

Meeting Minutes
IADC Contracts Committee Meeting
14 June 2019 - 0900 – 1130 hours
IADC Houston, Briarpark Office



In attendance:

Ted Gobillot – EnscoRowan - Chairman (TG)
Tyler Smith – Nabors (TS) – Vice Chairman (Land) – via teleconference
Mike McLeod – Noble Corporate Services, Vice Chairman (Offshore) (MM)
Scott Gordon – H&P – Vice Chairman (Outreach) (SG)
Mark Spansel – Adams & Reese LLP (MS)
Stacey Earley – Transocean (SE)
David Odom-Harris – Patterson-UTI (DOH)
Janet Resseguie – Transocean (JR)
Thomas Horton – Trinidad Drilling (TH)
John Schmuck – Nabors Corporate (JS)

Brian Ellis – Data Gumbo (BE)
Tom Roush – Data Gumbo (TR)
Fredrick Tyler – Data Gumbo (FT)
Clifford Mangano – Diamond Offshore – IADC Tax Committee
Karen Najvar – Seadrill Americas – IADC Tax Committee
Irina Schatz – Vantage Drilling – IADC Tax Committee

Mike DuBose – IADC Committee Liaison (MD)

Via Conference phone in:
Cary Moomjian CAM Oilserv–(CM)
Ernie Nelson, – Nabors (EN)

Welcome

Ted Gobillot, Committee Chair - EnscoRowan, opened the meeting at 0900, welcomed the group and thanked everyone for being available.

General Antitrust Guidelines for IADC Members

Mike DuBose reminded the attendees of the IADC General Antitrust Guidelines. Reviewed the housekeeping information and offered a Safety Moment for the group.

Approval of the Proposed Meeting Agenda

TG proposed the members accept the meeting agenda as offered in the pre-read materials, motion seconded by SG. Agenda approved by acclamation.

Approval of the Minutes of the previous committee meeting on Feb. 4, 2019.

TG proposed the members accept the minutes of the previous meeting of Feb. 4, 2019 as offered in the pre-read material. Motion was seconded, and the minutes approved by acclamation.

Status of a Voting Quorum

MD advises the Chair (TG) that the committee does have a quorum of members present to hold a binding vote on the pending matters.

Several important issues are before the committee including the nomination/election of new officers. The Chair acknowledged, and the members present agreed to proceed.

Update on Various IADC/Committee Initiatives

MD advised members of the work ongoing to revise the IADC HSE Guidelines for Land Drilling units.

Amicus Brief Reports

The Contracts Committee has received two requests from IADC membership for Amicus Briefs.

- a) One Offshore item – regarding General Maritime Punitive Damages Case. MD gave an overview of the Amicus Brief prepared by the HFW law firm. The Amicus was filed with the US Supreme Court on Jan. 29, 2019. A copy of the Amicus Brief has been previously circulated. **Action - On Monday June 24, 2019 the US Supreme Court returned the verdict of No Punitive Damages for Unseaworthiness. Decision is favorable for IADC Membership.**
- b) One Onshore Item – regarding a court ruling related to oil-based mud compensation/bonuses.

Note – IADC Staff members met with the member company's senior management recently on Item B. Instructions from the member company is no action required at this time.

Status of Revision to IADC Model Offshore Daywork Contract.

Model Contracts: Update of IADC Model Contract – Offshore International

- Ron Potter (Lead) has worked with Haynes & Boone counsel to develop changes to the model contract to reflect
 - i) English Law * Officers discussed the revision of the contract under UK Law versus the current US Maritime Law. CM expressed his concerns regarding UK Law vs. US Maritime Law. MD thanked CM for his comments and we valued his experience. However, this issue has undergone scrutiny at both the officers and general committee levels. The issue has gone to vote on at least 3 occasions and each time the result was unanimous that the revision be to UK Law.
- Ron has a first draft and review is underway. Ron will work with Dave Faure (Co-Lead) for review and content contribution, afterwards Ron and Dave will pass the draft to Stacey for her review to establish a Second Draft. Mike McLeod has volunteered to aid in the review.
- It is expected that the Association of International Petroleum Negotiators (AIPN) are due to release their revised Model Contract after their next meeting scheduled for Dubai Oct. 6-9, 2019. The IADC contract revision group will take the AIPN model contract into consideration as it pertains to the IADC contract.

