

# ADVISOR

March 2007 | No. 274

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PETROLEUM  
NEGOTIATORS

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## A Note from the President – March 2007

### “Rounding the corner ...”



Dear Colleagues,

As my last month as President of AIPN begins, I'm reflecting on how fortunate I have been to meet so many of you from around the world over the past year and witness your professionalism, ambition and drive to support and act on behalf of the organization. Without your support, our organization and its mission couldn't exist. This gives me great confidence as we move forward in the next few weeks with our annual elections where you, as members, will have the opportunity to vote on a new set of AIPN officers and Board of Directors.

If you recall, our succession planning committee within AIPN elects the succeeding President one year in advance so that he or she can prepare for his or her term and be ready to lead from day one. I'm proud to have Tim West from Devon Energy in this position and I can assure you that he is ready to go and will be a great leader for AIPN. Together with the nominations committee, he has assembled an excellent

slate of nominees for the officer, regional director and board positions. This year we also had the benefit of openly soliciting nominations for these positions through requests in the Advisor and other sources. When you receive the slate of nominees, you'll note that the “net” has been cast farther out this year to include representatives from the educational and financial community as well as some new company representation.

### New Web-based election ballot

You may notice a different approach this year as to how we operate the elections. In years past, we sent out the ballots asking you to return them by fax or E-mail. As you might imagine, this wasn't always user-friendly, given our widespread member locations around the globe. As a result, the number of returned ballots was lower than desired. This year's election will utilize a Web-based election ballot. This ballot still

*(Continued on page 3...)*

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# **AIPN 2007 Calendar of Events**

<b>April 10</b>	<b>AAP Regional Chapter Meeting</b> Topic: "Introduction to AIPN and LNG Sale and Purchase Agreement" Venue: White & Case Offices, Tokyo, Japan
<b>April 12</b>	<b>Canada Regional Chapter Meeting</b> Topic: "Investing in the Future of East Africa: The Mtwara Energy Project" Venue: Calgary, Alberta
<b>April 18-20</b>	<b>AIPN Spring Conference &amp; Annual Meeting</b> Topic: "A Tough Business at any Price" Venue: Barton Creek Resort & Spa, Austin, TX, USA
<b>April 25</b>	<b>US Chapter Luncheon</b> Topic: "Risks and Rewards of Nigeria"(including an analysis of the Presidential Election) Venue: Houston Country Club, Houston, TX, USA
<b>April 26</b>	<b>AAP Regional Chapter Meeting</b> Topic: "Gas Reserves Certification – A Contract's, Stock Exchange's and Lender's Perspective" Venue: Brewerkz Restaurant, Singapore
<b>May 9</b>	<b>EA Regional Meeting</b> Topic: "Decommissioning Security" Venue: CMS Cameron McKenna, London, UK
<b>May 15</b>	<b>AAP Regional Chapter AIPN Social</b> Venue: Sofitel Central Plaza Bangkok Hotel, Bangkok, Thailand
<b>May 16</b>	<b>AAP Regional Chapter AIPN Social</b> Topic: "Doing business ethically - is there a grey area?" Venue: To be confirmed, Dubai, United Arab Emirates
<b>May 22-24</b>	<b>Negotiation Skills Workshop</b> Venue: Savoy Hotel, London, United Kingdom
<b>June 27-29</b>	<b>AIPN Model Contracts Workshop</b> Venue: Radisson SAS Hotel Bryggen, Bergen, Norway
<b>August 23</b>	<b>US Chapter Cocktail Reception</b> Venue: Houston, TX, USA
<b>September 25-29</b>	<b>Short Course - Week I</b> Venue: Doubletree Hotel, Houston, TX, USA
<b>October 2-6</b>	<b>Short Course - Week II</b> Venue: Doubletree Hotel, Houston, TX, USA
<b>October 21-24</b>	<b>AIPN International Conference</b> Venue: Sofitel Hotel, Marrakech, Morocco



## President's Message (Continued from Page 1)

provides for write-in votes, but is designed to be much simpler and more accessible. Please look for an election notice and Website link in your mailbox soon. Most importantly, please take the time to vote.

### **Annual Meeting – still time to sign up!**

Yes – it's that time of year again. Each spring in the Northern hemisphere, we hold our annual meeting and conference to combine a bit of AIPN business with an educational and networking opportunity. This year it will occur on April 18-20th in Austin, Texas. Our co-chairs, Peter Vermillion of Kelly Hart & Hallman LLP and Brian Rabe of Devon Energy have done an outstanding job putting together a unique program entitled "**A Tough Business at Any Price.**" We'll also announce the results of the elections and you'll get to hear from Tim West on his goals for the next term. Look for the program and more details in this issue of the Advisor. It's not too late to sign up and attend, so please do so.

### **Board Business for your input**

The April 18th Board of Director's meeting will transition the new directors and officers into their positions. In addition, votes will be taken on two noteworthy items upon which we welcome your feedback:

The first item is the 2009 International Conference venue selection. If you recall, the 2007 venue for the conference is in Marrakech, Morocco. The selection for 2008 is Edinburgh, Scotland. So far, we have strong proposals for the 2009 conference to be held in either Doha, Qatar or Bangkok, Thailand. Additional proposals may come in before a decision is made, but if you have any thoughts or opinions on either location, please contact Skip Maryan (VP Conferences; E-mail: [skip.maryan@tklaw.com](mailto:skip.maryan@tklaw.com)) or any of the other officers or directors.

The second key item of business to be discussed and voted on is a proposal to create and sponsor an official journal of the AIPN that will cover international legal, business and policy issues of interest to you as our members in the energy industry. This would be a professionally prepared journal housing articles, professional pieces, "think-pieces" and reviews which will initially be published three times per year. As an AIPN member, you would receive free access to the journal on-line. We're always looking for ways to maximize the flow of high quality and useful information to you as members in the most practical and cost effective way. This proposal will be tested against those measures. Should you wish to obtain additional information or provide views in this regard, please contact Tim Martin (Immediate Past President; E-mail: [Tim\\_Martin@nexeninc.com](mailto:Tim_Martin@nexeninc.com)) or any of the other officers or directors.

### **.....heading into a new stretch**

My short term as President is rounding the corner, but AIPN is heading into a new and exciting stretch as it continues to grow and further define itself. I encourage each of you to become part of it and find your niche where you can be involved. As new goals are established for the 2007-2008 term, new opportunities will avail themselves upon you, so please stay tuned. In the meantime, let me hear from you!

Sincerely,

Rick Goenner  
President  
[Rick.Goenner@shell.com](mailto:Rick.Goenner@shell.com)



## **Request for proposals for the venue of the AIPN 2009 International Conference**

The AIPN Board of Directors is soliciting proposals for locating its international meeting for the Fall of 2009.

Historically, the annual meeting has been held close to April 1 and the international meeting has been held close to October 15. Proposed locations should have conference facilities for meetings of up to 200 people, luxury hotel accommodations, extensive dining possibilities and easy access to international airline transport connections. The location should be free of any unusual health or security risks.

