

Field Unitisation and Equity Redetermination

INTRODUCTION

- Hydrocarbons tend to cross two or more license concession areas or even international boundaries. Unitisation is a mechanism whereby reservoirs for petroleum and/or gas are developed as a unit by a single operator (the Unit Operator) and use common production facilities under an agreement called a Unitisation Agreement. The objective is to obtain the maximum recovery of hydrocarbon by the parties.
- Unitisation requires rather complete and real knowledge of the field which justifies there being a Unitisation Agreement which is among interested parties. The Unitisation Agreement seeks to provide for that the participating interests in an equitable manner and avoid transit impact on the participating interests and helps to avoid some legal traps.
- Unitisation should be implemented early in the life of a field, prior to development as the owners seek to establish leverage in negotiating a larger share of the field or drain the field.

This training seminar on Unitisation in the Oil and Gas Industry will highlight:

- The international law determining the rights and responsibilities of states in the development of shared petroleum deposits
- How to Unitise a field and the ways to compile a Unitisation and Unit Operating Agreement
- Determining the and which stage this should take place
- Negotiation the agreement with partners

OBJECTIVES

At the end of this training seminar, you will learn:

- International oil and gas legal and technical principles used in unit operations
- The key legal and commercial issues that arise in a unitization
- Issues to consider when preparing a UUOA for a specific project
- Specific issues to be considered in a cross-border unitization
- Provisions aimed at limiting liability of adjoining operators / contractors

TRAINING METHODOLOGY

- The facilitator will use a wide range of techniques from presentation of key points through the use of interactive methods like group practical exercises and discussions, role plays case studies and video presentations. There will be a training manual that will support the learning experience with adequate reference and reading materials which will include sample contracts. Participants will have an opportunity to practise the skills they have acquired from the course with each other in role playing exercises and learn how to apply them in their daily business routines.

ORGANISATIONAL IMPACT

Participants from the companies and organisations will have improved capacity and ability to:

- Come up with clear strategy to negotiate oil and gas contracts and gas sales agreements
- Mitigate risks and liabilities that may be faced by the corporations and companies
- Avoid pitfalls by being adequately prepared to undertake difficult negotiations
- Improve bottom lines with better negotiated contracts

PERSONAL IMPACT

- Analyse and interpret commercial, legal and contractual aspects of the specific types of unitisation agreements and these contracts that will be reviewed
- Determine economic issues that affect both sides to a contract and learn how to balance these issues in order to minimize risk
- Gain tips and tricks on negotiating the unitisation agreements

WHO SHOULD ATTEND?

This training course is suitable to a wide range of professionals but will greatly benefit:

- Commercial Manager
- Legal Counsels / Advisors
- Commercial Lawyers
- Negotiators
- Project Owners
- Project Directors / Managers
- Project Engineers / Planning Engineers
- Operation Managers
- Contract / Agreement Managers / Specialists

Course Outline

What is Unitisation?

- The Development of the Concept of Unitisation
- Different Approaches to Unitization
- Terminology in Unitisation Agreements
- Order of Unit Operation of Pool
- Multiple Leases

Documenting Unitization

- Where the Unitisation Agreement Fits within the Upstream Contractual Regime
- The Need for a Pre-unitisation Agreement
- The Essential Elements of an Unitisation Agreement
- The Structure of an Unitisation Agreement

Key Concept Affecting Unitization Agreements

- Determination of the Initial Tract Participation / Unit Interest
- Change in the Unit Area
- Units and Unit Operating Agreements
- Redetermination
- How does the redetermination process work in practice?
- The Re-determination Process – The Role of the Expert

UUOA - Unit Operating Agreements & Unitisation

- Connecting-up the Dots between Unitization and UOA
- Unitisation in Practice
- Government Approval
- Important Pits Falls to Avoid in UOAs

Key Issues in UUOAs

- A One-Size Fits All UUOA
- Tract Participation
- Determination and Re-determination Provisions
- Role of the Expert
- Unit Operating Committee Voting Thresholds
- Default of Parties
- Specific Unitization Issues for LNG Export Projects