

# Downstream Regulations

## INTRODUCTION

- Downstream Regulations: Review of International Effective Policies & Practices training course is designed for legal and non-legal industry professionals to gain knowledge of specific downstream international oil and gas arrangements; it provides an effective grounding in the critical considerations and conditions for successfully concluding oil and gas downstream agreements, focuses on the contractual methods of oil and gas downstream as practiced internationally. This training course will enable you to gain an insight into the way in which buyers and sellers view and negotiate oil, gas and LNG sales agreements, and will give you a detailed understanding of the terms that are important in these transactions.
- This training course is designed to equip participants with the fundamentals that apply to contracts in the marketing and trading, plus an appreciation of the key terms of contracts for the supply of oil and gas. This training course will highlight the critical importance of contractual negotiation and evaluation skills, together with contractual, legislative and regulatory compliance in both common law and selected other jurisdictions. The hands-on practical exercises will give you an understanding of the art of negotiations. Participants will understand the components of “the deal”, timing, strategies for gaining the upper hand in negotiations, games opponents play, good vs. bad negotiations and the pitfalls of positional bargaining.
- After attending this training course, participants will be better equipped to review selected oil and gas downstream contracts with specific emphasis on identifying common contractual pitfalls, how to negotiate and to minimise potential risk through commercial clauses.

This training course will highlight:

- Understanding key downstream terms and definition
- Main international industry players and fundamentals of downstream agreements
- Exploring some sample agreements and contractual pitfalls
- Sales agreements relevant to crude oil; natural gas, and Liquefied Natural Gas (LNG)
- Transportation agreements
- Gas supply and purchase agreements
- Key legal contractual risk management issues relevant to downstream oil and gas
- Negotiation techniques and strategies that work in international and multicultural settings

## OBJECTIVES

- This training course aims to provide an overview to the international oil and gas industry framework and contracts, to understand how to negotiate and draft key downstream agreements, to assess and manage risks, and to understand the application of ADR as relevant to downstream contracts.

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

- Understand common contractual pitfalls in the downstream oil and gas context
- Negotiate profitably downstream oil and gas contract insurance provisions, liability and indemnity clauses
- Draft and negotiate downstream oil and gas force majeure clauses
- Appreciate the main legal framework that governs international downstream contracts, as well as a critical awareness of the underlying policy issues
- Assess and manage risks as relevant to downstream contracts
- Grasp and apply dispute resolution methods to downstream contracts

## TRAINING METHODOLOGY

- This interactive training course will provide the participants an ideal opportunity to improve and sharpen their skill sets in planning, negotiating and drafting international downstream oil and gas agreements through interactive session with role playing, case studies, discussion groups and scenario building and the high-point of the training course being a simulation exercise of oil and gas contracts negotiation involving interactive role play by the participants.
- The objective of the interactive role play is to enable participants to apply the knowledge and understanding gained at the workshop to negotiate a more effective oil and gas contracts. This will help participants gain practical insights into managing the risks and enhancing their rewards.

## ORGANISATIONAL IMPACT

- For professionals involved nationally and internationally in the oil and gas industry, this training course offers a unique opportunity to rapidly increase your understanding of the policies and practices involved in the context of downstream oil and gas contracts and to improve your negotiation techniques and skills in drafting a variety of related contracts.

Therefore, your organisation will benefit from this training course by:

- Gaining expertise and improving knowledge and skill sets of personnel dealing with areas of legal risks in handling downstream oil and gas contracts
- Through various workshops and exercises ability to appreciate and understand the current international practices in downstream oil and gas contracts
- How mitigate risks in downstream oil and gas contracts
- Enhancing contract personnel negotiation skills

## **PERSONAL IMPACT**

Attendees will gain by participation in this training course as a result of:

- A unique opportunity to rapidly increase your understanding of the international policies and practices relevant to downstream oil and gas contracts
- Improving your negotiation techniques and skills in drafting a variety of related downstream contracts
- Managing and mitigating legal risks associated with downstream oil and gas contracts
- Choosing most appropriate form of dispute resolution
- Enhancing your ability to negotiate and manage claims and disputes with confidence

## **WHO SHOULD ATTEND?**

- This 5-Day training course is specifically designed for professionals involved internationally in the oil and gas industry. It offers a unique opportunity to rapidly increase your understanding of the legal, policies, and current international practices in the context of international scenarios and to improve your techniques and skills in drafting a variety of international downstream contracts.

