Oil and Gas Contracts: Production Sharing, Joint Operating and Oilfield Service Agreements

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Paris - Right Bank business hotel



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Introduction:

Oil and gas contracts decide who pays, who carries risk and who takes the barrels for decades, yet many upstream disputes trace back to fiscal terms, joint venture votes or service indemnities that nobody tested before signature. This Core Concept course takes commercial, legal and finance staff through the agreement chain of an upstream venture: the host government award, the joint operating agreement, farm-outs and unitisation, gas offtake and the service and drilling contracts that execute the work. Participants finish with an Upstream Agreement Term Sheet and Risk Allocation Matrix for a real or planned asset.

Course Objectives:

- Compare concessions, production sharing agreements and service contracts and explain how each splits revenue, cost recovery and resource ownership
- Model cost oil and profit oil entitlement under a production sharing agreement for a given production and cost profile
- Interpret operator duties, operating committee voting, sole risk and default provisions in a joint operating agreement
- Assess farm-in, farm-out and unitisation terms, including carried interests, work obligations and tract participation
- Review indemnity, knock-for-knock and liability cap provisions in oilfield service and drilling contracts
- Negotiate and record key upstream terms in an Upstream Agreement Term Sheet and Risk Allocation Matrix

Target Audience:

- Commercial and business development staff who evaluate and negotiate upstream ventures and licence rounds
- In-house legal staff who draft and review host government, joint venture and service agreements
- Contracts and procurement staff who award and administer oilfield service and drilling contracts
- Finance and economics staff who model fiscal terms, cost recovery and partner entitlements
- Joint venture and non-operated asset staff who represent their company on operating committees
- Gas marketing staff who prepare offtake and sales terms for new developments

Course Outline:

Day 1: Upstream Agreement Landscape and Host Government Fiscal Arrangements

- Upstream Contract Chain Map from Licence Award to Service Contracts
- Concession Structure: Royalty, Tax and Resource Title
- Production Sharing Agreement Mechanics: Cost Oil, Cost Stop and Profit Oil
- Service and Risk Service Contracts: Fee Per Barrel and State Ownership
- Fiscal Regime Comparison Matrix for Investor and State Take

Day 2: Joint Operating Agreements and the AIEN Model Contracts

- AIEN Model Joint Operating Agreement Structure and Definitions
- Operator Appointment, Duties, Removal and Standard of Liability
- Operating Committee Voting Thresholds, Work Programmes and Budgets
- Sole Risk and Non-Consent Operations with Premium Recovery
- Default Provisions: Cash Calls, Forfeiture and Buy-Out Remedies

Day 3: Farm-Outs, Unitisation and Gas Offtake

- AIEN Model Farmout Agreement: Carried Interest and Earning Obligations
- Assignment, Pre-Emption Rights and Change of Control Clauses
- Unitization and Unit Operating Agreement: Tract Participation and Redetermination
- Gas Sales Agreement Overview: Take-or-Pay, Delivery Point and Price Review
- Lifting Agreement and Gas Balancing Agreement for Partner Entitlements

Day 4: Oilfield Service and Drilling Contract Risk, Local Content and Decommissioning

- AIEN Model Offshore Drilling Contract: Day Rates, Downtime and Termination
- Knock-for-Knock Indemnity Schemes and Third-Party Claims
- Liability Caps, Consequential Loss Exclusions and Insurance Back-Up
- Local Content Clauses: Training, Procurement Preference and Reporting Duties
- Decommissioning Clauses: Security, Funding and Joint and Several Exposure

Day 5: Negotiation Case Work and the Upstream Agreement Term Sheet

- Case Study: Production Sharing Agreement Bid Terms for a Frontier Block
- Case Study: Joint Operating Agreement Negotiation Between Operator and Partners
- Case Study: Drilling Contract Indemnity Dispute After a Well Incident
- Upstream Agreement Term Sheet and Risk Allocation Matrix Drafting
- Negotiation Panel Review and Term Sheet Defence

Skills You Will Gain:

- Fiscal Regime Analysis
- Cost Recovery Modelling
- Joint Venture Governance
- Farm-Out Structuring
- Unitisation Assessment
- Indemnity Allocation
- Offtake Term Evaluation
- Upstream Term Negotiation

Why Attend This Course:

- Take back an Upstream Agreement Term Sheet and Risk Allocation Matrix for a real or planned asset
- Read a fiscal term, a voting threshold or an indemnity and state its financial effect before it is signed
- Follow one venture through its full set of agreements instead of studying each contract in isolation
- Compare negotiating positions with operators, non-operators, service companies and state-side participants

Conclusion:

Upstream value is fixed in the agreements long before first oil: in the fiscal terms granted by the host government, the joint venture rules partners live by, the farm-out and unitisation deals that reshape interests, the gas offtake that pays for development and the service contracts that carry operational risk. The course works through each layer with the model contracts the industry uses, then applies them in negotiation cases. The final day produces an Upstream Agreement Term Sheet and Risk Allocation Matrix ready for internal review.