A proposal usually includes the following parts:

- General introduction
- Executive summary (highlights, benefits etc)
- Location description
- Program focus (usually on the region, global issues and other issues of general interest)
- Budget
- Timing
- Leisure time activities available for families (tours, shopping, cultural locations, sights etc.)
- Hotels availability
- Transportation in and out of country (including visa requirements, if any)
- Conference facilities
- Local corporate/law firm support

Some proposals are accompanied by brochures, power point or DVD presentations. When the board considers proposals, an individual or two who have been involved in the submission usually appear either in person or by teleconference as champions of the proposal.

Please submit proposals by mail or any electronic means no later than April 15, 2007.

Mail to:  
Skip Maryan  
AIPN VP Conferences  
11767 Katy Freeway, suite 412  
Houston TX 77079  
USA

Or

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

Proposals which have been timely submitted will be considered at the April 2007 Board of Directors Meeting. The proposals will be presented to the Board at their meeting scheduled for April 18, 2007 in Austin, Texas.

## **2007-2008 AIPN Board of Directors Ballot**

All active AIPN members are invited to cast their votes for the election of Officers and Directors for the coming terms of 2007-2008. Pursuant to the AIPN bylaws, student members are not allowed to vote.

Voting opens on Tuesday, April 3, 2007 and ballots must be returned on or before Friday, April 13, 2007.

Cast your vote on-line by clicking here:

**[Ballot 2007-2008](#)**

Or, your ballot also may be printed from the following link to mail or fax in:

[http://www.aipn.org/documents/attachments/2007\\_08\\_AIPN\\_Ballot\\_form\\_330200714317.pdf](http://www.aipn.org/documents/attachments/2007_08_AIPN_Ballot_form_330200714317.pdf)

### Return options:

- 1) Mail to: AIPN, 11767 Katy Freeway, Suite 412, Houston, TX 77079, USA
- 2) Fax to: +1 281-558-7073
- 3) E-mail your signed ballot in PDF form to: [aipn@aipn.org](mailto:aipn@aipn.org).

Members outside the USA are urged to fax or e-mail their signed ballot.

The results of the election will be announced at the AIPN Spring Conference in Austin, TX, USA (April 18-20, 2007).

**AIPN Spring Conference & Annual Meeting  
Barton Creek Resort & Spa  
Austin, Texas USA  
April 18-20, 2007**

**Last Call!**



**Do not miss this  
exciting event!**

**“A Tough Business at Any Price”**

**For more details, please see:**

**"2007 Spring Conference & Annual Meeting Program."**

**[http://www.aipn.org/conferences/conferences\\_details.asp?id=208](http://www.aipn.org/conferences/conferences_details.asp?id=208)**

**To register for this event, click here:**

**[http://www.aipn.org/conferences/conferences\\_registrations.asp?id=208](http://www.aipn.org/conferences/conferences_registrations.asp?id=208)**

**For more information please contact us at:**

**[aipn@aipn.org](mailto:aipn@aipn.org)**

**Tel: +1-281-558-7715**

**Fax: +1 281-558-7073**

# AIPN Spring Conference & Annual Meeting

## April 18-20, 2007

### AGENDA

#### Wednesday, April 18

- 4:00-8:00pm Early Registration at Barton Creek
- 7:00-10:00pm Welcome Reception at Barton Creek

#### Thursday, April 19

- 8:00-9:00am Continental Breakfast & Registration
- 9:00-9:15am **Welcome**  
Conference Welcome (Skip Maryan, AIPN VP of Conferences, Brian Rabe, Devon Energy, Peter Vermillion, Kelly Hart & Hallman LLP, Conference Chairs)  
Opening Remarks and Introduction (Rick Goenner, Shell International E&P, AIPN President)
- 9:15-10:00am **“Unconventional Resources Worldwide”**  
Phaedra Powilanska-Burnell, Wood Mackenzie
- 10:00-10:30am **Morning Coffee Break**
- 10:30-11:15am **“Risk Analysis for E&P Projects”**  
Peter R. Rose; Founder, Rose and Associates LLP
- 11:15-12:00pm **“Portfolio Analysis and Strategic Planning: When a good deal is not enough”**  
Dr. John I. Howell III, Founder, Portfolio Decisions Inc.
- 12:00-1:30pm **Lunch & Speaker - “Topping Out on Rising Costs - Are We There Yet?”**  
Candida Scott, IHSE, Director of the “Capital Cost Forum”
- 1:30-2:15pm **“IOC’s, NOC’s, tight rigs, tight acreage – Strategies in the new paradigm”**  
Gerald Kepes, Managing Partner, PFC Energy
- 2:15-3:00pm **“Deep Water Exploration & Production in Brazil – Technical, Strategic and Legal Aspects”**  
Marco Nery Falbo & Eduardo A. Molinari, Petrobras
- 3:00-3:30pm **Afternoon Coffee Break**
- 3:30-4:15pm **“The Emerging Market Dynamics of LNG”**  
Dr. Michelle Michot Foss, Chief Energy Economist and Head of the Center for Energy Economics of the University of Texas



# AIPN Spring Conference & Annual Meeting

## April 18-20, 2007

### AGENDA (continued)

4:15-5pm                    **“Mitsui’s Growth Strategy in Natural Gas Business”**  
Genji Torii, General Manager of Energy Department, Mistui LNG

7pm                           **AIPN Gala Dinner**  
(MC: Skip Maryan, AIPN VP of Conferences)  
Venue: Barton Creek Resort & Spa

#### **Friday, April 20**

7:30-8:30am               Continental Breakfast

8:30-9:15am               **“A View from the Street – No Rig; No Deal”**  
Doug Becker, Banc of America Securities, Oil and Gas Industry Analyst

9:15-9:45am               Morning Coffee Break

9:45-10:30am             **“Global Insight into the Energy Industry from a Talent Perspective”**  
Carol Singleton Slade, Head of The Global Practice, Egon Zehnder International

10:30-11:15am            **“Market Update on O&G M&A & A&D”**  
Doug de Fillippi, Managing Director, Scotia Waterous

11:15-12pm                **Close of Conference**  
Updates on Drafting Committee Activities and Upcoming AIPN Conferences  
Outgoing AIPN President (Rick Goenner)  
Incoming AIPN President (Tim West)

2:00-5pm                   **Golf - Fazio Course**  
(boxed lunches will be served to those playing Golf, you must pre-register for this event  
it is not included in conference registration fee)

## **Click the link below to register:**

[http://www.aipn.org/conferences/conferences\\_registrations.asp?id=208](http://www.aipn.org/conferences/conferences_registrations.asp?id=208)



# Looking for your AIPN 2007 membership dues receipt?

This information is at your fingertips on the AIPN Website. Login with your username and password at <http://www.aipn.org> and click, "Submit."

For annual dues receipts, scroll down to the bottom of the page and then click on the words, "View past dues payments" under the "Dues" heading. You will be shown a list of dates, methods of payment and "online receipt numbers." Click on one of the underlined numbers in the "online receipt number" column and your receipt will pop up for you to print.

## For conference, meeting, or luncheon receipts:

Immediately after logging into the Website, click on "Registered conferences" at the bottom of the screen and you will be shown a list of dates, payment types and "online receipt numbers." Click on one of the underlined numbers in the "online receipt number" column and you will be redirected to your receipt mentioning the title of the conference under "registration information" in the receipt.

