

# AAPL Model Form DWJOA Tune-Up Committee

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**STATUS AS OF JANUARY 19, 2006**

# AAPL Model Form DWJOA Tune-Up Committee

**Members possess a vast array of Deepwater GOM and International experience**

- Ray Sissell, Shell
- Dale Morrison, BP
- C. H. Crutchfield, Exxon Mobil
- Tom Schmid, Chevron
- Jim Higgins, ConocoPhillips
- Mark Miller, BHPBilliton
- Farrar Davis, Kerr-McGee
- Don Powell, Amerada Hess
- Bill Moore, Hydro Gulf of Mexico
- Tom Jordan, Consulting Attorney

# AAPL Model Form DWJOA Tune-Up Committee

## MISSION STATEMENT

In the interest of industry, we will collectively represent offshore Deepwater GOM operators and non-operators in an unbiased fashion, in order to update and improve the AAPL- 810 (2000) DWJOA Form.

# AAPL Model Form DWJOA Tune-Up Committee

## TIMELINE

- ✓ 4/27/05 Kick-off meeting - Task imparted: not an overhaul, just a tune-up
- ✓ 5/25/05 & 6/22/05 Meetings – administrative matters handled - met in order to agree upon a process which the TUC will use to organize, analyze and incorporate modifications into the 2000 Form

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## Best Practices in Model OA Committees

- 1. Until the conceptual issues are identified and the committee has voted and taken a final position on all conceptual issues in the agreement, no drafting of the agreement will take place. One article may affect another, and until one knows the entire framework, one cannot confidently draft an article.**
- 2. We will assign a particular Article to one individual (“Article Point Man”). The Article Point Man is responsible for sifting through the comments on the article, articulating the conceptual issues and presenting them to the committee for resolution. The Article Point Man is also charged with submitting a draft of the Article for review and comments by the committee.**
- 3. It is recommend that one person be in charge of the document (the “Keeper”). The Article Point Man will submit their articles to the Keeper for inclusion in the draft agreement. The Keeper is in charge of keeping the entire document consistent (use of defined terms, making sure the provision does not create ambiguity or create conflicts with other provisions). Like a good newspaper editor, he also will impose his voice on the document so that has a consistent tone and style.**

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## Best Practices in Model OA Committees (Continued)

4. Each Article Point Man shall submit his work on an article prior to a meeting in which it will be discussed. And those to whom he submits such work must pledge to read it and take notes on it prior to the meeting and come prepared to discuss it.
5. As discussed in the kickoff meeting, it would be advantageous to employ an individual to collect all of the comments on a particular article and place them in an electronic folder for the Article Point Man.
6. As discussed in the kickoff meeting, one must put his company preferences aside and try to create a document that is even-handed in its treatment of the Operator and Non-Operator. Each person must wear both hats at the same time and look at every issue from both points of view.
7. Every person should pull his weight in a timely manner.
8. We are a team, and must treat one another with respect. No comments should ever be aimed at an individual. They should only be aimed at the issue at hand.

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## **Best Practices in Model OA Committees (Continued)**

- 9. There are no stupid questions.**
- 10. Anecdotal examples often help others understand a position you have taken or one that you are trying to raise or explain.**

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## Other Administrative Matters Handled on 5/25/05 or 6/22/05

- ❖ Concept Approval – Majority Vote – 5 of 9 votes carries the day
- ❖ Appendix – defeated concepts receiving 4 votes, which then receive a 6 of 9 votes for inclusion, will be included in an appendix.
- ❖ Point Men assigned to Articles
  - **Dale Morrison, BP** – *Press Release*
  - **C. H. Crutchfield, Exxon Mobil** – *HSE Exhibit*
  - **Tom Schmid, Chevron** – *Production Tests & Long-Lead AFEs for Development Well Equipment*
  - **Ray Sissell, Shell** – *Article 14 Facilities*
  - **Farrar Davis, Kerr-McGee** – *Articles 6 & 8*
  - **Mark Miller, BHPB** – *Article 7 Confidentiality & Well Data Trade Agreement as an Exhibit*
  - **Jim Higgins ConocoPhillips** – *Article 16 & Overinvestments*
  - **Don Powell, Amerada Hess** – *Timely Operations & other issues in Articles 10, 11 and 13*
  - **Bill Moore, Hydro** – *Article 12 Development*
  - **Tom Jorden, Boiler Plate Review**
- ❖ Keeper of the Document – Bill Moore

