 months with accompanying overhead costs for negotiating and signing contracts slashed from US\$2 million to US\$0.5 million. When these kinds of cost and time savings are repeated hundreds of times by a single company, it is easy to see that there are substantial savings.

### **Speed**

A related point is that many transactions can be negotiated, completed and undertaken more quickly if the documentation can be quickly agreed. As business processes get faster and faster, the need to document them quickly becomes ever greater. Some have estimated that the adoption of a model contract can cut negotiation times in half, or even by as much as 90 per cent.

<sup>3</sup> Frank C Alexander Jr (ed), *Host Government Contract Handbook* (vols 1 and 2 Association of International Petroleum Negotiators 1999 and 2004).

**Risk avoidance**

From time to time, there are situations where the pressure of commencing operations is greater than the perceived need to fully document the transaction. In other words, some transactions take effect before the relevant agreements have been finalized and executed. As undesirable as this may be and despite all the admonitions of lawyers, this kind of situation is common.

The natural gas marketing business was well known for these kind of transactions, as gas marketers swapped and traded gas at breakneck speed, while juggling two telephones. A deal that was orally agreed upon was completed as far as the gas trader was concerned. The trader's focus then turned to the next deal. Contract administrators and lawyers were then left with the task of papering the oral transaction that had within hours turned into physical delivery of gas. Most of the time, the paper would follow the transaction in due course. But in some occasions, a dispute would arise or a physical or financial default would occur and there was no written contract in place to confirm the contractual arrangement. Litigation was the common outcome in these situations.

The gas marketing business moved to master gas trading agreements that created transaction structures between counterparties that would trigger a legal and binding contract upon written (or sometimes oral) agreement on a handful of key business terms. Consequently, the 'what, no contract?' problem largely vanished and contractual risk associated with the gas trading business was reduced.

In the upstream oil and gas business, the same situation has occurred. Occasionally, joint ventures are orally agreed upon and joint expenditures commenced before the joint operating agreement is finalized. Once operations commence without a contract in place, the business pressure to negotiate and execute the contract seems to diminish. Although this seems counterintuitive, this situation happens frequently. This is not a problem until the parties have a dispute. They then find that they either do not know what they agreed upon or they argue vociferously for their version of what they thought they agreed upon. Model contracts help to avoid this kind of problem by allowing the parties to focus on the big issues rather than the small ones and thus allowing them to move quickly to a signed agreement.

**Higher quality contracts**

Most model contracts are developed by teams of industry participants with significant expertise in the type of model contract being created. Consequently, most model contracts are generally better documents than the first draft that is produced by a party who is working without a model. This advantage is not always the case. It depends on whether the model was created by a suitable team who adopted an appropriate position in creating the model. However, it is fair to say that the quality of model contracts is better than most 'bottom drawer' precedents that are often relied upon in the absence of an industry model.

**Wide industry understanding**

Well-prepared model contracts that become widely used as the industry standard result in consistent treatment of similar transactions across the industry. Better understanding of the transactions typically results. With increased consistency and understanding, parties inherently reduce potential grounds for dispute and therefore, their litigation risk. This is supported by a developing body of academic and judicial interpretation of the model contracts being used. All of this reduces the cost and risk of doing business.

**Improved relationships**

We have all seen relations between parties sour when negotiations turn contentious. By minimizing the number of issues that need to be addressed, model contracts provide to the industry the ability to build and maintain strong counterparty relationships through abbreviated negotiation sessions that are focused on the key issues at stake.

**Association development**

Many industry associations have built their reputation for usefulness in large part on the fact that they have brought together the best teams and created *and maintained* the best model contracts for the industry. There are also learning and educational opportunities associated with the creation of a model. Younger and less experienced participants in the drafting of a model contract will learn more in such drafting committees than by any other means.

**Disadvantages**

For all the advantages that are associated with models, there are a number of reasons why an industry association should think hard about whether creating and maintaining a model is a worthwhile task. Similarly, IOCs that are thinking of adopting the model should assess whether there are any risks associated with doing so.

**Relative bargaining power**

Most associations that create an industry model seek to create a balanced and fair agreement that takes into account the interests of all parties to the model contract. Typically this involves the assumption that there is an equality of bargaining power between the parties. In other words, both parties are equally motivated to do the transaction and both parties would equally suffer from a failure to agree. This is a sensible way to develop a model if the goal is to attain broad acceptance and use of it.

However, the real world is often different from the 'imagined' environment in which the model is created. Frequently one party will have better options if there is a failure to agree. It will likely hold the bargaining 'hammer'. If the party with the stronger bargaining position agrees to the adoption of an industry model that assumes equality of bargaining

power, there is an immediate loss of the leverage associated with that power. The usual result is that the stronger party will propose changes to the model that are to its benefit and will exercise its position to insist on those changes. This will involve a demand to move away from the industry model, which makes the party with the hammer appear to be acting unreasonably. In order to make the transaction work, the weaker party will need to recognize and accept that its stronger counterparty is simply utilizing its stronger bargaining position.

### ***Use of model contracts by underqualified users***

Model contracts are often complicated agreements that govern important relationships and transactions. Their proper use should be done by those who are familiar with it in order to determine their suitability to the particular transaction at hand. Frequently there are situations where this has not been the case. At some point a problem arises that is blamed on the model, when in fact it is the consequence of its improper application and use.

One of the authors once encountered a small oil exploration company run by a team of geologists, without a qualified contract/negotiation person or lawyer. When asked how they could conduct activities without such a key professional, they replied: “We don’t need one. We have the association’s model contracts. All we need to do is fill in the blanks”.

The role of such a professional is far more than filling in blanks in model contracts. Yet in some circles, there is the impression that an association’s model contract does not require a qualified professional in order to utilize it properly.

The stock response to this kind of criticism of model contracts is that anyone who uses these documents without thinking about or understanding them is ‘cruising for a bruising’. Indeed in the absence of a model contract, such uninformed users would probably find and use some other ‘precedent’ that is inferior to the model contract.

### ***Model paralysis***

Related to the criticism above is an attitude sometimes seen during the negotiation of a contract where the parties have agreed on the model as a starting point. Sometimes, one party will propose a change that is suitable and reasonable in the circumstances, but involves a departure from the provisions of the model. The counterparty will object to the change on the basis that the model contract is what the industry has agreed and should not be amended.

Described in this way, this disadvantage seems absurd and surely can be overcome by parties who act reasonably. However, one of the authors has seen this situation often in joint operating agreement negotiations. The Canadian model joint operating agreement, which was created by the Canadian Association of Petroleum Landmen (CAPL) and the international model joint operating agreement, which was created by the AIPN, take different approaches to a particular penalty/premium issue for independent operations.

Both approaches are supported by logic. It is one of those issues where reasonable people can differ and each association's model contract has taken a different path to deal with the matter. But when Canadian negotiators are invited to consider the AIPN approach or it is suggested to international negotiators to adopt the CAPL solution, it seems impossible to persuade anyone to make a change. The models have 'fixed' the issue in their respective jurisdictions.

### ***Inappropriate use***

The oil industry is always developing new technology and trying different approaches to petroleum development. Sometimes, a novel deal requires reassessing the suitability of a model. However, once a model has been created, there seems to be a desire to 'fit' every deal into the model, whether or not the model is suited to the transaction. This disadvantage can be avoided by proper education and by putting models into the hands of qualified professionals.

### ***Flawed models***

Try as associations might, models contain flaws. Sometimes issues are not fully thought through or more options should be identified by the team creating the model. Also, industry practices are in a state of change and technology evolves. As we shall see in the discussion below about recent model contracts and model contract amendments, new concepts such as coalbed methane (CBM) and horizontal drilling have required amendments to existing models. If a model has not been updated to address the recent developments, then it is flawed.

Industry associations who are considering the creation of a model should bear this in mind. Once created, the maintenance of a model contract requires considerable effort or it will become outdated, flawed and even dangerous; not least to the association's reputation.

There is an assumption that a model represents an industry standard and is fair and balanced. That is not always the case. Models developed by particular sectors of the industry represent that sector's point of view and nobody else's. Such models need to be used with caution, and quite often with significant revisions, to make them acceptable to parties who have not been involved in their development.

Overall, the advantages of model contracts far outweigh their disadvantages. Most of the disadvantages that are identified above can be avoided through proper use of the model contract. Therefore, it is clear that there are considerable benefits and the weaknesses can generally be avoided by skilled, knowledgeable users of model contracts.