If you have any questions, just e-mail the AIPN office at [membership@aipn.org](mailto:membership@aipn.org).



# Legal Update on the State of the Iraqi Draft Oil and Gas Law

By: Salman Banaei<sup>1</sup>

*The Draft Law recently passed by the Iraqi Council of Ministers provides for a flexible legal structure and expert oversight that promises to stimulate the nation's oil and gas sector. Nonetheless, it also presents several problems and ambiguities that reflect the fractured state of the Iraqi political system.*

## Introduction<sup>2</sup>

Article 109(2) of the Constitution of Iraq provides that Iraq's oil and gas policy shall be "developed in a manner that provides the maximum benefit to the Iraqi people" by applying sound principles of economics with an eye towards encouraging foreign investment. The Draft Law constitutes the Iraqi government's ambitious first effort in this direction. Iraq's Council of Ministers<sup>3</sup> approved it on February 26, 2007.<sup>4</sup> The Council of Representatives<sup>5</sup> is expected to pass it within the next few months.

## I Overview

This section presents three elements of the Draft Law that collectively provide an overview of the legal regime imposed by the Draft Law. First, the appendix to the Draft Law divides the nation's oil and gas blocks into four categories, each with its own legal regime and bidding process. Second, Iraq has created a Federal Oil and Gas Council (FOGC) that plans and implements Iraqi petroleum policy. Finally, the Draft Law provides an outline of the terms of controversial "exploration and production" contracts that, presumably, forms absolute minimum terms the Iraqi government may grant in a contract.

### A) Field Categories

The Iraqi Draft Law divides the nation's oil blocks into four legal categories. The first and second categories are administered by the re-created Iraqi National Oil Company (INOC). The first category contains "discovered and developed fields controlled by INOC." The second category contains "discovered but not developed yet fields controlled by INOC" – these are fields located close to fields currently in production and are thus close to distribution networks which are owned by the federal government.<sup>6</sup>

The third and fourth categories are open for competitive bidding. As discussed later in this paper, there is no standard model contract associated with developing these blocks. Thus, these blocks offer the greatest opportunity for the international oil company (IOC). The third category contains "discovered" fields that are "not developed." These fallow fields will be up for competitive bidding on terms determined by the FOGC. INOC may bid for these contracts with IOCs on a competitive basis. The last category contains "discovery areas." These are areas of the country where there has not yet been a discovery of an oil or gas field.<sup>7</sup> In the fallow field and prospecting blocks, there is a competitive bidding process. Specific fields within each of the above-mentioned categories and their associated blocks are listed in the appendices to the Draft Law.

### B) The Federal Oil and Gas Council

Among the more innovative aspects of the Draft Law is the creation of the FOGC. The FOGC operates outside of the Oil Ministry and determines Iraq's oil and gas laws and policy. The FOGC is composed of representatives from various federal entities, regional governments, and "experts" in "petroleum, finance, or economics."<sup>8</sup> The FOGC is given broad petroleum policymaking power. For example, all companies seeking contracts in any part of Iraq must be pre-qualified. The criteria for pre-qualification are determined by the FOGC. Additionally, the FOGC may use a flexible range of contract formats for the development of Iraq's oil and gas wealth.

Perhaps the most important specific function given to the FOGC involves its authority over what contracts and under what specific terms the nation's oil and gas resources will be developed. Specifically, the FOGC may utilize the "service contract, exploration risk contract, or exploration and production contract" forms. It is important to stress that this is not an exclusive list. The use of any of these or any model contract forms is based on "the nature of the field or the exploration area or offers." Moreover, the FOGC has final say over any contract signed in Iraq, even if the signing party to the contract is a regional government.<sup>9</sup> It should also be noted that the Draft Law allows the FOGC to retain outside consultants to assist in formulating policy.

# Legal Update on the State of the Iraqi Draft Oil and Gas Law

*(continued)*

## C) Exploration and Production Contract Terms

The “exploration and production” model contract form is the only form discussed in any detail in the Draft Law. It is a possible contract form for fallow and prospective blocks. This kind of contract represents an extreme on a continuum ranging from absolute government control to absolute private control of oil resources. On the opposite end are the “current fields” where INOC is to be the sole operator. One may thus infer that these terms amount to the absolute minimum standard a private company must meet in order to contract and operate in Iraq.

Chapter III of the draft oil and gas law sets limits on the term of the exploration and production periods. The exploration term has a first period with a maximum of four years that may be renewed for two additional periods of two years each. The production term may not exceed 20 years. Additionally, Chapter VII of the draft oil and gas law presents the general fiscal regime governing “exploration and production contracts.” This legal regime imposes royalties, property taxes, municipal and local taxes, as well as income taxes on the IOC. Royalties are to be exacted at 12.5% of gross production measured at the pipeline. IOCs may freely repatriate revenues barring FOGC actions in the future to the contrary.

## II Issues and Ambiguities

### A) The Role of Regional Governments

The Kurdistan Regional Government (KRG) has already passed its own Draft Petroleum Act.<sup>10</sup> Most importantly, the KRG asserts control over undiscovered fields in its territory. The KRG argues that this control is based on Articles 109 and 111 of the Constitution of Iraq.<sup>11</sup> Article 109 expressly reserved administration of “current fields” to the federal government and Article 111 provided that if a power were not reserved to the federal government, then that power is to be vested in the regional governments. Thus, the KRG argues, since only administration over “current fields” is expressly reserved to the federal government, other fields are under the exclusive jurisdiction of the regional governments.

Under Article 10(b) of the Draft Law, all exploration and production contracts must receive final approval by the FOGC in order to be legally binding. No distinction is made between regional prospecting area licenses and other contracts. Thus, under the current text of the Draft Law it appears as though the KRG has agreed to allow the FOGC to maintain at least veto power over any contracts it might enter into with IOCs.

### B) Benefits

Iraq has the world’s second largest oil reserves, among the lowest lifting costs in the world, and, despite very favorable geological structures, much of it remains unexplored. The potential is obvious. The Draft Law provides for exploration and production contracts wherein IOCs will have actual title over the oil and gas they produce. Nonetheless, the Draft Law does not amount to a wholesale auction of the nation’s oil wealth.

The Draft Law provides for a flexible legal regime under the expert guidance of the FOGC. The oil block division in the Draft Law divides the nation’s oil fields into categories that correspond to the degree of risk and cost involved in bringing these fields on stream. The less cost and risk, the greater the role for the Iraqi National Oil Company (INOC). Conversely, the greater cost and risk involved in bringing production online, the more opportunities for the IOC.

On the one hand, the FOGC may give exclusive authority to INOC in producing from low risk, highly productive oil fields. These fields would provide the Iraqi government with a steady stream of income. Here, private companies can compete for service contracts of the form used extensively elsewhere in the Middle East. On the other hand, high risk, high cost, and lower productivity fields may benefit from less risk averse and more technically capable IOCs. This flexibility stands in contrast with many of Iraq’s neighbors whose oil exploration and production have suffered under monolithic legal regimes that deter the introduction of productivity inducing private capital and expertise.