Therefore, the audience for this training course will be:

- Commercial and business development managers within national and international oil and gas companies looking to improve their downstream negotiation skills and overall commercial performance
- Legal advisors involved in negotiating or renegotiating of downstream contracts
- Government representatives, policy makers, and regulators looking to increase their downstream contracts knowledge
- Insurance and risk managers looking to reduce the legal and contracts risks for their companies
- Executives, professionals, and academics looking to increase or specialise in the area of downstream contracts

## **Course Outline**

Dynamics of Downstream, Midstream, And Upstream and Contract Law  
Introduction to Downstream Oil and Gas Business

- Key Terms and Definition
- The Main International Industry Players
- Introduction to Specific Downstream Agreements

## Legal System and Contract Law

- Mandatory Elements of a Legally Enforceable Contract
- Contract Law: Contract Formation
- Contract Law: Contract Terms
- Contract Law: Interpretation of Contract Terms
- Contract Law: Remedies for Breach of Contract

## Assessing Available Remedies for Breach of Contract

- Rescission
- Compensatory damages
- Consequential and incidental damages
- Liquidated damages
- Specific performance
- Injunctive Relief

## Fundamentals of Downstream Oil and Gas Contracts

### Characteristics of downstream contracts

- The contractual process
- Commercial realities of the oil and gas business
- Drafts and drafting
- Enforcement
- Fundamental legal principles
- Cultural and language issues

## Fundamental Legal Principles

### Oil and Gas Transportation Agreements

- The contractual arrangements put in place for getting petroleum from the wellhead to the market place
- Off taking and transporting Oil & Gas (pipeline or ship)
- Typical terms of a Gas Pipeline Transportation and Processing Agreement (TPA)
- Transportation (or Trans-shipment) of crude oil and Liquefied Natural Gas (LNG) or Gas to Liquids (GTL)
- International practices and model contracts

## The Essential of Negotiations in downstream context

- Meaning of negotiation mean
- Types of negotiation
- Issues to be negotiated
- The negotiation processes

## Downstream Agreements for The Disposal of Production: Petroleum Sales

- Crude oil: the world's most actively traded commodity
- Crude oil: sold by a producer or their agents through a variety of contractual arrangements
- The key differences and similarities between gas/LNG sales and crude oil
- Sale of natural gas (GSAs) and LNG SPAs for physical delivery

## Minimizing Loss Through Careful Limitation of Liability Clauses

- Drafting enforceable liquidated damage clauses
- Handling consequential damage waivers
- Mitigation of damages clause
- Contractual limitations periods

## Transferring Risk by Contractual Indemnity

- Negligence
- Strict Liability
- Unseaworthiness
- Pre-Existing Conditions
- Arising out of
- Legal Fees
- Invitees
- Punitive Damages

## Avoiding Common Contract Pitfalls

### Reducing Risk Through Effective Use Of Force Majeure Clauses

- Understand the purpose and risks this clause is intended to mitigate
- Avoiding common Force Majeure pitfalls
- Protect yourself from abuse and misuse of this clause
- Mechanics of exercising Force Majeure rights

## Contractual Indemnity Case Study: Managing Risk Through Adequate Insurance Provisions

- Overview of coverage types
- Understanding typical insurance exclusions
- Assessing the quality of your insurance carrier
- Evaluating deductibles and coverage limits
- Insurance subordination issues
- Effective claims management

## Dispute Resolution & International Arbitration Option in Downstream Contracts

### Dispute Resolutions

- Preventing costly litigation through effective use of ADR option
- Types of dispute resolution vehicles
- Assessing litigation vs. arbitration options
- Mediation considerations
- Considerations for selecting effective mediators and
- Arbitrators
- Selecting arbitration and mediation rules of procedure
- Drafting effective dispute resolution clauses