

Oil & Gas Field Unitization of Fields and Redetermination of Equity

Understanding Negotiation Techniques and Risk Mitigation

Introduction

Hydrocarbons frequently cross international borders as well as two or more licence concession zones. The process of developing petroleum and/or gas reservoirs as a unit by a single operator (the Unit Operator) and using shared production facilities under the terms of a Unitization Agreement is known as unitization. The goal is for the parties to recover as much hydrocarbon as possible.

A Unitization Agreement between interested parties is justified since unitization necessitates a fairly thorough and genuine understanding of the field. In addition to avoiding transit's influence on the participating interests and helping to avoid some legal pitfalls, the Unitization Agreement aims to fairly provide for the participating interests.

Early field unitization is recommended in order to provide the owners leverage when negotiating a higher share of the field or when the field is being drained.

The following will be covered in this Course N Carry training session on Oil & Gas Field Unitization of Fields and Redetermination of Equity:

- The international law that establishes governments' obligations and rights in the exploitation of common petroleum resources
- How a field can be unitized, and how to put together a unitization and unit operating agreement
- Choosing the appropriate stage at which to do this
- Negotiating a deal with partners

Objectives

Upon completion of this Course N Carry training programme, you will understand:

- International legal and technical guidelines for oil and gas that are applied in unit operations
- The principal business and legal concerns that surface during a unitization
- Things to think about while drafting a UUOA for a particular project
- Particular concerns for a cross-border unitization
- Clauses intended to reduce the responsibility of contractors and adjacent operators

Training Methodology

The facilitator will employ a variety of strategies, including role plays, case studies, video presentations, and interactive group practical exercises and debates to convey important themes. A training manual with sufficient reference and reading materials, including sample contracts, will be provided to facilitate the learning process. Through role-playing exercises, participants will be able to put the skills they have learned in the course to use with one another and learn how to incorporate them into their everyday work routines.

Organizational impacts

The capability and ability of participants from the businesses and organisations will be enhanced in order to:

- Develop a well-defined approach for negotiating gas sales agreements and oil and gas contracts.
- Reduce the risks and liabilities that businesses and corporations may encounter.
- To avoid problems, be well-prepared while engaging in challenging discussions.
- Increase profits through more skillfully negotiated contracts

Personal Impact

Participants in this Course N Carry training programme will acquire critical skill sets that will enable them to competently and confidently:

- Examine and evaluate the contractual, legal, and commercial aspects of the many kinds of unitization agreements and these contracts that will be examined.
- Identify the economic factors that impact both parties to a contract and discover how to strike a balance between them to reduce risk.
- Learn the ins and outs of unitization agreement negotiation.

Who should attend?

A wide range of professionals can benefit from this Course N Carry training course, but the following are particularly noteworthy:

- Commercial Manager Solicitors / Consultants
- Business Attorneys
- Negotiators
- Project Directors / Managers Project Owners
- The Planning and Project Engineers
- Managers of Operations
- Managers of contracts and agreements and specialists
- Managers and Controllers of Finance
- Managers of Business Development

Course Outline

Day 1

Unitization: What Is It?

- The Evolution of the Unitization Concept
- Various Methods for Unitization
- The vocabulary used in unitization agreements
- Pooling and Unitization, Mandatory and Voluntary Unit Operating Order of the Pool
- Multiple Leases
- Recording Unitization
- In cases where the Upstream Contractual Regime applies to the Unitization Agreement
- The Pre-Unitization Agreement's Necessity
- Crucial Elements of a Pre-Unitization Contract
- The Fundamental Components of a Unitization Contract
- The Unitization Agreement's Structure

Day 2

Essential Idea Impacting Unitization Contracts

- Calculating the Unit Interest Change in the Unit Area
- The Initial Tract Participation
- Units and Operating Agreements for Units
- Reassessment
- What is the practical procedure for redetermination?
- The Expert's Role in the Redetermination Process

Day 3

Linking the Dots between Unitization

- UOA Unitization On Practice
- UUOA - Unit Unitization & Operating Agreements
- Obtaining Government Approval
- Critical Hazards to Avoid in UOAs

Day 4

Important Concerns with UOAs

- A Universally Appropriate UOAs Tract Enrollment
- Making and Re-Making Decisions Provisions
- The Expert Unit Operating Committee's Function and Voting Thresholds
- Parties' Default
- Particular Unitization Problems with LNG Export Initiatives

Day 5

Boundary disputes and transboundary unitization examples include the Netherlands, the UK, Norway, Nigeria, Saudi Arabia, and Kuwait.

- Handling Transboundary Conflicts
- Case Studies of Cross-Border Conflicts