# Legal Update on the State of the Iraqi Draft Oil and Gas Law

(continued)

## C) Problems and Ambiguities

The recent trend toward “resource nationalism” worldwide has shown that governments will renege on their contractual obligations when it is in their short-term political or economic interest. Thus, the attractive terms of the exploration and production contracts, may prove to be too good to be true. One factor that may limit resource nationalist policy shifts in Iraq is the fact that the Iraqi government is decentralized. Competition among key decision makers may lead to regulatory competition, allowing for contractors to obtain relatively favorable terms.

Although the loose federal structure of Iraq and the Draft Law creates potentially beneficial intra-governmental competition, it may also lead to problems. Under Article 10(a), the Oil Ministry, INOC, and the regional governments each have the power to sign contracts within the scope of their respective authorities. This power is limited somewhat by the Article 10(b) requirement that all contracts be approved by the FOGC. This panoply of state entities with signing authority leads to an easily anticipated scenario wherein IOCs could negotiate concurrently with all of the relevant public entities over a particular block and then sign with the one who offers the most favorable terms.

Iraq’s public sector is desperately in need of funding sufficient to allow it to provide for its people. The need for an effective oil and gas law is, thus, obvious. Indeed, the very existence of Iraq may depend on the passage of this Draft Law. If the Draft Law were to fail the outcome would be disastrous. The Iraqi government would continue to be dependent on foreign aid, instead of its own revenues, and thus subject to the whims of foreign creditors. The existence of the Iraqi state would also be threatened. The KRG would likely move towards secession and has, indeed, threatened as much.

<sup>1</sup> B. Salman Banaei is a law clerk at Beatty & Wozniak, P.C. and a law and mineral economics student at the University of Denver Sturm College of Law and Colorado School of Mines. He is also the recipient of the Sturm College of Law’s Scholastic Excellence Award in International and Comparative Petroleum Law and Policy and serves as Projects & Production Editor of the Denver Journal of International Law & Policy. He may be contacted at [sbbanaei@gmail.com](mailto:sbbanaei@gmail.com) or (+1) 303-407-4499.

<sup>2</sup> In the interest of conserving space, I have footnoted lightly.

<sup>3</sup> The Council of Ministers and the Prime Minister constitute Iraq’s executive power. See *Dustour al-Iraqi [Constitution of Iraq] 2005*, Arts. 63, 73, available at [http://www.iraqigovernment.org/constitution\\_arabic.htm](http://www.iraqigovernment.org/constitution_arabic.htm).

The best English translation of the Constitution (unofficial), in my opinion, is UNESCO’s. See *id.*, available at [http://portal.unesco.org/ci/en/files/20704/11332732681iraqi\\_constitution\\_en.pdf/iraqi\\_constitution\\_en.pdf](http://portal.unesco.org/ci/en/files/20704/11332732681iraqi_constitution_en.pdf/iraqi_constitution_en.pdf).

<sup>4</sup> See *Masodah Qanon al-Naft wa al-Ghaaz [Draft Oil and Gas Law] of 10th Week of 2007 (Iraq)*. In writing this paper, I used both the original Arabic and an impressive English translation by Ra’ed Jarrar.

<sup>5</sup> The Council of Representatives holds Iraq’s legislative power. See *Constitution of Iraq* at Art. 46.

<sup>6</sup> See *id.* at Art. 13.

<sup>7</sup> See discussion *infra* Part II.1.

<sup>8</sup> See *Draft Oil and Gas Law*, *supra* note 4 at Art. 5(e).

<sup>9</sup> *Id.* at Art. 10(b).

<sup>10</sup> See *Petroleum Act of the Kurdistan Region of Iraq*, Oct. 22 2006, available at [http://www.krg.org/pdf/Kurdistan\\_Act\\_COM\\_draft\\_22\\_October\\_2006.pdf](http://www.krg.org/pdf/Kurdistan_Act_COM_draft_22_October_2006.pdf).

<sup>11</sup> See *Constitution of Iraq*, *supra* note 3 at Arts. 109, 111.

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# Guinea: SCS Hydrocarbon Production Sharing Contract dated 22 September, 2006 between the Republic of Guinea and SCS Corporation (Extract)

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# Guinea: SCS Hydrocarbon Production Sharing Contract dated 22 September, 2006 between the Republic of Guinea and SCS Corporation (Extract) (continued)

## Contract

Between:

The Republic of Guinea, hereinafter referred to as the 'Government', represented for the purposes of this Contract by the "Ministere des Mines et de la Geologie" as the Minister assigned to the hydrocarbons sector, On the one hand,

And:

SCS Corporation, a company incorporated under the laws of Delaware, United States of America, having its office in Sugar Land, Texas hereinafter referred to as "Contractor" On the other hand.

### **ARTICLE 1: DEFINITIONS**

The words used in this Contract shall have the following meanings;

1.9 "Commercial Discovery" means the discovery of a Petroleum field which has been duly evaluated in accordance with the provisions of Article 6 below, and which can be produced commercially after taking into account all technical and economic data.

### **ARTICLE 2: NATURE AND OBJECT OF THE CONTRACT**

2.1 This Contract is a production sharing and marketing contract whereby the Government appoints the Contractor for rendering all the necessary services, on behalf of the Government, regarding the exploration for and, where applicable, the exploitation of Petroleum that may exist in the Contract Area.

The Contractor shall act, on an exclusive basis for the Government, to conduct and execute the Petroleum Operations. It shall supply all technical means technologies, equipment and materials as well as the personnel necessary for operations.

### **ARTICLE 3: DURATION OF THE CONTRACT**

3.1 This Contract shall consist of an exploration period and, in respect of each Commercial Discovery, an exploitation period.

3.2 The exploration period consists of a First Exploration Period and a Second Exploration Period. The First Exploration Period shall be for two Contract Years and the Second Exploration Period shall be for four Contract years.

3.3 The Contractor shall begin performing the Petroleum exploration operations within two (2) months after the Effective Date.

3.4 The Contractor shall be able to obtain ipso jure, the renewal of the First Exploration Period twice for an additional exploration period of one (1) Contract Year each time. For each renewal, the Contractor shall notify the Minister at least two (2) months prior to the expiry of such exploration period.

Upon a Petroleum discovery made during the Second Exploration Period and the remaining time is insufficient to allow the Contractor to undertake the appraisal works of such discovery, the Minister will grant an extension of two (2) years upon notification made by the Contractor at least two (2) months prior to expiry of the Second Exploration Period.

3.8 Subject to the provisions of Article 24 below, the Exploration Period shall expire two years after the end of the Second Exploration Period with the exception of the Exploitation Area(s) as defined in Article 7 below except in the event of surrender of the Contract Area as defined in Article 5.1 below in which case this Contract will not expire.

