

Webinar - Protecting a Non-Operator's Interest when Negotiating a JOA

By Sharon O. Flanery, 2018-2020 Chair of the Oil and Gas Practice Committee of IEL, Steptoe & Johnson PLLC

On October 30th, 2019, Professor Keith B. Hall, of Louisiana State University Law Center, and Miles Prillaman, Executive Counsel with ExxonMobil, presented a webinar on "Protecting a Non-Operator's Interest when Negotiating a JOA" to an audience of 34 attorneys and other professionals from governmental agencies, law firms, domestic onshore oil and gas companies, and international energy companies. In general, the discussion covered the 1982, 1989, and 2015 versions of the American Association of Professional Landmen's Form 610 – Model Form Operating Agreement.

Professor Hall reviewed common issues affecting non-operators involved in joint operations, including exculpatory clauses and their scope, potential limits on the pace of new operations, assignments of the operator, removal of the operator, selection of a successor operator, and duties and rights of the operator. Professor Hall shared drafting suggestions to address non-operator's concerns in the various editions of the model form joint operating agreement.

Mr. Prillaman rounded out the program with a practical discussion of joint venture relationships. Mr. Prillaman explained the pros and cons of entering into joint ventures, highlighted the importance of wisely choosing counterparties and indemnitors, and identified the ways non-operators can influence operators through the development process. The presentation concluded with Mr. Prillaman's analysis of the liabilities attributed to the joint venture parties in the aftermath of the Macondo incident, including a side-by-side review of AAPL's model form offshore deepwater joint operating agreement and the Association of International Petroleum Negotiator's model form international joint operating agreement.

The Institute for Energy Law's Oil & Gas Practice Committee sponsored the webinar and it was free to all IEL members.