## **3. Industry associations and their model contracts**

The Original Model Contracts Review described the variety of types of contracts that have been the subject of model contract initiatives by the associations that comprise the international petroleum industry. This paper does not intend to repeat this review, save to

note that the following are the types of model contracts that are in existence in the international petroleum industry:

### **Upstream agreements**

- Study and Bid Agreement
- Farmout Agreement
- Operating Agreement
- Unit Agreement

### **Midstream agreements**

- Crude Oil Lifting Agreement
- Crude Oil Sales Agreement
- Crude Oil Transport Agreement
- Gas Sales Agreement
- Gas Processing Agreement
- Gas Balancing Agreement
- Gas Transport Agreement
- Common Stream Operating Agreement

### **Service Contracts**

- Seismic Contract
- Drilling Contract
- Well Services Contract
- Master Services Agreement
- Design and Construction Contract
- Procurement Contract

### **Miscellaneous**

- Confidentiality Agreement
- Accounting Procedure
- Agents/Consultants Agreement
- Transfer and Assignment Agreement

For a detailed discussion of what these documents are designed to do, reference should be made to the Original Model Contracts Review.

The focus of this paper is to examine where the industry has gone over the past number of years in creating new and revising existing model contracts, as developed or amended by industry associations. These organizations are usually one of two types. First are trade organizations which represent a particular business group within the petroleum sector and have a membership base which is primarily corporate. The second type is professional organizations. Their members are typically individuals (such as negotiators,

landmen, lawyers, geoscientists, engineers and accountants, etc) who have gathered together to deal with common professional issues. The dynamics and perspectives of each of these two kinds of organization are quite different. The professional organizations try to balance the different demands of their diverse membership while the trade organizations strongly advocate the goals and interests of their particular trade group. The addresses and contact details of all the organizations discussed in this article are provided in Appendix A. Copies of their respective model contracts can be acquired directly from each of the organizations.

### **American Association of Petroleum Landmen**

The North American oil industry evolved in an environment where there were a large number of landowners who held rights to subsurface minerals. Consequently, 'landmen' was the name given to the professionals at the oil companies who dealt with these landowners, by initially negotiating for the grant of rights to the subsurface and for access to the surface, and then later managing the relationship with the landowners and other companies active in the same area. As their competency and duties expanded, a professional organization was created in the United States to address industry issues: the American Association of Petroleum Landmen (AAPL). The AAPL was one of the first organizations to develop model contracts in the petroleum industry starting in the 1950s.

The current list of AAPL's model contracts is exclusively focused on upstream agreements in the domestic US oil and gas industry:

- Master Land Services Contract
- Contract for Land Related Services
- Combined Coalbed Methane Facilities Agreement
- Separately Owned Coalbed Methane Facilities Agreement
- Onshore Joint Operating Agreement 610
- Working and Net Beneficial Interest JOA Exhibit A
- Kansas Oil and Gas Lease Paid-Up Form 691
- Kansas Release of Oil and Gas Lease Form 689
- Kansas Shut-In Royalty Pooling Oil and Gas Lease Form 690
- Oklahoma Assignment of Oil and Gas Leases Form 640
- Oklahoma Oil and Gas Lease Paid Up Form 671
- Oklahoma Oil and Gas Lease Shut-In Form 670
- Oklahoma Release of Oil and Gas Lease Form 686
- South Louisiana Oil, Gas and Mineral Lease Form 821
- South Louisiana Oil, Gas and Mineral Lease Form 820
- Texas Assignment of Oil and Gas Lease Overriding Royalty Interest Form 651
- Texas Assignment of Oil and Gas Leases Form 652
- Texas Oil and Gas Lease Shut-In Clause Pooling Clause Form 675
- Texas Oil, Gas and Mineral Lease Form 658–85
- Texas Oil, Gas and Mineral Lease Form 659–85

- Texas Oil, Gas and Mineral Lease Pooling and Shut-In Form 676
- Texas Release of Oil and Gas Lease Form 687
- Draft Model Offshore Operating Agreement
- Deep Water Operating Agreement
- Exhibit F for Operating Agreement (Deepwater) – Louisiana and Texas
- Exhibit G for Operating Agreement (Deepwater) – Project Team Exhibit with Technology Sharing Provisions
- Exhibit I for Operating Agreement (Deepwater) – Well Trade and Confidentiality
- Exhibit K for Operating Agreement (Deepwater) – HSE
- Exhibit L for Operating Agreement (Deepwater) – Geophysical Operations
- Offshore Shelf Operating Agreement
- Production Handling Agreement (Deepwater)
- Model Farmout Contract for Land Related Services
- Gas Balancing Agreement
- Recording Supplement
- Confidentiality Agreement

As one of the first organizations to create models, and with one of the longest lists of extant model contracts, there should be no surprise to find that AAPL has been busy with updates and new documents since the Original Model Contracts Review. Here is what the AAPL has done for its members and the industry lately:

#### ***Working and Net Beneficial Interest JOA Exhibit A***

The Working and Net Beneficial Interest JOA Exhibit A outlines the percentage interest in the contract area of each party under the Operating Agreement. This Exhibit is used in conjunction with the Operating Agreement to calculate the costs and liabilities as well as the beneficial interest of each party under the Operating Agreement based on their percentage interest as set out in Exhibit A.

#### ***Combined Coalbed Methane Facilities Agreement and Separately Owned Coalbed Methane Facilities Agreement***

Due to the many variables involved in a CBM development, the AAPL created the Combined Coalbed Methane Facilities Agreement and the Separately Owned Coalbed Methane Facilities Agreement to be used as checklists for drafting a facilities agreement for these types of CBM development. Although the AAPL has provided a few examples of what should be included in a particular clause, these agreements are simply an outline of what types of clauses should be included in these agreements. As a result, the parties will need to draft the actual agreement in its entirety. However, this new document is evidence of the effort that AAPL undertakes to keep its models current and is an example of how technology and business changes in the oil industry necessitate new and amended model contracts.

### **Draft Model Offshore Operating Agreement**

Offshore operations involve many issues that do not apply to onshore operations. AAPL's Joint Operating Agreement is the US industry standard for onshore activities, but it did not adequately address the offshore issues. This has meant that offshore operators used their own forms of agreement. As offshore activities, particularly in the Gulf of Mexico, have grown, the need for an offshore model became apparent.

The Draft Model Offshore Operating Agreement was developed to address the unique situation of offshore oil and gas development that were not addressed in AAPL's standard Joint Operating Agreement. There are numerous provisions within the agreement that need to be completed by the parties, such as time periods, dollar amounts and voting requirements. The agreement is meant to be a base agreement that will then be altered by the parties to address their unique situation.

Included as supplements to this model contract are a number of Exhibits:

#### ***Exhibits F (Deepwater Louisiana and Texas), G (Deepwater Project Team Exhibit with Technology Sharing Provisions), I (Deepwater Well Trade and Confidentiality), K (Deepwater HSE) and L (Deepwater Geophysical Operations) for Operating Agreement***

Each of these Exhibits is meant to address a specific topic related to deepwater operations, which the parties may include in the Operating Agreement of a deepwater development. Every Exhibit outlines the rights and responsibilities of the operator and non-operators related to the subject matter.

Exhibit F is specific to deepwater operations offshore of Louisiana and Texas and should only be used for these areas.

Exhibit G addresses intellectual property matters in a joint operation, including confidentiality, proprietary information owned by an individual party and rights to technology and information developed during the course of the joint operation. In addition, the Exhibit creates a project team and governs the scope and duration of work, division of costs and other details relevant to the development of any intellectual property. This Exhibit should be considered where there is the potential for use of existing intellectual property of one of the parties to the Operating Agreement or when there is the potential for creation of new inventions, processes, or other proprietary developments.

Exhibit I governs well data information exchange and sets out confidentiality requirements.

Exhibit K governs the rights of the parties as they relate to health, safety and environment (HSE) and provides the non-operators with a right of inspection and notification of any incidents related to HSE.

Exhibit L deals with proprietary rights to geophysical data and confidentiality related to this data.

The treatment of these topics in an exhibit is an example of the direction that some models are taking: a short 'head' agreement that is quite generic and then a series of specific exhibits that address the unique situation that applies in a particular case.

### **Production Handling Agreement (Deepwater)**

As part of AAPL's focus on developing model contracts for offshore operations, it has also created the Production Handling Agreement (Deepwater). It governs the relationship between the owner of a production handling system associated with a deepwater oil and gas development (the 'Host') and producers of other leasehold interests who wish to use that production handling system for their deepwater production (Satellite Producers). It sets out the rights and responsibilities of the Host and the Satellite Producers for connecting the satellite production into the Host and how that production is controlled, maintained and monitored once it is received by the Host. As with other AAPL agreements, the Production Handling Agreement (Deepwater) contains options to be chosen by the parties to fit their unique circumstances and should be modified accordingly.