# Guinea: SCS Hydrocarbon Production Sharing Contract dated 22 September, 2006 between the Republic of Guinea and SCS Corporation (Extract) (continued)

## **ARTICLE 4: EXPLORATION WORK AND EXPENDITURE OBLIGATIONS**

4.1 The Contractor shall carry out the following minimum exploration work and expected expenditures:

(c) During the First Exploration Period:

- i. 2D or 3D seismic acquisition
- ii. Evaluation, reinterpretation, reprocessing, AVO analysis, Energy Absorption and High Resolution processing on seismic data
- iii. Estimated expenditure for the above is a minimum of \$10 Million

(d) During the Second Exploration Period:

- i. 2D or 3D seismic acquisition
- ii. Evaluation, reinterpretation, reprocessing, AVO analysis, Energy Absorption and High Resolution processing on seismic data
- iii. Estimated expenditure for the above is a minimum of \$6 Million
- iv. Two (2) exploratory wells with estimated expenditure of \$15-20 Million each. Additional wells may be drilled by contractor upon the notification of plan to the Minister

4.2 The fulfillment of any work obligations shall exempt the Contractor from fulfilling the expenditure obligations.

4.3 Each of the exploratory wells set forth in this Article shall be drilled to a minimum depth of 2,500 meters. However, the Contractor may, after prior notice to the Minister, discontinue an exploratory well at a lesser depth than initially specified for one of the following reasons:

- (d) the basement is encountered at a lesser depth than the minimum contractual depth;
- (e) continuation of drilling represents a manifest danger due to the existence of abnormal formation pressure;
- (f) petroleum formations are encountered, the penetration of which requires the placement of casings for protection, and thus, prevents reaching the minimum contractual depth.

## **ARTICLE 5: SURRENDERS**

5.1 Immediately after the effective date of this Contract, the passage of the "Projet de Loi" by the National Assembly, a legal opinion of the Supreme Court certifying the validity of this Contract and the issuance of a Presidential decree affirming this Contract the Contractor will surrender sixty four percent (64%) of the original Contract Area.

5.2 In recognition of the expenditure and work performed by SCS Corporation in the past the Government shall authorize SCS to participate in any other development of the surrendered area as referred to in Article 5.1 above on a priority non-exclusive basis.

## **ARTICLE 6: APPRAISAL OF A DISCOVERY**

6.1 The Contractor shall forthwith notify the Minister of any Petroleum discovery made within the Contract Area and shall supply the Minister with all information related to such discovery.

## **ARTICLE 7: DEVELOPMENT AND PRODUCTION**

7.1 If the Contractor considers a discovery to be a Commercial Discovery, it shall, within six (6) months from the completion of the appraisal works mentioned in Article 6.4 above, notify to the Petroleum Operations Management Committee referred to in Article 9.2 below the development plan concerning such Commercial Discovery.



# Guinea: SCS Hydrocarbon Production Sharing Contract dated 22 September, 2006 between the Republic of Guinea and SCS Corporation (Extract) (continued)

7.7 The suspension of all production during a continuous period of at least twenty four (24) months, decided by the Contractor without the agreement of the Government, may result in the termination of this Contract pursuant to the provisions of Article 24.5 below.

## **ARTICLE 8: NATURAL GAS**

8.1 The provisions of this Contract shall apply mutatis mutandis to Natural Gas, subject to the specific provisions set forth below.

8.2 In order to enable the Contractor to establish the commercial nature of a non-associated Natural Gas discovery duly evaluated in accordance with the provisions of Article 6 above, the Second Exploration Period shall be, upon the Contractor's notification to the Minister, extended for the time period necessary to establish the commercial nature. Such extension shall only be in respect of the area of the discovered Natural Gas Field.

8.3 Any associated Natural Gas production which, in the opinion of the Contractor, cannot be utilized in Petroleum Operations, nor economically re-injected or sold, may be flared.

## **ARTICLE 9: ANNUAL WORK PROGRAMS AND PETROLEUM OPERATIONS MANAGEMENT COMMITTEE**

9.1 All Petroleum Operations shall be carried out by the Contractor during any Calendar Year according to the annual work program and the corresponding budget in respect of that Calendar Year. The annual work programs and budgets referred to above shall set apart the exploration, appraisal, development and production activities, and shall be submitted to the Minister in accordance with the provisions of the following Articles.

9.2 In order to ensure the timely notice of Petroleum Operations, a Petroleum Operations Management Committee shall be set up within sixty (60) days of the Effective Date.

That Committee shall consist on one hand, of two (2) representatives from the Minister, and, on the other hand, of two (2) representatives from the Contractor. The Petroleum Operations Management Committee shall be able to create ad hoc operation committees(s) for the purpose of fulfilling the operations of the contract. The number of members and definition of scope of the ad hoc committee(s) shall be determined by the Petroleum Operations Management Committee.

## **ARTICLE 10: PREFERENCE TO LOCAL PERSONNEL AND SUBCONTRACTORS**

10.4 The Contractor and its subcontractors shall give preference to products and equipment available in the Republic of Guinea, provided that such goods are competitive in price, quality, quantities, and timelines of delivery and terms of payment, with imported goods.

10.5 The Contractor and its subcontractors shall give preference to Guinean enterprises for all service, construction or supply contracts, provided that such services are competitive in price, quality, quantities, timelines of delivery and terms of payment with imported services.

## **ARTICLE 11: CONTRACTOR'S OBLIGATIONS IN THE CONDUCT OF PETROLEUM OPERATIONS**

11.1 The Contractor shall undertake and carry out Petroleum Operations in accordance with the provisions of this Contract.

11.8 On the expiration, surrender or termination date of this Contract with respect to all or part of the Contract Area, the Contractor shall transfer at no cost to the Government the ownership of installations, equipment and material used in connection with the Petroleum Operations carried out in the area so surrendered. Except, in the case, where those facilities, equipment and material are used by the Contractor for other petroleum operations in the Republic of Guinea.

# Guinea: SCS Hydrocarbon Production Sharing Contract dated 22 September, 2006 between the Republic of Guinea and SCS Corporation (Extract) (continued)

## **ARTICLE 12: CONTRACTOR'S RIGHTS IN THE CONDUCT OF PETROLEUM OPERATIONS**

12.1 According to the provisions of this Contract, the Contractor shall have the right to take all measures and all actions, within or outside the Contract Area, which are necessary for the carrying out of Petroleum Operations.

## **ARTICLE 13: RECOVERY OF PETROLEUM COSTS AND PRODUCTION SHARING**

13.1 The Contractor shall pay to the Government a royalty of ten percent (10%) based on the valuation of the petroleum products produced and sold hereunder.

13.2 The Contractor shall have the unrestricted right to receive, each Calendar Year, for the purposes of recovery of Petroleum Costs, a maximum share of seventy five percent (75%) of the production from the Contract Area not lost or used in Petroleum Operations.

13.3 Petroleum Costs shall be recoverable as follows:

(d) Petroleum Costs incurred during the carrying out of Petroleum Operations in respect of the Contract Area shall be recoverable either in the Calendar Year in which these Petroleum Costs are incurred or in the Calendar Year in which the first Commercial Discovery in the Contract Area is put into production, whichever is the later.

(e) To the extent that, in a Calendar Year, recoverable Petroleum Costs exceed the value of the percentage set forth in Article 13.2 above, the excess shall be carried forward in the next succeeding years until said Petroleum Costs are fully recovered.

(f) As Petroleum Costs decrease the amount available for Production Share may increase.

