

# Juridical News

WINTER 2005

## HEADLINES

- Growing Strength in Oil and Gas Commercial Contracts.
- Contract Law Training Course.
- International Transactions.
- Supporting the step change in renewables.
- Watch out for pre-contract dealings and LOIs.
- Standard Well Services.
- Greater Awareness in Agency Agreements.

## Company Law

### Oil & Gas Law

## Employment Law

## Intellectual Property

## Commercial Contracts

## Environmental Law

## Commercial Claims

## International Transactions

## Focusing on Commercial Contracts

**Growing Strength in Oil and Gas Commercial Contracts:** Members of the Juridical team have worked and continue to work on a considerable number of Oil Industry related commercial agreements.

Team members have been involved in drafting, negotiating and reviewing many different related agreements covering the full spectrum of Oil related agreements. Examples of the work undertaken include: Sale and Purchase of Assets, Drilling Rig Contracts, Rig Services, Survey Ship charters, Well Services, Farm Ins, JOA, Supply of Major Plant and Equipment, Royalty Agreements, Off-shore Services, Marine Construction EPIC contracts; Consultancy Agreements, Proximity Agreements, Construction Tie In and Oil and Gas Transportation agreements.

Over the past 12 months we have had instructions from E & P companies and a number of leading contractors.



**Contract Law Training Course:** At its launch in 2004, Juridical positioned itself not only as a provider of advice services but also as a proactive developer of knowledge. With this in mind we offer several professional development courses through our network of trainers and educators. Our most successful course to date is a course entitled 'Negotiating Effective Contracts in the Oil and Gas Industry'. Throughout 2005 over 100 delegates from E & P companies and supply chain Contractors have attended of the course. It has been offered as a half day, full day and a 2 day course. In addition to publicly advertised courses in-house contract law courses have been delivered in Scotland, England, Norway and Dubai. Course tutor Dr Richard Mays says "we have been pleased by the demand for the contract law course and are currently looking to take it further a field. An exciting new development is a sister

course on negotiation skills. We currently have proposals with several leading companies for delivery in 2006". For further details contact Richard on

[richard.mays@juridical.co.uk](mailto:richard.mays@juridical.co.uk).



## International Contracts - Bribery, Corruption and Terrorism— New Concerns in International Compliance

It is often overlooked that there are laws in the UK which make it an offence to be engaged in activities related to bribery outside the UK, corruption or money laundering for terrorism. Although there are some separate laws for Scotland and England & Wales they effectively create the same legal regime. Undertaking international business has many problems and often companies will appoint in-territory representatives to deal with local issues. Some will do so in anticipation that this may

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relieve them of the problem of addressing compliance issues but detailed examination of the law reveals that it does not. Many companies are now engaged in due diligence exercises making sure representatives and agents are and will be compliant with local and UK laws. We encourage all those involved in international transactions to consider this as an issue.

Moreover, it is imperative that Agency and Local Representation Agreements have compliance clauses stipulated within them and Company's are well advised to underpin this with clear letters of undertaking.



## Supporting the Step change in Renewables

With the current focus on Oil and Gas it would be all too easy to overlook the step change growth in the renewable energy sector. Over the next 5 years a large number of projects are set to be developed as the UK moves to deriving a greater share of its energy from renewables. Ken Cumming has recently attended a conference attended by over 70 delegates on the legal issues relating to Wind

Farms. From discussions at the Conference it seems certain that a large number of projects are already in the early stages of development. Juridical has been retained by one international



company engaged in 30 such projects across Scotland. We have been working with them amongst other things on a Joint Venture collaboration relating to a large Wind Farm development and have been advising on the acquisition of another large Scottish renewable energy project and the asset purchase of licences and assignment of Intellectual Property Rights.

## Watch Out for pre-contract dealing and LOI'S

With the oil industry working flat out inevitably demand for personnel and equipment outstrips demand. The shortages in the workforce have been widely commented upon and many leading companies are known to be actively recruiting internationally to secure personnel to meet demand for projects. Equipment too is in short supply. There are now long lead times on

nearly all major items of equipment. Little wonder then that purchasing companies are keen to snap up availability at the earliest opportunity to guarantee the critical path items for project completion. Many are doing so by issuing Letters of Intention and following matters up with detailed contract negotiations later. Clearly this is a recipe for future problems. Juridical has recently advised on several LOI and pre contract dealing issues. It is crucial to

ensure these are negotiated and drafted properly to protect a party's position. Letters of Intention have always been of dubious legal effect with a considerable body of reported case law testimony to the problems that can ensue if they are drafted carelessly. Juridical recently advised a contractor is a dispute relating to pre contract dealings which successfully resulted in recovery of a large five figure sum which the other party had previously refused to pay.