### **Canadian Association of Petroleum Landmen**

The Canadian Association of Petroleum Landmen (CAPL) is the Canadian equivalent of the AAPL. The CAPL membership includes individuals responsible for the acquisition, administration and disposition of mineral and surface rights for petroleum exploration and production companies, as well as related service and financial companies in the Canadian energy industry. The CAPL has been very active in creating and amending its model contracts over the past 40 years. Its current suite of upstream model contracts, some of which have accompanying introduction documents and annotations, are:

- CAPL Operating Procedure 2007
- Amending Agreement 1994
- Assignment Agreement 1993
- Alberta P&NG Lease & Grant 1999
- Saskatchewan P&NG Lease 1991
- Manitoba P&NG Lease 1991
- Alberta Natural Gas Lease 1991
- Alberta Surface Lease 1995
- BC Surface Lease 1997
- Saskatchewan Surface Lease 1999
- Alberta Right of Way Agreement Pipeline Crossing Agreement 1992
- Pipeline Crossing Agreement 1998
- Farmout Agreement 1993
- Farmout & Royalty Procedure 1997
- Overriding Royalty Procedure 1997
- Property Transfer Procedure

Similar to other organizations that have made a significant commitment over many years to develop model contracts, the CAPL views itself 'as the custodian of what is, in effect, a living industry document' and accepts that it has an ongoing obligation to revise

and update the document ‘in consultation with interested members of the oil and gas community’.<sup>4</sup> Even though these comments were in relation to the CAPL model JOA, they are true for all of the models that they have developed.

CAPL has been fulfilling this mandate with the following updated and amended model contracts:

### **CAPL Operating Procedure**

CAPL’s ‘flagship’ model contract is its Operating Procedure, which is designed to either stand alone as a joint venture agreement or be attached to a contract that creates a joint venture relationship (such as a farmout) to establish the ‘joint operating agreement’ among the parties. The 2007 CAPL Operating Procedure is the fifth version of the CAPL Operating Procedure and is an update to the 1990 version. The extent of the changes required, and the challenges associated with amending a model contract that had been so widely adopted in the Canadian industry as the 1990 Operating Procedure, is evident from the fact that the 2007 Operating Procedure began in 1998, with the original objective of publishing a new model in 2000.

The new revision was developed to update the 1990 version based on new industry knowledge and to address changes to the industry generally. In this new version CAPL addresses changing business needs, such as the focus on environmental considerations and increased technological complexity in operations, new legal developments and the use of ‘plain language’. This agreement is the new model for operating agreements in Canada to govern oil and gas operations between the parties, and is expected to be as widely accepted and as durable as the 1990 Operating Procedure.

Another significant change that was made to the Procedure was to alter it from a ‘standard form’ to a ‘norm-based’ standard. The concept here is best described in the words of Jim Maclean who led the team that prepared the Operating Procedure:

In essence, the complexities of our business are such that the Operating Procedure is no longer a one size fits all model that applies equally well to all operating areas and conditions. We believe that users will increasingly choose to make modifications to customize the document to address more unusual operating conditions, while using the document in the traditional manner for the more typical operating areas.<sup>5</sup>

The extent of the changes to the Operating Procedure, and the desire of CAPL to ensure that it is understood and accepted, resulted in the development and publication of the ‘Introduction to 2007 CAPL Operating Procedure’, ‘Overview of 2007 CAPL Operating Procedure’ and ‘Modifications to 1990 CAPL Operating Procedure’. These documents are supplemental to the new 2007 CAPL Operating Procedure to assist the industry in transitioning to the new model and explaining the changes to the 1990 CAPL Operating Procedure.

<sup>4</sup> James A MacLean, ‘The 1990 CAPL Operating Procedure: An overview of the revisions’ (1992) 30(1) *Alta L Rev* 133, 176–7.

<sup>5</sup> James A MacLean, ‘2006 CAPL Operating Procedure’, *CAPL Negotiator Newsletter*, January 2006.

### **Royalty Procedure 1993 (Annotated)**

The CAPL 1993 Royalty Procedure (Annotated) was developed by CAPL to provide common practice in the industry during the post-earning phase of a Farmout Agreement and to support the royalty as an interest in land, which has been a matter of legal dispute in Canada. Under this agreement an overarching royalty interest is created and designates the royalty given and what lands will be subject to the royalty. The CAPL Operating Procedure was used as a source for the Royalty Procedure to ensure consistency between the documents relevant to the Farmout lands. Similar to an operating agreement, the Royalty Procedure would be attached to the overarching agreement and form part of the group of agreements governing the relationship between the parties.

### **Petroleum Joint Venture Association**

The Petroleum Joint Venture Association (PJVA) was incorporated in Calgary, Alberta, Canada in 1985 to provide a multidisciplinary forum for petroleum joint venture issues concerning the development and production of Canadian oil and gas properties. PJVA members negotiate production facility ownership, processing and transport agreements and monitor costs, production volumes, profitability and audits, through analysis of production reports, operating expense and capital budgets. According to the PJVA, a petroleum joint venture agreement deals with production facilities, rather than joint exploration or marketing activities. A primary objective of the PJVA is to develop and maintain model contracts for the Canadian petroleum production business. Its models tend to be 'midstream' agreements, but it has often intervened in the development of upstream model contracts (such as those created by CAPL) where it perceived that the interests of joint venture professionals were affected.

The PJVA's current suite of model contracts are:

- Service Agreement 2005
- Unit Agreement 2005
- Construction, Ownership and Operation Agreement 2005
- Accounting Procedure 2007
- Gas Handling Agreement 2008
- Gas Processing Agreement 1998
- Gas Transportation Agreement 1998
- Gas Balancing Agreement
- Common Stream Operation Agreement 1998
- Contract Well/Facility Operating Agreement 2003
- Unit and Unit Operating Agreement 2003
- Conforming Unit Operating Agreement to be used with Unit Operating Agreement 2003
- Well Effluent Processing and Water Disposal Agreement 2002

Many of these contracts are accompanied by commentaries and explanations for use.

The PJVA has also issued a series of reports and procedures to assist the Canadian industry in handling various upstream and midstream operations:

- Operator Cost Recovery Report 1985
- Well Payout Calculation Report 1989
- Product Allocation Procedure 1996
- 'Jumping Pound 2005' Report

The following are the PJVA's new and updated model contracts. This list also mentions certain model contracts and procedures which were not discussed in the Original Model Contracts Review.

### ***Construction, Ownership and Operating 2005***

The Construction, Ownership and Operating Agreement (CO&O) was created in 1999. The CO&O contains a head agreement to use when the owners under a joint operating agreement wish to provide for the construction, ownership and operation of a facility. The exhibits then set out the technical and business matters as they relate to the joint operation. In 2005 the PJVA created a manual to set out what administrative tasks are required to abide by the CO&O and how to maintain and revise an executed CO&O. The PJVA's CO&O model contract is unique in the world, as the only model contract that addresses co-ownership of processing facilities.

### ***Product Allocation Procedure 1996***

The PJVA set up a task force to discuss issues related to product allocation where a single processing facility receives multiple inlet streams of gas with differing hydrocarbon constituents. The methodology of allocating the commingled sales gas and plant products among the differing inlet streams leads to a number of potential problems. The Product Allocation Procedure was created to address the issues and concerns that were raised, suggesting a number of mechanisms by which these issues could be addressed. This report was to be used to develop product allocation guidelines to be used with the CO&O.

### ***Gas Handling Agreement 2005***

The 2005 Gas Handling Agreement was intended to replace both the previous gas transportation and the gas processing models. It was again revised in late 2008. This agreement is used to govern the relationship between the operator of a facility and the producer of gas who inputs their gas into that facility. In particular this agreement sets out details such as how gas will be metered, both at input and output, what occurs when the facility reaches capacity, who owns the gas and the details of acceptance and delivery of the gas.

### **Contract Wells/Facilities Operating Agreement 2003**

The Contract Wells/Facilities Operating Agreement was designed to be used by companies involved in joint venture activities to govern the relationship between the owner(s) of the well or facility and the party contracted to conduct the operation of the well or facility.

### **Association of International Petroleum Negotiators**

The Association of International Petroleum Negotiators (AIPN) is a professional organization founded in Houston, Texas, USA, in 1982. It has more than 2,700 members from over 85 countries representing IOCs, national oil companies (NOCs), host government energy ministries, legal and consulting firms and energy analysts.

One of its primary services is the development of model international petroleum contracts in the upstream and midstream business. The AIPN's model contracts are recognized as the standard in international energy transactions and they have produced enormous cost savings for the international petroleum industry. The model that it is best known for is its International Model Form Joint Operating Agreement. However, the AIPN continues to undertake an aggressive programme of creating new models and updating its existing versions to ensure that they are current.

