

Meeting Minutes
IADC Contracts Committee Meeting
25 September 2020 - 0900 – 1100 hours
Video Conference due to COVID-19



In attendance via video conference:

Tyler Smith – Nabors (TS) – Chairman
David Odom-Harris – Patterson UTI (DOH) – Vice Chair - Onshore
John Kilburn – Transocean (JK) -Vice Chair Elect Offshore
Ron Potter – Transocean (RP)
Ted Gobillot – ARO Drilling (TG)
Andre Alonso – Petrobras (AA)
Clay Coan – Northern Offshore (CC)
DJ Husted – Pacific Drilling (DH)
Tom Bowes – Precision Drilling (TB)
Darren Days – Patterson-UTI (DD)
Mike DuBose – IADC Committee Liaison (MD)
Apologies – David Faure – Transocean

Welcome

Tyler Smith (TS), Committee Chair - Nabors opened the meeting at 0900, welcomed the group and thanked everyone for being available. TS explained that due to the COVID-19 Pandemic, this meeting would be conducted via videoconference only. TS expressed his concern and best wishes for the workforce of the companies represented and to those colleagues and their families.

General Antitrust Guidelines for IADC Members

TS & Mike DuBose (MD) reminded the attendees of the IADC General Antitrust Guidelines. Reviewed the housekeeping information, protocols for Q&A.

Approval of the Proposed Meeting Agenda

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

Approval of the Minutes of the previous committee meeting on 15 May 2020.

TS proposed the members accept the minutes of the previous meeting of 15 May 2020, as offered in the pre-read material. Motion was made by DOH, seconded by RP, and the minutes approved by acclamation.

Departure of 2 Contracts Committee Officers

TS advises the members that due to the economic conditions imposed on the industry that the committee has lost two officers. We wish them well in their future endeavors'. TS announced that the two positions a) Vice Chairman – Offshore b) Vice Chairman – Industry Outreach positions were vacant and opened the floor to discussion and nominations. After some brief discussion, MD made a motion to nominate John Kilburn of Transocean as Vice Chair Offshore. RP seconded the motion. Members voted in the affirmative and John was elected. Congratulations, John.

Update on Various IADC/Committee Initiatives

MD advised members of the work ongoing to revise the IADC HSE Guidelines for Land Drilling units. He advised that due to the global COVID-19 Pandemic other pressing company and workforce matters have overtaken the review of the Rev. 2 Draft. Dave Martin of Marriott Drilling (UK) is still chairing this work. MD reported that a core group of 4 (Dave Martin – Marriott, Jerrard Winter – Hubtech Consulting, Lars Jorgensen – IADC Europe and MD) had established contact again. Group agreed to restart the work on Part 4. Attempts to reassemble the initial workgroup have failed to result in any responses. MD will advise Miguel Sanchez of Nabors – International Onshore Advisory Chairman and Hisham Zebian of IADC to circulate a call for participation amongst International Onshore Drilling Contractor members.

Amicus Brief Reports

The Contracts Committee is currently engaged in 1 Amicus Brief project for IADC Members.

- a) Our Brazilian Chapter has received approval and consent to proceed with an Amicus Brief regarding the reapportionment of royalties from oil & gas offshore resources to inland states vs. current distribution only amongst coastal states. The project lead is our Brazilian Chapter Secretary – Attorney Leandro Luzone. The case has been slowed due to the pandemic. IADC was offered a video conference hearing for the case. After some discussion it was determined that our case could best be made in person, so we declined the video option. Currently the case is anticipated to be heard before the Brazilian Superior Court on December 3, 2020.

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) Revision will be under English 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.
- It was understood that the Association of International Petroleum Negotiators (AIPN) have released their revised Model Contract. The IADC contract revision group has made numerous inquiries and to date no AIPN model contract draft has been released.

Action – Dave Faure will attempt to secure latest revision to the AIPN contract.

IADC Contracts Seminar – Dubai, UAE Sept. 22, 2020.

At the request of the Chairman of the IADC International Onshore Advisory Panel – Miguel Sanchez, IADC organized a virtual contracts seminar originating from Dubai. TS led the discussions accompanied by a local contracts’ attorney Ms. Olga Labai of Oil & Gas Consultants (Dubai). Agenda of the seminar and minutes attached.

Minutes of the Contracts Seminar attached.

Presentation on API RP 97L Publication

Darren Day of Patterson-UTI has represented drilling contractors’ interest in this work on the API committee. His presentation is attached.

IADC Standard Equipment List for Land Rigs (Short Version) update.

MD reports that after discussions with our IADC Australasia Chapter operators in the region have requested a short version of the IADC Standard Format Equipment list for Land Rigs. The chapter has formulated the list and it is attached for review and comments. The list once approved will go on the IADC website as a Useful Resource.

Copyrights on various IADC Model Contracts

Several IADC Model Contracts hold Copyright dates that are over 10 years old. TS has requested that David Odom Harris Vice Chairman – Land, along with MD review those contracts and update those Copyrights

PA Tax Issue

TS advised members of a tax issue in the US State of Pennsylvania (PA). The local tax authorities have determined additional taxes are due from drilling contractors working in the area. This is a result of their interpretation of a drilling contractors services being defined as “Help Supply Service” under the PA tax code. IADC has rejected this interpretation and has written to the tax authorities seeking clarification on the matter and explaining the “independent contractor role”.

Subcommittees

Subcommittees – John Kilburn of Transocean, Update on the IADC Standard Equipment Format list for Floating Units.

- a) The Chair has established the IADC Offshore Equipment List sub-committee and has identified John Kilburn (JK) of Transocean as Sub-Committee Chair. JK and MD have formed a working group consisting of SME's from Transocean, Ocyan (Brazil) and 2 students from the IADC Student Chapters at Texas A&M, and the University of Louisiana – Lafayette. **A presentation on the workgroup's progress is attached.**

Any Other Business.

1. MD advised the group about the upcoming virtual IADC Contracts and Risk Management Conference in Houston TX Oct.6-7th. Speakers have been confirmed. IADC was approved for MCLE credits in Texas, Louisiana, and Oklahoma.

Meeting was adjourned at 11:00 am.

Date for the next meeting will be Friday Dec. 11, 2020. The meeting is anticipated to be held virtually.