*Juridical has been instructed on several such agreements over the past 12 months relating to Norway, Africa and Asia Pacific.*

*At Juridical, we put knowledge at the centre of everything we do.*

## Standard Well Services Contracts – Do they always fit the bill?

The use of standard contracts has not always been universally welcomed. Several major companies continue to use their own bespoke contracts in preference to a standard approach while others will prepare a large array of special conditions to modify the standard approach. Whether standardisation has achieved the objective set for it by the CRINE and LOGIC initiatives is for others to comment upon but it is clear that the standard LOGIC Well Services contracts is often over and inappropri-

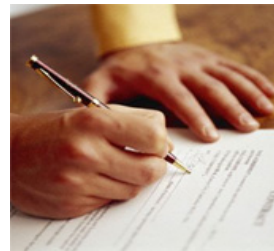
ately used. For many company the merest link to oil-field development draws them to utilise the Well Services contract. Recently, we have found that it is misused in two key areas. First it is a services contract not best suited to the purchased or procurement of items of plant or equipment. Moreover it is often used in relation to the hire or rental of equipment and again its standard provisions are not ideally tailored for that circumstance. Of course it is often the case that procurement of equip-

ment and services related to commissioning or installation are tendered together with the tenderer looking to issue one contract. More often than not many will look to LOGIC Well Services as the catch-all. At least one leading operator is now looking to have two contracts one for procurement and one for the services. Maybe it is time to add to the suite of standard agreements to deal effectively with the needs of the Oil and Gas Industry.

## Greater Awareness in Agency Agreements

More and more it is obvious that companies wishing to internationalise have become more cautious when it comes to Agency agreements. Often regarded as the simplest method of internationalisation of one's business and considered by many as no-risk vehicle, many companies have come 'a cropper' as they faced problems relating to poor sales performance, an inability to terminate the agreement or appoint a re-

placement and with the advent of key European legisla-



tion providing for compensation on termination. It seems the horror stories have been

heeded by many companies (though not all) and many now seek legal advice before proceeding.

Juridical has been instructed on several such agreements over the past 12 months relating to Norway, Africa and Asia Pacific. That work seems set to continue as Juridical has been retained by a leading Oil industry contractor to advise on all its Agency Agreements relating to over 40 countries.

## About Juridical

**Juridical is an innovative, client-focused provider of legal and business solutions for corporate clients. Juridical's service range falls into four distinct but complementary divisions- business law, business consultancy, knowledge services and publications. Combining them together and drawing upon our interdiscipli-**

**nary strength gives us an added dimension as a provider of business support services. Why Juridical?**

At Juridical, we put knowledge at the centre of everything we do.

Our integrated approach combining advice, consultancy, knowledge services and publishing gives us leading edge focus in support of our

clients. We keep ourselves and our clients at the forefront of developments.

We underpin our services with a strong commitment to developing a detailed understanding of our client's organisation and its aspirations. We keep those aspirations firmly in focus and look to deliver effective legal and business solutions.

# Juridical Publishing and Training

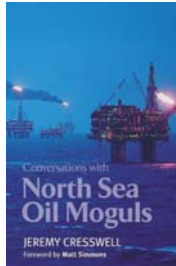
## Juridical Publications

North Sea Oil Moguls has sold 1000 Copies already.

Top 10 Non Fiction best seller at Aberdeen Airport

### Contact

[Stephanie.lawson@juridical.co.uk](mailto:Stephanie.lawson@juridical.co.uk)



## Juridical Training Courses

Courses either run in—house or for individual employees and include:

- Leadership
- Human Resources
- Employment Law
- Supply Chain Management
- Procurement
- Negotiation Skills
- Health and Safety for Managers and directors
- Project Management

### Contact

[Stephanie.lawson@juridical.co.uk](mailto:Stephanie.lawson@juridical.co.uk)

“This book is a must read for anyone involved in the oil industry, would be entrepreneurs and students of management ”

“Juridical is able to offer drafting, review, negotiation and dispute resolution support in the following ways designed to support the particular needs of clients.”

## How Juridical can help your Company deal with commercial contracts

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Juridical is able to offer drafting, review, negotiation and dispute resolution support in the following ways designed to support the particular needs of clients

**Reasonable Fixed or Capped rate fees per transactions:** We will estimate the likely time necessary to complete the task and offer a fixed or capped fee. The advantage to the client is certainty on costs. In relation

to capped fees we will consider a modest part of the fee as an incentive component if we meet the deliverable target within the client's time-scales

**Supply of day rate staff for longer term assignments** We can supply qualified legal and contracts staff willing to offer longer term support on a day rate basis.

**Billable time depending on how long a task takes** Some clients prefer the traditional method of billing the time spent. If instructed we

issue letters of engagement stating our rate and also give an estimate of the time likely to be taken on the task



### For a set monthly fee a call off support service

Juridical claims to be innovative and in response to discussions with clients we are offering a fixed monthly fee call off service which will deal with all the commercial contracts issues of an organisation. This service is likely to be of appeal to SMEs perhaps with limited in house resource but looking for an affordable option to deal with contract risk management issues. For other companies

it may be that they require specialist legal advice on contentious or problematic issues

To discuss how any of the above options might work for your Company contact [ken.cumming@juridical.co.uk](mailto:ken.cumming@juridical.co.uk) or phone Ken on 01224 224343



### And Employment contract issues too !

As well as providing support on commercial contracts Juridical is also advisor to several North East companies on employment law contract matters. If your company needs some help either involving proactive support, ongoing access to quick advice or help dealing with an employment contract problem then contact [shirley.dryden@juridical.co.uk](mailto:shirley.dryden@juridical.co.uk)