The AIPN's suite of international model contracts comprises:

- Confidentiality Agreement 2007
- Study and Bid Group Agreement 2006
- Farmout Agreement 2004
- Joint International Operating Agreement 2002
- Accounting Procedure 2004
- Secondment Agreement 2002
- Unitization and Unit Operating Agreement 2006
- Lifting Agreement 2001
- Master Service Arrangement (Agreement) 'MSA' 2002
- Seismic Acquisition Contract 2002
- Well Services Contract 2002
- Petroleum Service Contract (Combined Version) 2002
- Consultant Agreement for Business Development in a Host Country 2008
- Dispute Resolution Agreement 2004
- Gas Sales Agreement 2006
- Gas Transportation Agreement 2009
- Master LNG Sale and Purchase Agreement (Delivered Ex-Ship) 2009

The breadth of the AIPN's focus is evident from the above list. It has developed upstream agreements, midstream agreements, service agreements, product marketing agreements and other miscellaneous agreements, as well as guidance notes and education

modules for model contracts. It is also the only organization to produce model documents in multiple languages, reflecting the international scope of the organization.

New and updated AIPN model contracts include:

### ***International Unitization and Unit Operating Agreement 2006***

The Model Form International Unitization and Unit Operating Agreement 2006 provides a model to create a unit agreement between companies with an oil and gas reservoir in international operations and who wish to unitize their holdings. This agreement governs the rights and obligations of all parties to the unit and addresses both the creation of the unit and the production, operation and handling of the unit once formed. The agreement is based on the parties being subject to a production sharing contract as the document granting the right to operate. However, AIPN also provides suggestions for modifications to the agreement for different forms of underlying granting instruments so that the model can be tailored to various scenarios. Various model exhibits were also created to allow the parties to further tailor the agreement as required.

### ***Gas Sales Agreement 2006***

The AIPN expanded its efforts in the product marketing area by creating the Model Form Gas Sales Agreement 2006, together with extensive guidance notes. This model contract is unique among gas sales models because it assumes that this is a first sale of gas by a producer in a field, to a long-term market. Consequently, there are a very large number of optional provisions, designed to address all the variations that exist for upstream gas sales from a producing field.

### ***Study and Bid Group Agreement 2006***

This model contract was revised to meet the need of increased bid rounds around the world and the need for alignment with other AIPN model contracts, in particular its JOA. Standard of conduct of the Operator, liability of the Operator, secondment and anti-corruption are addressed in this revised model.

### ***Confidentiality Agreement 2007***

This model contract is the most frequently used AIPN model contract. The AIPN found that most people in the industry thought that the document worked well overall, but needed some 'tweaking' in certain areas. The revised Confidentiality Agreement includes provisions relating to electronic record retention, enforcement and removal of the second tier of confidentiality agreements (for persons reviewing the data for the recipient). The company receiving the data will be responsible for enforcing confidentiality. The new model includes options and alternatives for the first time.

**Consultant Agreement 2008**

The previous Model Consulting Agreement was criticized for its tone and narrow focus on US anti-bribery law, the Foreign Corrupt Practices Act (FCPA). There are now several multilateral treaties that require more than 100 countries to have foreign anti-corruption laws similar to those of the United States. The recent Consultant Agreement for Business Development in a Host Country 2008 reflects the diversity of international law in this area and the different cultural approaches to the issue.

**Gas Transportation Agreement 2009**

The Gas Transportation Agreement is a natural extension of the Model Gas Sales Agreement and is designed to work with it. This model transportation agreement is focused on long-term sales rather than the spot transportation market; ie, producers working with gas transporters for years. The model can still be used for medium-term frameworks with little adaptation, but its full advantages are not evident until shipper and transporter see each other tied together in business for a long period.

**Master LNG Sale and Purchase Agreement (SPA) 2009**

This model contract is intended to promote the creation of a secondary market for liquefied natural gas (LNG) that will facilitate trading and arbitrage of LNG cargoes. The model helps the industry achieve this goal by establishing a uniform short-term and spot sales agreement and thereby reducing transaction time, cost and uncertainty. It represents a substantial industry-wide effort to create a model contract that balances the interests of sellers and buyers, is geographically neutral and contains all of the provisions that most parties will require in a Master LNG SPA.

The AIPN is currently developing a model Area of Mutual Interest Agreement, an update to its flagship International Operating Agreement and Accounting Procedure, updates to its Model Service Agreements, a new International Drilling Contract, a new Data Exchange Agreement and an FOB version of the Master LNG SPA.

**United Kingdom Offshore Operators Association**

The United Kingdom Offshore Operators Association (UKOOA) is the representative trade organization for the UK offshore oil and gas industry. Its more than 30 members are companies licensed by the UK Government to explore for and produce oil and gas in UK waters. They have created a number of upstream model contracts, and have taken on the responsibility of maintaining the UK joint operating agreement for use in the UK North Sea bid rounds. These documents have been subject to detailed review by a broad cross-section of the UK industry and represent best current practice in that jurisdiction.

The UKOOA model contracts currently comprise:

- Standard Decommissioning Cost Provision Deed Draft

- Revised Standard Decommissioning Security Arrangements
- Master Deed for Transfer of Licence Assets between Companies
- Deed of Novation of Trust Deed 2000
- Stamp Duty Agreement 2000
- Assignment of Interest
- Seismic Data Release Agreement
- Joint Operating Agreement
- Novation and Amendment of Joint Operating Agreement
- Draft Pipeline Crossing Agreement 2000
- Confidentiality Agreement
- Acquisition & Disposal: Sale & Purchase Agreement

They have also issued procedures to assist the UK industry:

- Standard Oil Accounting Procedures Simplification of Joint Venture Accounting for the UK Oil & Gas Industry
- Standard Oil Accounting Procedures Statement of Common Standards in Joint Venture Auditing for the UK Oil & Gas Industry

Their recently developed or amended model contracts and procedures are the following:

***Standard Oil Accounting Procedures Simplification of Joint Venture Accounting for the UK Oil & Gas Industry***

The Standard Oil Accounting Procedures Simplification of Joint Venture Accounting for the UK Oil & Gas Industry was created by UKOOA to simplify existing accounting practices in UK joint venture accounting due to industry developments and new business practices. These procedures are meant to be used in conjunction with a joint venture operating agreement for oil and gas development in the UK. As many of the joint venture agreements were already in existence and there was potential for conflict between these procedures and those existing agreements, the UKOOA recommended adopting the procedures as 'best practices' rather than amending the existing agreements.

***Standard Oil Accounting Procedures Statement of Common Standards in Joint Venture Auditing for the UK Oil & Gas Industry***

The UKOOA created the Standard Oil Accounting Procedures Statement of Common Standards in Joint Venture Auditing for the UK Oil & Gas Industry to set out good practices for Joint Venture Auditing. These principles are recommended but are not mandatory. Parties can adopt different standards as required based on the specific situation. Although the objectives of the audit may vary, these standards are meant to set out the fundamental details of the audit and serve as a guideline for companies performing a joint venture audit.

### **Standard Decommissioning Cost Provision Deed Draft**

The Standard Decommissioning Cost Provision Deed Draft was created to set out the procedures for the parties to a joint venture to set aside funds for decommissioning consistent with their interest in the development and the liability resulting under the UK legislation. Under the legislation, the parties must apply to the Secretary of State for approval of a Statutory Decommissioning Programme for the field and will then be required to carry out the programme. The deed sets out the proportions each party will pay into a trust to facilitate and fund the decommissioning programme when required.

### **Revised Standard Decommissioning Security Arrangements**

The UKOOA commissioned this opinion on two draft documents related to decommissioning security arrangements. The committee compared the use of a charge mechanism versus a trust mechanism and assessed the risks associated with each option.

### **American Petroleum Institute**

The American Petroleum Institute (API) was established in 1919 and is the primary trade association for the US oil and natural gas industry. It is based in Washington, DC and is a major research institute, policy forum and developer of industry technical standards. The API gathers and maintains statistics on subjects ranging from domestic US oil and gas production to environmental expenditures.

The API has also developed and published a number of upstream and service model contracts for the US domestic petroleum industry. This activity is not one of its core businesses like some of the other organizations surveyed in this article. Consequently, these documents are not maintained as currently as some of those managed by other organizations and a number of them are now out of print. None have been added or updated in recent years.

- Single Well Rotary Drilling Contract
- Master Rotary Drilling Contract
- Master Well Servicing Contract, Form 4S1
- Model Form Drilling Contract
- Offshore Operating Agreement
- Voluntary Unit Agreement
- Voluntary Unit Operating Agreement
- Statutory Unit Agreement
- Statutory Unit Operating Agreement
- Form of Agreement and Specifications for Pipeline Crossings Under Railroads.