13.4 For each Exploitation Area, after determination of the share of Petroleum production allocated to recovery of Petroleum Costs by the Contractor pursuant to the provisions of Article 13.1, 13.2 and 13.3 above, the Contractor shall receive, as its remuneration, a percentage of the remaining production after royalty during each Calendar Year. For this purpose, said remaining production shall be shared between the Government and the Contractor as follows:

<u>Increments of daily production (in Barrels per day)</u>	<u>Government Share</u>	<u>Contractor Share</u>
From 0 to 2000	25%	75%
From 2001 to 5000	30%	70%
From 5001 to 100000	40%	60%
<b>Over 100001</b>	<b>60%</b>	<b>40%</b>

## **ARTICLE 14: VALUATION OF PETROLEUM**

14.1 For the purposes of this Contract and, in particular, for the purposes of Article 13 above, the unit selling price of Crude Oil at the Delivery Point shall be denominated in U.S. Dollars and calculated each Quarter as follows:

(d) If Crude Oil from Contract Area is sold to Third Parties by the Contractor, the unit price of Crude Oil shall be calculated on the basis of the weighted average of the F.O.B. realized selling prices obtained by the Contractor during said Quarter from Third Parties in sales at arm's length not involving swap, barter or discount, but taking into account differentials concerning quality, gravity, transportation and terms of payment;

# Guinea: SCS Hydrocarbon Production Sharing Contract dated 22 September, 2006 between the Republic of Guinea and SCS Corporation (Extract) (continued)

- (e) in the absence of such sales of Crude Oil during said Quarter but if there have been sales of Guinean Crude Oil to Third Parties made by another contractor, the provisions of paragraph (a) above shall apply mutatis mutandis;
- (f) in the absence of sales of Guinean Crude Oil during said Quarter, the unit price of Crude Oil shall be calculated on the basis of the F.O.B. realized selling prices obtained during that Quarter on the international market in arm's length transactions for Crude Oils from neighboring countries or from the region, taking into account the conditions of sales as well as differentials concerning quality, gravity, transportation and terms of payment.

## **ARTICLE 15: PARTICIPATION**

15.1 Upon the date of adoption of the development plan concerning a Commercial Discovery mentioned in Article 7.3 above, the Government has the option of participating in the risks and results of the Petroleum Operations related to the Exploitation Area of that Commercial Discovery.

To this end, the Government may require a working interest in said Exploitation Area of up to fifteen percent (15%), either directly or through a national company designated by the Government for this purpose.

## **ARTICLE 16: TAXATION**

16.1 The Contractor shall be subject to the tax on industrial and trading profits as provided for in the in the Petroleum Code.

16.2 For the purposes of the tax legislation of the Republic of Guinea, the share of Petroleum which the Contractor is entitled to take under Article 13.2, 13.3, and 13.4 above shall be deemed to include both the recovery of Petroleum Costs and the net profit after payment of the tax on industrial and trading profits of the Contractor under this Contract.

The share of production which the Government is entitled to take under Article 13.1, 13.2 and 13.4 above shall therefore include the portion necessary to pay all tax on industrial and trading profits due by the Contractor. The Government undertakes to pay and discharge on this portion the tax on industrial and trading profits for and on behalf of the Contractor.

## **ARTICLE 17: OBLIGATION TO SUPPLY DOMESTIC CONSUMPTION**

17.1 The Contractor shall have the option to supply by priority the Crude Oil domestic consumption of the Republic of Guinea if the Government is unable to meet that consumption with the share(s) of production to which it is entitled.

## **ARTICLE 18: SUPERVISION AND INSPECTION OF PETROLEUM OPERATIONS**

18.1 The Contractor shall notify the Minister as soon as practicable of all projected Petroleum Operations, such as geological survey, seismic survey, commencement of drilling, installation of a platform, etc. In the event the Contractor decides to abandon a well, it shall so notify the Minister.

20.6 All sums due to the Government or the Contractor under this Contract shall be paid in Dollars or other convertible currency agreed to by the Parties.

## **ARTICLE 21: IMPORTS AND EXPORTS**

21.1 Subject to the provisions of Article 10 above, the Contractor and its subcontractors shall have the right to import into the Republic of Guinea:

- (a) the equipment, machinery and vehicles necessary for Petroleum Operations, in respect of which all import duties and taxes shall be suspended;
- (b) the materials, spare parts and consumable items necessary for Petroleum Operations, exempt from all import duties and taxes.

# Guinea: SCS Hydrocarbon Production Sharing Contract dated 22 September, 2006 between the Republic of Guinea and SCS Corporation (Extract) (continued)

21.5 During the validity of this Contract, the Contractor shall have the unrestricted right to export, at the point exportation chosen for this purpose, exempt from all export duties and taxes, the share of Petroleum to which the Contractor is entitled under the provisions of this Contract.

## **ARTICLE 23: ASSIGNMENTS AND TRANSFERS**

23.1 The Contractor, or each entity constituting the Contractor, shall not assign part or all of its rights and obligations arising from this Contract without the prior notification to the Minister.

## **ARTICLE 24: SURRENDER AND TERMINATION**

24.1 The Contractor, upon giving three (3) months' prior notice to the Minister, may at any time surrender its rights in respect of the entire Contract Area or any portion thereof, subject to the provisions of Article 24.2 below.

## **ARTICLE 25: FORCE MAJEURE**

25.1 Where either Party is prevented from performing its Contractual obligations (other than the obligations to make payments of money) or may only perform them with delay, the non-performance or delay in performance shall not be considered as a breach to this Contract if such non-performance or delay is caused by a case of Force Majeure; provided, however, that there is a direct link between the non-performance and the case of Force Majeure invoked.

## **ARTICLE 26: APPLICABLE LAW AND STABILITY OF CONDITIONS**

26.1 The laws of Guinea shall apply to this Contract, to operations made under this Contract, to individuals and entities which operate under this Contract in this respect within the territory of the Republic of Guinea.

26.3 This Contract is executed by the Parties in accordance with the laws and regulations in force at the date of its signing, and on the basis of the provisions of said laws and regulations, as regards, inter alia, the economic, fiscal and financial provisions of this Contract.

Consequently, where new laws and regulations modify the provisions of the laws and regulations in force at the date of signing of this Contract or and where such modifications shall bring about a material change concerning the respective economic situation of the Parties resulting from the original provisions of this Contract, the Parties shall in good faith enter into an agreement with a view to modifying these provisions in order to restore the economic balance as intended at the signing of this Contract. In the event the Parties, in spite of their efforts, are unable to reach an agreement, the provisions of Article 27 below shall apply.

## **ARTICLE 27: SETTLEMENT OF DISPUTES**

27.1 In the event of any dispute between the Government and the Contractor arising out of, or in relation to, or in connection with, the interpretation or execution of the provisions of this Contract, the Parties shall make their best efforts to settle such dispute amicably.

If no settlement is reached by the Parties within three (3) months after the date of notice of the dispute by either Party to the other, the dispute shall, be referred for arbitration to the International Center for Settlement of Investment Disputes in accordance with the rules set forth by the Convention on the Settlement of Investment Disputes between States and Nationals of Other States signed and ratified by the Government of the Republic of Guinea.