Action – Ron Potter, Dave Faure, Stacey Early and Mike McLeod to scrutinous the first draft.

Subcommittees

Subcommittees –

- a) Like other IADC committees, the members officially recognize sub-committee tasks
- b) Nominate or Elect a “Co-Chair” of the subcommittee
- c) Co-Chair position is not limited by “Diversity” considerations, and can be filled by persons from duplicate drilling contractors
- d) The Chair has established the IADC Offshore Equipment List sub-committee and she has identified John Kilburne of Transocean as Sub-Committee Chair. The Chair proposed that the committee establish the IADC Onshore Equipment List sub-committee, MD to investigate interested parties to populate the sub-committee. The IADC Australasia Chapter has developed a first draft of an IADC Standard Equipment list for land rigs. The committee has the draft, initial comments are being gathered to relay back to the Australasia Chapter, Contracts Committee wishes to see a short 2-page document developed to assist in answering Expressions of Interest etc.

Action – MD to ask Australasia Chapter to develop a short 2-page version to accompany the full 50-page document.

Notes on Subcommittees:

- ii) Are open to any committee member (both as Co-Chair and/or as member)
- iii) With the following exceptions, which are open to Employees of Drilling Contractors only:
 - (1) Model Contract subcommittees,
 - (2) Amicus Brief subcommittee

Guest Presentation by Ms. Karen Najvar of Seadrill – Member of the IADC Tax Committee – Recent changes in US Tax Law and Rig Contracting

Changes in Leadership Role

- b) Role of Chairman
 - a) Ted Gobillot (TG) informs the committee that due to the Ensco/Rowan merger his duties at the newly formed company will end on June 15, 2019. Therefore, he will not be a direct employee of a Drilling Contractor company after that date. As per the by-laws his role as committee chairman will finish on June 15, 2019.
 - b) The above matter was discussed in detail at the Executive Session of the committee officers prior to the commencement of the general sessions. It was agreed, and formally voted by the officers to elect Tyler Smith (TS) of Nabors as the Interim Chairman of the committee. In the circumstances TS has agreed to serve the committee until December 31, 2019 at which time he will advise the committee of his willingness to continue serving.
 - c) After discussion, TG recommended the committee elect TS as the Interim Chairman. TS's name was put forward by motion from Scott Gordon to serve as interim chairman. Motion was seconded, motion carries by unanimous acclamation.
 - d) Mike McLeod of Noble was nominated as Vice Chairman Offshore, voted in unanimously.

Action/Update – David Odom-Harris of Patterson- UTI has put himself forward to seek nomination to the role of Vice Chairman- Land. Nomination is under review.

Subcommittee Roles

- Ron Potter will continue in the role as chair of the IADC Model International Daywork Contract revision.
- John Kilburne - Transocean will fill the subcommittee chairman's role for the IADC Standard Equipment list revision.
- Tyler Smith will fill the subcommittee chairman's role for the exploratory review of the need/feasibility of an IADC Standard Equipment list for Land Drilling Units.

Any Other Business;

- 1. SG suggests the Contracts Committee review the Chapter Charter of the IADC Houston Chapter to see if a bespoke Committee Charter could be helpful. A copy of the charter has been distributed to the members. SG and SE have agreed to look at the Charter in detail to see if something similar could be of value to the committee. Action – Scott Gordon/Stacey Early**
- 2. MD relayed a message from the IADC Executive Committee with regards to IADC Model Contracts properly addressing the issues of risk and cybersecurity. See attached Chart. Committee and Officers agreed that Indemnity and Liability appear to be well covered. However, the matter of Cybersecurity does not appear to be adequately covered. Therefore, the officers shall review the proposed program for the upcoming IADC Cybersecurity Conference – Oct. 8-9th in Houston. Additionally, Glenn Legge with HFW will be asked to speak to the next meeting of the Contracts Committee to review the Cybersecurity matter and offer guidance. Action – members of the committee are encouraged to review the program for the upcoming IADC Cybersecurity conference and consider their attendance (attached). MD to contact Glenn Legge with regards to a presentation of the contractual aspects of Cybersecurity at the next Contracts Committee meeting Oct. 11, 2019.**

Next Meeting – Oct. 11, 2019 - IADC Offices Houston 9-11 am.

Meeting adjourned at 11:35 am