### **Rocky Mountain Mineral Law Foundation**

The Rocky Mountain Mineral Law Foundation (RMMLF) was established in 1955 in Colorado, USA, as a non-profit educational organization dedicated to the study of legal issues affecting US domestic and international mineral and water resources. The Foundation is a cooperative project of law schools, bar associations, industry associations and

individuals. It has more than 2,000 members worldwide. Its goals are to foster and encourage a scholarly, yet practical study of domestic and international laws relating to oil and gas, mining, water, public lands, mineral financing and taxation, land use and environmental protection. It runs a variety of conferences in North and South America, publishes treatises, books, model contracts and newsletters, and offers scholarship and grants programmes.

The RMMLF has developed a number of model contracts for the domestic US upstream oil and gas and mining industries. None have been recently added or updated. Two of these models (Forms 2 and 7) are available electronically, while the remainder are only available in paper format.

- Form 1 – Rocky Mountain Unit Operating Agreement – Oil and Gas (Undivided Interest)
- Form 2 – Rocky Mountain Unit Operating Agreement – Oil and Gas (Divided Interest)
- Form 3 – Rocky Mountain Joint Operating Agreement – Oil and Gas
- Form 4 – Rocky Mountain Mining Joint Operating Agreement
- Form 6 – Gas Balancing Agreement
- Form 7 – Confidentiality and Nondisclosure Agreement.

### **Council of Petroleum Accountants Societies**

The Council of Petroleum Accountants Societies (COPAS) was established in Texas, USA, in 1961 to provide a forum for discussing and solving accounting issues for US domestic oil and gas operations. It is a professional organization for petroleum accountants in the United States. COPAS has grown to 23 local societies and over 2,700 members in the United States and Canada. The Petroleum Accountants Society of Houston is its largest local society. The Petroleum Accountants Society of Canada (PASC) is affiliated with it. COPAS has created model accounting procedures, guideline documents and educational materials for petroleum accounting in US oil and gas operations. None have been recently added or updated.

- Gas Plant Accounting Procedure
- Alternative Model Form Accounting Procedure 1995
- Project Team Model Form Accounting Procedure
- Accounting Procedure Joint Operations 2005
- Accounting Procedure Offshore Joint Operations 1986
- Onshore Model Form Accounting Procedure 1984
- Arctic Accounting Procedure 1974.

### **Petroleum Accountants Society of Canada**

The Petroleum Accountants Society of Canada (PASC) was established in Calgary, Alberta, in 1961. It is one of the founding member societies of COPAS and continues to maintain an ongoing relationship with it to keep informed about petroleum accounting developments

in the United States and internationally. Similar to COPAS, it is a professional organization for petroleum accountants in Canada.

The PASC has several committees that are responsible for developing model accounting procedures, sponsoring educational seminars and providing guidelines on revenue, joint interest, marketing and financial research issues. PASC members are also actively involved in work conducted by joint task forces sponsored by other associations such as the PJVA, CAPL and the Canadian Association of Petroleum Land Administrators (CAPLA). Their models include:

- Accounting Procedure 2007
- Frontier Exploration Accounting Procedure 1986
- Facilities Accounting Procedure 1991
- Frontier Development and Operations Accounting Procedure 1991
- PASC 96 Modifications Exhibit Document.

In addition, PASC publishes a number of interpretation guidelines and bulletins related to accepted industry procedures.

Their most recently amended model is:

### **Accounting Procedure 2007**

PASC's key document is its Accounting Procedure, which is widely used in the Canadian oil industry. The 2007 Accounting Procedure Annotated is an updated version of PASC's previous Accounting Procedure to keep in line with industry changes, known issues arising from joint venture arrangements and to account for changes to other model agreements, such as CAPL's 2007 Joint Operating Procedure, COPAS Model Form Accounting Procedures for Joint Operations, and PJVA Model Construction, Ownership and Operating Agreement and Unit Operating Agreement. The 2007 Accounting Procedure is to be used with various head agreements such as pooling, farmout, joint operating and unit operating agreements.

### **International Association of Drilling Contractors**

Established in 1940, the International Association of Drilling Contractors (IADC) is a trade association that represents the worldwide oil and gas drilling industry. Its head office is located in Houston, Texas, USA, with subsidiary offices in Washington, DC, Europe and the Middle East. It promotes safety, preservation of the environment, advances in drilling technology and fosters education and communications within the upstream petroleum industry. Its membership primarily consists of drilling contractors, most of whom are based in the United States, some of whom have international operations. One of its member services is the development of model drilling contracts for both US and international operations.

The IADC has a suite of model drilling contracts for US domestic and international operations. There have been no recent additions or updates.

- Daywork Drilling Contract – US Land
- Footage Drilling Contract – US Land
- International Daywork Drilling Contract – Offshore
- Master Service Contract
- Sample International Daywork Contract – Land
- Sample Model Turnkey Contract
- Sample Offshore Daywork Contract – US
- Sample Offshore Turnkey Contract – US
- Standard Format for Equipment Lists for Offshore Rigs (SFEL).

The IADC develops its model contracts with the participation of only its member companies. It does not include its clients, the operating companies, in those discussions. In its opinion, this approach avoids the drafting process turning into a negotiation session with one side attempting to gain some advantage over the other and memorializing it in a model contract. The IADC's stated experience with an industry multilateral approach is that the drafters become intransigent resulting in the work grinding to an unsuccessful halt. Based on other models reviewed in this article, that has not always been the experience of other service organizations that have chosen to work on a multilateral basis with their clients' industry organizations.

### **Canadian Association of Oilwell Drilling Contractors**

One example of a different approach from the IADC is how the Canadian Association of Oilwell Drilling Contractors (CAODC) has managed to create industry models through discussion with operating company representatives such as the Canadian Association of Petroleum Producers (CAPP). CAODC was formed in June 1949 in Alberta, Canada, as a trade association to represent drilling contractors in the Canadian oilwell drilling industry. Its principal members are drilling and service rig contractors and its associate members are companies who provide services to the drilling contractors. The CAODC has developed standard operating procedures for its member companies and publishes standard forms for the Canadian onshore drilling industry similar to those that the IADC publishes for the US industry.

- Standard Meterage Contract 1994
- Standard Meterage Contract (Bid Sheet)
- Standard Daywork Contract 2001
- Standard Daywork Contract (Bid Sheet)
- CAPP/CAODC Master Well Service Agreement
- CAPP/CAODC Master Daywork Contract
- CAPP/CAODC Master Daywork Contract Exhibit 'A'
- Facility Crossing Agreement – Part 1 & 2

- Well Specifications Exhibit
- Statutory Unit Operating Agreement
- Model Form of Unit Operating Agreement for Statutory Unitization
- Model Form of Unit Agreement for Statutory Unitization (with Supplement)
- Form of Agreement and Specifications for Pipeline Crossings Under Railroads

In order to gain efficiencies for both sides and provide a model drilling contract that would be widely accepted and used in the Canadian industry, the CAODC worked with the CAPP, which represents oil operating companies, to develop a model drilling contract which they both endorsed in 2001.

Recent developments from CAODC are:

### **Master Well Service Agreement**

The Master Well Service Agreement was created by CAODC for CAPP to govern the relationship between the operator of an oil and gas development and a contractor who provides well services as required by the operator. This agreement sets out the manner in which the services will be carried out and addresses issues such as who will provide the equipment, payment for services and equipment, how services will be carried out, allocation of risk and liability and reporting requirements. These clauses can be modified to meet the specific services the contractor will provide. Exhibit A provides a sample work service order.

### **Facility Crossing Agreement**

The model Facility Crossing Agreement was created to streamline the process involved with Federal and Provincial crossing agreements and to improve administrative efficiency between parties to these crossing agreements. There are two parts to the agreement. Part 1 is a document that contains the Master Agreement between the parties plus Schedule B to indicate the location plan and profile, and Schedule C which lists the specific terms and conditions. Part 1 can be used to develop a company-specific master crossing agreement and be edited accordingly. Schedules B and C should only be used when specific crossing approvals between the parties are required. Part 2 contains the general terms and conditions. To be valid, Part 2 cannot be modified or changed, except to add the company name and location of the property.

### **International Association of Geophysical Contractors**

The International Association of Geophysical Contractors (IAGC) is headquartered in Houston, Texas, USA, with offices in England and the Far East. It is a trade association representing companies that provide geophysical services (geophysical data acquisition, geophysical data processing and interpretation, and seismic data ownership and licensing) to the oil and gas industry. Among other services to its members, it provides geophysical model contracts in a set of manuals, one for domestic US operations and another for international operations. The IAGC has developed:

- Seismic Acquisition Agreement
- Single Project Model Seismic Acquisition Agreement (international operations)
- Seismic Processing Agreement
- Seismic (or Geophysical Data-Use) Licensing Agreement.