## **ARTICLE 30: EFFECTIVE DATE**

30.1 This Contract shall be effective on the date of execution of this contract by the Republic of Guinea and this date shall be referred to as the Effective Date.

# Guinea: SCS Hydrocarbon Production Sharing Contract dated 22 September, 2006 between the Republic of Guinea and SCS Corporation (Extract) (continued)

IN WITNESS WHEREOF, the Parties have signed this Contract in 6 copies.

Effective Date: September 22, 2006

Madikaba Camara  
Minister of Finance

## **APPENDIX A**

Attached to and made part of this Contract between the Government of the Republic of Guinea and the Contractor.

### **CONTRACT AREA**

The Contract Area represented on the attached map consists of an area deemed equal to approximately 80,000 sq. km.

The points indicated on this map are defined hereinafter with WGS 84 (World Geodetic System 1984) datum.

Point	Latitude	Longitude
A	10:49:55:N	15:10:33:W
B	10:39:49:N	15:20:32:W
C	10:39:49:N	15:34:16:W
D	09:23:27:N	17:35:00:W
E	08:30:00:N	17:30:00:W
F	08:10:00:N	16:30:00:W
G	08:35:00:N	15:30:00:W
H	08:10:30:N	14:21:12:W
I	09:00:50:N	13:23:54:W

The coastal boundary is the line between Point A and Point I wherever the water depth is greater than 25 meters.

(Complete text of this article is available at [gbarrows@barrowscompany.net](mailto:gbarrows@barrowscompany.net))

You are invited to attend the upcoming  
Canada Regional Chapter Event:

## “Investing in the Future of East Africa: The Mtwara Energy Project”

**Date and time:**

April 12, 2007 at 11:45am

**Venue:**

Calgary Chamber of Commerce  
100 - 6th Avenue S.W.  
Calgary, Alberta

**Presented by:**

Anthony E. Reinsch  
Executive Vice President  
Artumas Group Inc.



In this presentation, Mr. Tony Reinsch, Executive Vice President of Artumas Group Inc., will discuss the rationale for and reality of the Mtwara Energy Project; the negotiation process required to bring this multi-faceted energy development to fruition; the challenges of securing equity and debt financing for an infrastructure development project in a backward corner of Tanzania; and the many learnings and take-aways from this unique undertaking.

**Cost:**

CA \$22.50/person for Buffet Lunch  
Pay at the door.

Limited spaces are available.

Please reserve your seat through the AIPN website at:

[http://www.aipn.org/conferences/conferences\\_details.asp?id=226](http://www.aipn.org/conferences/conferences_details.asp?id=226)



Association of International Petroleum Negotiators  
**Australia and Asia Pacific Chapter  
Regional Chapter Meeting**

**Date:**

Thursday, 26 April 2007, 6:30 p.m.

**Venue:**

Brewerkz Restaurant  
Annex Room  
30 Merchant Road #01-05/06  
Riverside Point  
Singapore 058282  
Phone: +65 6438 7438

**Topic:**

**“Gas Reserves Certification – A Contract’s, Stock Exchange’s and Lender’s Perspective”**

**Speaker:**

John Boardman, CEO RISC

“You are the NYSE listed operator of a joint venture operation in Malaysia with ASX and LSE listed partners and have made a major gas discovery. The parties wish to develop the project for sales to Singapore. You will be partially funding the project from equity and the balance from debt from a Hong Kong led banking consortium. How will you define the terms of reference for your independent reserves certification? How would these differ if you did not have equity, and were a third party proposing to acquire equity in this project?”

Even if John doesn’t tell you the answer, he is guaranteed to highlight the issues you should be addressing before commissioning the certification. John Boardman is the Chief Executive Officer of RISC (Resource Investment Strategy Consultants). John has over 35 years international experience in the upstream oil and gas business, spent with several major companies in Europe, Middle East, Africa and SE Asia. John is one of the industry’s most respected independent opinion shapers.

As facilities are limited, reservations are required.

To reserve, please contact one of the following:

Brad Roach

[broach@whitecase.com](mailto:broach@whitecase.com)

+(65) 6347 1321

Bill Lafferrandre

[bill.g.lafferrandre@conocophillips.com](mailto:bill.g.lafferrandre@conocophillips.com)

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Hans Hirschmanner

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+(65) 6536 5290

The sponsorship of BP and Chevron for this event is much appreciated.





# AIPN is happy to announce its first Australia/Asia Pacific Regional Chapter Social

## Venue:

Sofitel Central Plaza Bangkok Hotel  
Room: Kambhangbeja 3

## Date and time:

Tuesday, May 15, 2007, 18:00 – 19:30  
(Doors will open from 17:30)

The primary purpose of the AIPN Social is to bring together everyone involved in the negotiation practice from many different disciplines (commercial, technical, academic, and legal). Drinks and light snacks will be provided.

## Agenda:

- Brief summary of status of 20th round of bidding and new petroleum legislation by a senior officer of Ministry of Energy or Department of Mineral Fuels (TBA)
- Introduction to AIPN origins, activities and goals, and model contracts program for the E&P industry, by Mr. Rick Goenner, immediate past AIPN President.

Model contract documents will be available for viewing.

## **Because facilities are limited, reservations are required.**

There is no admission fee, and the event is open to invitees who are non-members of AIPN. Please contact Ms. Mona of Chandler & Thong-ek Law Offices at: +(02) 266-6490 Ext. 134 or [mona@ctlo.com](mailto:mona@ctlo.com) to reserve your place.

Sponsored by:



# Middle East Chapter meeting



**Topic:**

“Doing Business Ethically - Is there a Grey Area?”

**Date:**

May 16, 2007

**Time:**

15:30 registration; 16:00 presentation; 18:00 reception

**Venue:**

To be confirmed  
Dubai, United Arab Emirates

**Price:**

TBA

**Speakers:**

Fulbright Jaworski - FCPA, OECD, Anti-bribery  
Shell EP International Limited - IOC Compliance  
Transparency International  
Regional NOC  
AIPN drafting committee - Steve Molina or Chris Strong

**Sponsored by:**

Fulbright & Jaworski  
Shell EP International Limited



# Negotiation Skills Workshop #4

**Registration  
is open!**



**Date:**

May 22, 2007 - May 24, 2007

**Venue:**

The Savoy, London, UK

This workshop is specifically designed to assist individuals relatively new to commercial negotiations and/or the international side of the E&P industry. However, it is also a fantastic refresher for more senior negotiators seeking to sharpen their negotiating skills. Come and let more than 135 years of negotiations experience from your AIPN colleagues help you enhance, broaden and/or refresh your negotiating skills.

For more information please contact the AIPN office.

Tel: +1-281-558-7715

Fax: +1 281-558-7073

To register, please click on the registration link below.

[http://www.aipn.org/conferences/conferences\\_registrations.asp?id=209](http://www.aipn.org/conferences/conferences_registrations.asp?id=209)

The number of participants in this workshop is limited to 36 people to guarantee the highest level of interaction during the negotiation exercises.