In addition, it has developed US and International Geophysical Contract Manuals. There have been no recent additions or updates.

### **Petroleum Equipment Suppliers Association**

The Petroleum Equipment Suppliers Association (PESA) comprises equipment manufacturers, wellsite service companies and supply companies serving the drilling and production segments of the petroleum industry. It is a trade organization whose membership is open to companies that are US-based manufacturing, wellsite service or supply companies with at least 50 percent of their sales to the drilling, production, refining or pipeline segments of the petroleum industry. Founded in 1933 as the American PESA, it adopted the present name in 1938. PESA is based in Houston, Texas, USA, and has nearly 200 active member companies that provide petroleum services both in the United States and internationally.

PESA joined with the AIPN in 1999 to develop several model international service agreements. Along with the AIPN, it endorsed the following international model contracts which are available on its website:

- International Model Master Service Arrangement
- International Model Well Services Contract

PESA has not developed any model service contracts for the domestic US petroleum industry.

### **Petroleum Services Association of Canada**

The Petroleum Services Association of Canada (PSAC) was incorporated in 1981 in Alberta, Canada, by 143 founding member companies. It is a trade organization that presently represents approximately 250 oilfield service, supply and manufacturing companies which cover all facets of the Canadian petroleum service sector, except drilling and service rig contractors and geophysical contractors who have their own trade associations. In 1996, PSAC and CAPP signed a strategic alliance between Canadian petroleum producing companies and their suppliers.

PSAC developed a model Master Service Agreement (MSA) for its members in 1990 and last updated it in 1998. It is available as a standardized contract in a pad of 25 forms. It is not widely accepted and used by major operating companies in Canada. PSAC also developed a Guide to MSAs to help its member oilfield service companies negotiate service contracts with operators. It covers terms and conditions, agreement and interpretation, compensation, liability and indemnity and termination of work.

## Leading Oil and Gas Industry Competitiveness

The Cost Reduction Initiative for the New Era (CRINE) model service contracts were developed to improve the efficiency of the UK petroleum industry and to ensure that the North Sea continued to be an attractive place to invest. A number of UK companies through their industry organizations took several initiatives to improve the efficiency of the North Sea industry. The UK Department of Energy, which subsequently merged into the Department of Trade and Industry (DTI), actively participated in these developments. One of the primary goals was technical and commercial standardization including the development of model service contracts. The anticipated result of these initiatives was the lowering of capital and operating costs by 30 per cent in the face of low oil prices. CRINE was thus born in 1992. It evolved into the CRINE Network and finally into the Leading Oil and Gas Industry Competitiveness (LOGIC).

The CRINE Standard Contracts Committee developed the following service contracts for use in the UK North Sea.<sup>6</sup> Guidance notes are often included with these contracts:

- **Design**
  - o Sample Form Agreement for Standard Contract Design Edition 1
  - o Standard Contract Design Edition 1
  - o Standard Contract Design Edition 2
  
- **Construction**
  - o Sample Form Agreement for Standard Contract Construction Edition 1
  - o Standard Contract Construction Edition 1
  - o Standard Contract Construction Edition 2
  - o Sample Form Agreement for Standard Contract Marine Construction Edition 1
  - o Standard Contract Marine Construction Edition 1
  - o Standard Contract Marine Construction Edition 2
  
- **Services**
  - o Sample Form Agreement for Standard Contract Well Services Edition 1
  - o Standard Contract Well Services Edition 1
  - o Standard Contract Well Services Edition 2
  - o Standard Contract Services (On- and Off-shore) Edition 2
  
- **Miscellaneous**
  - o Sample Form Agreement for Standard Contract Onshore Services Edition 1
  - o Standard Contract Onshore Services Edition 1

<sup>6</sup> See generally *Guidance Notes* for description of models, CRINE Contracts (1997 and 2001).

- o Sample Form Agreement for Standard Contract Offshore Services Edition 1
- o Standard Contract Offshore Services Edition 1
- o Sample Form Agreement for Standard Contract Supply of Major Plant and Equipment Edition 1
- o Standard Contract Supply of Major Plant and Equipment Edition 1
- o Standard Contract Supply of Major Plant and Equipment Edition 2
- o Sample Form Agreement for Standard Contract Small/Medium Enterprises Services Edition 1
- o Standard Contract Small/Medium Enterprises Services Edition 1
- o Sample Form Agreement for Standard Contract Small/Medium Enterprises Subcontract Services Edition 2
- o Standard Contract Small/Medium Enterprises Subcontract Services Edition 2
- o Sample Form Agreement for Standard Contract Mobile Drilling Rig Edition 1
- o Standard Contract Mobile Drilling Rig Edition 1
- o Guidance Notes to Standard Contract Mobile Drilling Rig Edition 1
- o Standard Contract Purchase Order Terms and Conditions (Short Form) Edition 1
- o Standard Contract Purchase Order Terms and Conditions (Short Form) Edition 2
- o Industry Mutual Hold Harmless (IMHH)

None of these documents have recently been revised.

### **Other organizations**

The Original Model Contracts Review did not discuss some organizations that have developed model contracts. These organizations and their model contract efforts are listed below.

#### **Australian Petroleum Production and Exploration Association**

The Australian Petroleum Production and Exploration Association (APPEA) is a trade organization created in 1959 to represent the oil and gas industry in Australia with headquarters in Canberra and offices in both Brisbane and Perth. Its current membership includes companies exploring or producing in Australia, government agencies, education institutions and service and supply organizations and companies. AAPEA member companies produce approximately 98 per cent of the oil and gas in Australia. Services to members include conferences, consultation with government on key issues related to oil and gas production in Australia, participation on AAPEA committees and regulatory updates. The AAPEA has created a model Joint Operating Agreement for use in Australia. This agreement is principally designed to address onshore operations. The Australian industry has recently moved to use the AIPN Model JOA with modifications for Australian operating conditions.

#### **Canadian Association of Petroleum Land Administrators**

The Canadian Association of Petroleum Land Administrators (CAPLA) was created in Calgary, Alberta, Canada by a group of Canadian land administrators who were not

satisfied with the manner in which CAPL was addressing issues related to land administration. Consequently, this new group of land administrators was established in 1993 to provide education, promote the profession and share ideas. It has grown to over 2,500 members. Membership is comprised of those who are actively working in the petroleum industry in activities associated with matters related to land administration or who work in a post-secondary institution, government agency or other non-commercial group that is related to land administration. CAPLA has created the following model contracts:

- Master Road Use Agreement 2005
- Amending and Working Interest Clarification Agreement
- Joint Operating Agreement
- Joint Operating Agreement Schedule B
- Earning Letter Example 1 – Capped or Completed Well
- Earning Letter Example 2 – Abandoned Well
- Earning Letter Example 3 – Test and Option Well

These can be summarized as follows:

#### ***Master Road Use Agreement 2005***

The CAPLA 2005 Master Road Use Agreement is used when access to a wellsite, facility or other development area requires the use of a private road. This agreement provides non-exclusive use of the road and sets out the rights and obligations associated with this access.

#### ***Amending and Working Interest Clarification Agreement***

The Amending and Working Interest Clarification Agreement is used to clarify the working interests and the relationship between the parties when the parties have obtained their working interest from one or more predecessors in title. This document sets out the assumption of rights, obligations and liabilities of each party based on the previous agreements binding the predecessor in title. The attached schedules set out details such as who holds what working interest, any encumbrances, and clarifies and confirms who is the operator.

#### ***Joint Operating Agreement***

CAPLA's Joint Operating Agreement was set up as an alternative to other operating agreements used to govern oil and gas development, such as CAPL, that were already used by the industry. The 1990 CAPL Operating Procedure and the PASC Accounting Procedure are incorporated as schedules to the CAPLA Joint Operating Agreement and the appropriate elections still need to be made in both of those documents. CAPLA intended to provide a document that used plain language and required minimal alterations to the body of the

agreement when used by industry. It also created the Joint Operating Agreement Questions and Answers to address questions and concerns from industry which arose when CAPLA released its own model form Joint Operating Agreement.

### **Earning Letter**

CAPLA created three examples of a sample Earning Letter. Each of these letters was based on the assumption that the 1997 CAPL Farmout and Royalty Procedure applied to the relevant agreement and therefore, if another form is used, there will need to be modifications to these letters. These letters should be used to monitor and keep track of when and how earning occurs during a Farmout. Each of the sample letters addresses a different potential earning situation and sets out the lands involved, what occurred with drilling or the well itself, and if and when the interest was earned. The letter also asks the recipient to confirm the contents of the letter and return a signed copy to indicate agreement. The three letters are: (1) Earning Letter – Capped or Completed Well, (2) Earning Letter – Abandoned Well and (3) Earning Letter – Test and Option Well. The earning party will need to select the appropriate letter and then modify it according to its own unique situation regarding the agreement and when earning occurs.

### **Canadian Society of Exploration Geophysicists**

The Canadian Society of Exploration Geophysicists (CSEG) promotes the science of geophysics as it applies to oil and gas exploration. The CSEG was created in 1949. It now has over 1,800 members, most of whom are geophysicists involved in hydrocarbon exploration. The main activities of the CSEG are the exchange of technical information and providing a link between geophysics professionals and the government, the public and academic circles.

This Canadian organization has created the following upstream model contracts:

- Master Seismic Data License Agreement 2001
- Master Licence Agreement Fee Schedule
- Master Licensing Agreement Signing Procedures

### **North American Energy Standards Board**

The North American Energy Standards Board (NAESB), formerly known as the Gas Industry Standards Board (GISB), was created in 2002 to develop standards and model business practices for the efficient operation of the natural gas and electricity industry in North America. Currently there are over 350 active industry members. NAESB facilitates the exchange of information between industry and government agencies and has built public-private partnerships with US federal and state departments such as the Department of Energy, the Department of Transportation, FERC and the National Energy Board. Industry participants in NAESB create standards that are then forwarded to regulatory agencies for additional review and action. In addition, it has created the following product marketing model contracts:

- Base Contract for Retail Sale and Purchase of Natural Gas
- Base Contract for Short-Term Sale and Purchase of Natural Gas
- Base Contract for Short-Term Sale and Purchase of Natural Gas with General Terms and Conditions
- Canadian Addendum to Base Contract for Short-Term Sale and Purchase of Natural Gas

These are all designed to be standard gas sales contracts, in the ‘evergreen’ or ‘master’ format. While the document titles all contemplate short-term sales, many parties have made long-term agreements out of them by simply extending the termination date. There is a risk that the use of a simple short-term document in long-term transactions where documentation is typically more robust may result in unintended negative consequences.

### **GasEDI**

This Calgary-based Canadian organization was established initially to simplify electronic transactions in the Canadian gas business. It now also provides information on the industry and works with other industry organizations related to the gas industry to discuss new developments and provides recommendations, such as its work on the task force to implement GISB standards in Canada. GasEDI draws its membership from the North American gas industry and cooperates and supports the North American Energy Standards Board (NAESB).

GasEDI’s created the following model evergreen (or master) gas sales agreement and supplementary documentation:

- Cover Sheet for Base Contract for Sale and Purchase of Natural Gas 2005
- General Terms and Conditions for Base Contract for Sale and Purchase of Natural Gas 2005
- Transaction Confirmation for Base Contract for Sale and Purchase of Natural Gas 2005

NAESB’s efforts to create a Canadian version of its standard gas sales contract have limited the extent to which the GasEDI documents have been used.

### **International Federation of Consulting Engineers**

Founded in 1913, the International Federation of Consulting Engineers (FIDIC) represents the consulting engineer industry on a global basis and promotes business interests of engineering firms who supply technology-based intellectual services. FIDIC’s headquarters are in Geneva, Switzerland but its member associations have offices around the world. It facilitates the exchange of information between professionals, development of ethical standards and quality of service guidelines, creation of model contracts and providing training and publications related to all aspects of the engineering profession. Currently FIDIC has 75 member associations representing approximately 1 million

engineering professionals. Although it is an organization that is not focused on the petroleum industry, many FIDIC model documents have been used in international oil industry infrastructure projects.

- FIDIC Design, Build and Operate Contract
- FIDIC Construction Contract MDB Harmonised Edition
- Major Works Contracts: Construction, Plant and Design-Build, EPC/Turnkey 1999
- Plant and Design-Build Contract 1999
- EPC/Turnkey Contract 1999
- Model Representative Agreement
- Works of Civil Engineering Construction
- Electrical and Mechanical Works
- Sub-Consultant Agreement 1992
- Joint Venture Agreement
- Short Form of Contract for Short Duration Work
- Dredging and Reclamation Work
- Construction Contract
- Client Model Services Agreement

It should be noted that these documents are not specialized for the petroleum industry.

#### **4. The Creating Organizations**

This survey of model contracts shows that there are many different industry associations that have created model contracts. There have been various approaches used to create these model contracts.

##### **Dominant Player**

In the early developmental stages of some jurisdictions, there has been a dominant player who has successfully established its contract as the industry standard. As an example, in the 1960s and 1970s, the British National Oil Corporation (BNOC), which was the UK Government's oil company, was successful in getting other companies to use their particular form of joint operating agreement (JOA). This was achieved by the UK Government requiring that any company wanting to do business in the UK North Sea had to joint venture with BNOC and use its particular form of JOA.

The creation by the Labour government of the state-owned British National Oil Corporation and the policy of forcing participation in licences by BNOC had one positive outcome – the creation at the time of the Fifth Round of Licensing of a model-form Joint Operating Agreement. This document became a North Sea standard and remains in use in modified form today. It is interesting to speculate whether the industry would ever have agreed upon a model-form JOA had one not been forced upon it.<sup>7</sup>

<sup>7</sup> Martyn R David (ed), *Upstream Oil and Gas Agreements* (Sweet & Maxwell 1996) 7.

When BNOB ceased to be the National Oil Company (NOC) of the United Kingdom, and for that matter ceased to exist,<sup>8</sup> that particular model JOA continued to be used simply because UK companies were familiar with it and comfortable in continuing to use it.<sup>9</sup> This is, however, a relatively rare case where a model contract was developed by a single entity (in this case, a government entity) and then accepted as the industry standard in that jurisdiction. The UKOOA has subsequently taken responsibility for maintaining and updating this model JOA.

### **Industry Organizations**

Most successful model contracts in the global petroleum industry have been developed as a result of an industry organization sponsoring and endorsing a model contract. In such cases, the industry organization and its membership need to reflect a constituency that can successfully develop and use the model contract. Such industry organizations usually consist of commercial personnel and legal advisers that handle that particular transaction and its contracts on a regular basis. This article provides a number of examples of such model contracts.

### **Multilateral Cooperation**

Sometimes in a particular segment of the petroleum industry there are many different players represented by different organizations and institutions. They often represent parties who work on different sides of the negotiating table when particular transactions are initiated and contracts negotiated and drafted. When that is the case, it is difficult for one organization successfully to develop and implement a model contract by itself. On rare occasions, a unilateral initiative by a single industry organization may gain acceptance. This happens when the industry is relatively fragmented and made up of a large number of small players on one side who have limited bargaining power and do not have the ability to speak with a single voice on a particular issue.

When the opportunity arises, there is a significant benefit when several organizations representing different facets of a business transaction agree to cooperate on a multilateral basis to develop a model contract. This requires a significant amount of goodwill and commitment from the organizations who participate in the joint development of a model contract. Sometimes the organizations are not able to agree on various issues and the necessary political capital is not available to overcome such obstacles. But if done properly, a successful multilateral approach to the development of model contracts results in a better and more widely accepted document.

### **Government Participation**

In some instances, the support and backing of a government ensures the wider acceptance of a model contract. Some examples are the development of a unit agreement in Canada with the participation of the Province of Alberta and the CRINE service agreements that the UK DTI actively participated in and supported. These successful examples occurred

<sup>8</sup> Gone are the days of the shot-gun marriage to BNOB (and its successor the OPA). See Sandy Shaw, 'Joint Operating Agreements' in Martyn R David (ed) *Upstream Oil and Gas Agreements* (Sweet & Maxwell 1996) 13.

<sup>9</sup> Taylor and Winsor, *Joint Operating Agreements* (FT Law & Tax 1992).

when the government had a vested interest in the transaction and received clear benefits from the implementation of a model contract.

## **5. When to Create a Model Contract**

Most of the model contracts reviewed in this article are widely used in the industry sector for which they were developed. However, some of the models had to be revised and re-launched several times before they became accepted as the industry standard. Based on the experience of successful model contracts, there is fertile ground for the creation of a model contract when the following conditions exist:

### **Industry Demand**

The ultimate goal of developing any model contract is to meet a clearly defined need and to create a document that will be widely accepted and used in the industry. To define that demand, the first step is to ask the industry what it wants. That can be accomplished in a number of ways: conducting written surveys of an organization's members, dialogue with key players in the industry, discussions within model contract drafting committees and requesting the input of an organization's board of directors. Through this kind of ongoing analysis, a consensus emerges on what new models should be undertaken, what existing models should be revised and in what priority.