## **STUDENT WRITING COMPETITION 2007-2008**

The AIPN will solicit original essays as part of a writing competition. The competition is open to all full time seniors in a four year program and all graduate students enrolled at an accredited university in the spring 2007 semester. Essays should be editorial length (no more than 4000 words) on any specific issue of the student's choice which is directly related to international petroleum negotiations, such as matters of contract, law, or policy.

The essays must be submitted to the AIPN by e-mail or postmarked no later than May 31, 2007.

**Attention Students:**

**Have you submitted your essay yet?**

Essays will be judged on creativity, originality of content, insight, clarity and support for viewpoints taken. Each student may submit only one entry. **Professors at the various schools associated with our Student Outreach Program will first judge papers submitted by students from their respective schools and select the top two**, and then a final selection will be made by a committee of industry professionals including lawyers, business professionals and international negotiators. Selection of the winning essay is solely at the discretion of the committee. Two prizes will be awarded, although the AIPN reserves the right not to award a prize if it determines that none of the submitted entries justify an award. Essays become the property of the AIPN.

**The award includes free registration at the AIPN International Meeting to be held in October 2007 in Marrakech (Morocco), together with roundtrip coach ticket to attend the conference and lodging at the conference location, plus free membership in the AIPN for one year. In addition, the winning essays may be published in the AIPN monthly newsletter.**

*Students related to current AIPN Officers or Directors are not eligible to win.*

**Entries may be submitted by e-mail to [valerie@aipn.org](mailto:valerie@aipn.org) or mailed or couriered to:**

AIPN  
Attn. Valerie van Lelyveld-Eyckmans  
11767 Katy Freeway, Suite 412  
Houston, TX 77079  
USA  
[www.aipn.org](http://www.aipn.org)

# Request for oil and gas adventure stories

We have all had experiences in the oil business that we enjoy sharing with our colleagues. Perhaps you would like to share yours with a wider audience. If so, send your story to Gordon Barrows at [gbarrows@barrowscompany.net](mailto:gbarrows@barrowscompany.net) or Norman Nadorff at [nadorfnj@bp.com](mailto:nadorfnj@bp.com).

The preferred story length is a maximum of 1000 words. You are invited to send in any short tales or anecdotes, such as the above, that you may want to share.

The AIPN may select some stories and short ‘snippets’ for publication in the *AIPN Advisor*. Stories will be published anonymously if the author prefers. If industry interest warrants, Barrows Company may eventually publish a compilation of such stories (perhaps expanded versions). Feel free to submit *ideas* for stories as well, for purposes of gauging interest in, and the feasibility of this project.

## Can no longer access the AIPN members’ pages?

That means that you have not paid your 2007 dues and your membership status has been set to inactive, as the deadline has already passed.

Please e-mail us at [membership@aipn.org](mailto:membership@aipn.org) or call +1 281-558-7715 ext. 100 and we will take care of your credit card payment.

You can also mail your \$125.00 check to us at the address below. Be sure to write “AIPN 2007 dues” next to your signature in the memo section.

AIPN  
11767 Katy Fwy., Suite 412  
Houston, TX 77079  
USA



## Request for volunteers for the AIPN Promotions and Website Committees

The AIPN Promotions Committee and the AIPN Website Committees are looking for volunteers to join the groups and help out with upcoming projects. Those interested should contact Andrew Pidgirsky at [Andrew.Pidgirsky@arlaw.com](mailto:Andrew.Pidgirsky@arlaw.com).



### **AIPN History Book Announcement**

The AIPN is planning to produce a History of the Organization in commemoration of its **25th anniversary** and in celebration of all that has been achieved during its existence.

**The History, which most likely will take the form of a hard-back book, will consist of:**

- (i) oral histories of the organization itself as told by prominent members past and present;
- (ii) significant or entertaining photographs and documents; and
- (iii) “real-life” anecdotes or stories that show the dynamic nature of our profession, as told by members.

**As a preliminary step, the Committee is currently requesting the following:**

- Ideas or concepts as to what should be included in the History
- “Historical” documents or photographs
- Summaries of any anecdotes or stories that you would be willing to contribute to the History.

If you have any comments regarding the above, or anything concrete to share toward this effort, please e-mail us at [aipn@aipn.org](mailto:aipn@aipn.org).

## REGIONAL CHAPTER CONTACT DETAILS

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## Upcoming Regional Chapter Meetings

### AAP

**Date: April 10, 2007**

**Topic: "Introduction to AIPN and LNG Sale and Purchase agreement"**

**Venue: White & Case Offices, Tokyo, Japan**

### Canada

**Date: April 12, 2007**

**Topic: "Investing in the Future of East Africa: The Mtwara Energy Project"**

**Venue: Calgary Chamber of Commerce, Calgary, Alberta**



# WORLD BID ROUNDS

List of E&P Bid Invitations around the World - March 2007

Contributed by Barrows Company<sup>1</sup>

## Australia & Asia

Bangladesh  
India (Coal Bed Methane)  
Indonesia (20 Blocks) (Onshore fields available)  
Malaysia  
Myanmar  
New Zealand (Great South Basin) (40 blocks)  
Pakistan (17 onshore blocks)  
Papua New Guinea  
Philippines (9 Areas) (May 10)  
Thailand (19th Round, 22 blocks)

## Europe

Cyprus (11 offshore blocks)  
Ireland (Frontier)  
Latvia (Liepaja District)  
Norway (205 blocks)

## Middle East

Abu Dhabi (gas areas)  
Bahrain (6 offshore blocks)  
Iran (17 blocks, 17 onshore, 5 offshore)  
Iraq  
Jordan (Sirhan Block)  
Qatar (offshore block 3)  
Syria (4 offshore blocks)  
Yemen (Offshore)

## Russia & NIS

Russia (8 offshore fields)  
Ukraine (Black Sea)

## Central America & Caribbean

Trinidad (Atlantic Blocks)  
Guatemala (Blocks A1 & A9)

## South America

Argentina (Santa Cruz)  
Chile (10 blocks)  
Colombia (37 blocks)  
Ecuador  
Peru (13 onshore, 5 offshore)  
Venezuela (Delta Carib Gas)

## North Africa

Algeria (2007)  
Tunisia

## South & Central Africa

Angola  
Cameroon (6 blocks)  
Equatorial Guinea  
Eritrea  
Guinea Bissau  
Kenya (27 blocks, 2007)  
Mali (Blocks 15, 16, 17, 18)  
Nigeria (60 Blocks)  
South Africa (Offshore) (March 15, 2007)  
Zambia

## North America

Canada (oil sands)  
Greenland (western offshore)

\* Governments may use the following email to convey international notices of bid rounds. Companies may also use the email for bid round information: [advisoreandpoil@oillibrary.org](mailto:advisoreandpoil@oillibrary.org)  
Bid specifications, legislation texts and model contracts available at [gbarrows@barrowscompany.net](mailto:gbarrows@barrowscompany.net).

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# **IN EVERY ISSUE:**

All Model Agreements are available  
at no charge to AIPN members.  
For a complete listing, visit our Website at:  
[www.aipn.org](http://www.aipn.org)

For a listing of the current  
AIPN Board of Directors:  
[2006-2007 AIPN Board of Directors](#)

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