Typically, the kinds of agreements that are good candidates for developing into a model are ones that are already widely recognized and used in the industry. They usually have a long history and an extensive set of established precedents. They have a good base to work from and an opportunity to reach consensus on many of the issues found in them. They are transactions which are entered into frequently and the greater the volume, the greater the benefits obtained. Agreements that are unique, bespoke documents or which are in the early days of conceptual development do not lend themselves well to becoming a model contract. They may eventually become so, but that takes time and many transactions to accomplish.

### **Industry support**

A model contract without support is a model contract that will not be used. Therefore, gaining wide industry support for a model from the very beginning of the project is absolutely essential for its success. There are a number of methods for ensuring industry support. The first is to work through an organization that represents the ultimate users of the document. One company acting on its own cannot persuade the industry that its document is the solution to their problems, no matter how good it is. In fact, the opposite reaction is more likely, ie rejection. Ideally, the sponsoring organization should have a proven track record in developing model contracts. Surprisingly, such organizations are not that common. It takes a great deal of experience, resources and credibility to properly develop and market a model contract. The backing and support of such an organization increases the level of industry exposure for the project and the level of buy-in by individual companies.

All significant sides of the business transaction should be involved in the drafting of the model. For instance, if it is a model sales contract, both sellers and buyers should be on the drafting committee. If it is a service contract, operators and service providers need to

participate. The various parties (and their representative organizations) in the chain of transactions that occur within a particular agreement should be included. So, for instance, for a title transfer document, the dealmakers, lawyers, accountants, administrators, etc, should be involved in the drafting process. This ensures the model will be ultimately accepted up and down the transaction chain, which increases its usefulness.

If it is not possible to have all the parties at the drafting table because one party is recalcitrant; at a minimum, the party(ies) with the most significant bargaining power in the transaction need to be there. Failure to do so undermines the success of a model contract and means that a lot of time is wasted in developing it. As an example, the development of some model service contracts by trade organizations without the participation of their clients (who ultimately have the final bargaining power) resulted in their models not being used.

If there exist industry demand and industry support for the initiative of creating a new model contract, then there is the necessary foundation to justify the effort to create one. If an organization decides to create a model contract, then it will need to engage in a multiple-year initiative to develop, educate and market the resulting product. The Original Model Contracts Review contains a lengthy discussion of these important steps.

## **6. Conclusion**

The Original Model Contracts Review concluded with a statement that the benefits associated with model contracts were bound to lead to an expanded development and application of them in the future by the petroleum industry. This article demonstrates the accuracy of that prediction, with evidence of over thirty new or revised model contracts. Some of these are from organizations that have previously created model contracts; others are from groups who are new to the process. What is perhaps most notable about this review is that many of the model contracts are being amended and updated on a regular basis. This demonstrates the desire of the petroleum industry to keep these models alive in the context of a business that continually changes. While there are reasons to be cautious about creating or adopting a model contract, the jury has delivered its verdict: the international petroleum industry is firmly committed to the use of model contracts. This commitment is demonstrated by the extent of the recent efforts to add to the suite of industry models that are available for use. The industry experience in developing, educating, marketing and updating these models is expanding their benefits to the industry. It is safe to say that model contracts are not only here to stay, but they will continue to grow 'higher, faster and stronger' in the coming years.

## **Appendix A**

### **International Petroleum Organizations and Their Model Contracts**

#### **American Association of Professional Landmen (AAPL)**

Address: 4100 Fossil Creek Blvd., Fort Worth, TX 76137, USA

Phone: +1 817 847 7700

Fax: +1 817 847 7704

E-mail: [aapl@landman.org](mailto:aapl@landman.org)

Website: [www.landman.org](http://www.landman.org)

#### **American Petroleum Institute (API)**

Address: 1220 L Street, NW, Washington, DC 20005-4070, USA

Phone: +1 202 682 8000

Fax: +1 202 682 8115

Website: [www.api.org](http://www.api.org)

#### **Association of International Petroleum Negotiators (AIPN)**

Address: 11767 Katy Freeway, Suite 412, Houston, TX 77079, USA

Phone: +1 281 558 7715

Fax: +1 281 558 7073

E-mail: [aipn@aipn.org](mailto:aipn@aipn.org)

Website: [www.aipn.org](http://www.aipn.org)

#### **Australian Petroleum Production and Exploration Association (APPEA)**

Address: GPO Box 2201 (mailing), Canberra Act 2601, Australia

Phone: +61 2 6247 0960

Website: [www.appea.com.au](http://www.appea.com.au)

#### **Canadian Association of Oilwell Drilling Contractors (CAODC)**

Address: 800, 540 – 5 Avenue SW, Calgary, AB T2P 0M2, Canada

Phone: +1 403 264 4311

Fax: +1 403 263 3796

E-mail: [info@caodc.ca](mailto:info@caodc.ca)

Website: [www.caodc.ca](http://www.caodc.ca)

#### **Canadian Association of Petroleum Producers (CAPP)**

Address: 2100-350, 7 Avenue SW, Calgary, AB T2P 3N9, Canada

Phone: +1 403 267 1100

Fax: +1 403 261 4622

Website: [www.capp.ca](http://www.capp.ca)

#### **Canadian Association of Petroleum Landmen (CAPL)**

Address: 350-500, 5 Avenue SW, Calgary, AB T2P 3L5, Canada

Phone: +1 403 273 6635

Fax: +1 403 263 1620

E-mail: [dgrieve@landman.ca](mailto:dgrieve@landman.ca)

Website: [www.capl.ca](http://www.capl.ca)

**Canadian Association of Petroleum Land Administration**

Address: Suite 628, 138 – 4 Avenue SE, Calgary, AB T2G 4Z6, Canada

Phone: +1 403 452 6497

Fax: +1 403 452 6627

Website: [www.caplacanada.org](http://www.caplacanada.org)

**Canadian Society of Exploration Geophysicists (CSEG)**

Address: 600, 640 – 8th Avenue SW, Calgary, AB T2P 1G7, Canada

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Fax: +1 403 262 7383

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Website: [www.cseg.ca](http://www.cseg.ca)

**Council of Petroleum Accountants Societies (COPAS)**

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Website: [www.copas.org](http://www.copas.org)

**GasEDI**

Address: c/o Canadian Association of Petroleum Producers, 2100, 350 – 7 Avenue SW,  
Calgary, AB T2P 3N9, Canada

Phone: +1 403 267 1106

Website: [www.gasedi.ca](http://www.gasedi.ca)

**International Association of Drilling Contractors (IADC)**

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E-mail: [info@iadc.org](mailto:info@iadc.org)

Website: [www.iadc.org](http://www.iadc.org)

**International Association of Geophysical Contractors (IAGC)**

Address: 1225 North Loop West, Suite 220, Houston, TX 77008, USA

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Fax: +1 713 957 0008

E-mail: [iagc@iagc.org](mailto:iagc@iagc.org)

Website: [www.iagc.org](http://www.iagc.org)

**International Federation of Consulting Engineers (FIDIC)**

Address: World Trade Center II, Geneva Airport, Box 311, 29 route de Pre-Bois, Cointrin, CH-1215 Geneva 15, Switzerland

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Fax: +41 22 799 4901

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**Leading Oil and Gas Industry Competitiveness (LOGIC) (formerly CRINE)**

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Fax: +44 1224 853429

E-mail: [logic@logic-oil.com](mailto:logic@logic-oil.com)

Website: [www.logic-oil.com](http://www.logic-oil.com)

**North American Energy Standards Board (NAESB)**

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Website: [www.naesb.org](http://www.naesb.org)

**Petroleum Accountants Society of Canada (PASC)**

Address: 400, 1040-7 Ave. SW, Calgary, T2P 3G9, PO Box 4520, Station C, Calgary, AB T2T 5N3, Canada

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Fax: +1 403 244 2340

E-mail: [info@petroleumaccountants.com](mailto:info@petroleumaccountants.com)

Website: [www.petroleumaccountants.com](http://www.petroleumaccountants.com)

**Petroleum Equipment Suppliers Association (PESA)**

Address: 9225 Katy Freeway, Suite 310, Houston, TX 77024, USA

Phone: +1 713 932 0168

Fax: +1 713 932 0497

E-mail: [sstephens@pesa.org](mailto:sstephens@pesa.org)

Website: [www.pesa.org](http://www.pesa.org)

**Petroleum Joint Venture Association (PJVA)**

Address: 400, 1040-7 Ave. SW, PO Box 6173, Station D, Calgary, AB T2P 2C8, Canada

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Fax: +1 403 244 2340

E-mail: [pjva@pjva.ca](mailto:pjva@pjva.ca)

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**Petroleum Services Association of Canada (PSAC)**

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**United Kingdom Offshore Operators Association (UKOOA)**

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