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## **TIMELINE, Continued**

- ✓ **Letter sent to industry 6/6/05, requesting recipients to provide comments on the 2000 Model DW JOA Form by 8/1/05**

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## Potential Articles for Review Mentioned in Letter

- Article 5 – Rig Utilization
- Article 7 – Data Disclosure
- Article 10 -T&A of the Exploration Well
- Article 12 - Redraft to track industry nomenclature, Feasibility Stage, and Project Team Term & Cost
- Article 14 – Facility Usage
- Article 16 – Lease Saving Provisions
- Article 10,11, & 13 - Timely Operations
- Well Trades – Exhibit
- Boiler Plate Update
- Overinvestment and Underinvestment
- FAB AFE Package
- Slot Usage Article 16.8

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## Potential Articles For Review Mentioned In Letter, cont.

- News Releases
- Electronic Notification
- Long Lead AFEs
- HSE Exhibit
- Audit – COPAS
- Water Injection Wells
- Batch Setting of Development Wells
- Production Test

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## Individuals Assigned to Companies in Order to Elicit Comments

- **Dale Morrison, BP** – *Petrobras, Marathon*
- **C. H. Crutchfield, Exxon Mobil** – *Pioneer, Spinnaker*
- **Tom Schmid, Chevron** - *Mariner, Murphy*
- **Ray Sissell, Shell** – *Dominion, Noble*
- **Farrar Davis, Kerr-McGee** – *Nexen, StatOil*
- **Mark Miller, BHPB** – *Devon, Maxus*
- **Jim Higgins ConocoPhillips** – *Woodside, ENI*
- **Don Powell, Amerada Hess** – *TFE, Newfield*
- **Bill Moore, Hydro** – *Unocal, Anadarko*

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## **TIMELINE, Continued**

- ✓ **Only Unocal and Anadarko submitted comments by the 8/1/05 deadline**
- ✓ **8/4/05 Meeting - TUC begins the process of assembling conceptual issues to be voted on**
- ✓ **Hurricanes Rita and Katrina play havoc with the schedule – many members could not attend meetings or work on conceptual issues**
  - Meeting on 9/13/05 sparsely attended
  - Meeting scheduled for 10/4/05 cancelled
- ✓ **New Model Form was to be submitted for use by Industry on 3/1/06; that deadline was no longer feasible**

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## **CONCEPTUAL ISSUES FROM THE ORIGINAL LIST & FROM INDUSTRY COMMENTS DROPPED ON 8/4/05 OR THEREAFTER**

- Articles 5.1 and 5.3 – Rig Utilization
- Articles 10, 11, & 13 – Non-consent subsequent well operations that never will encounter or discover or extend a Producible Reservoir
- Articles 10, 11, & 13 – Sidetrack Proposal Hierarchy
- Article 8 - Electronic Notification
- Article 12.7 – Operator generated monthly progress report
- Article 12.16 – Access to existing Facilities
- Article 12.17 - Water Injection Wells
- Article 13.1 – Unocal: Timing of and ability to propose Development Wells
- Article 23 - Contributions

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## TIMELINE, Continued

- ✓ **10/26/05 Meeting: revised the schedule as follows:**
  - Conceptual issues to be discussed, questions posed & voting completed by 2/1/06.
  - Draft of new articles incorporating approved conceptual issues completed by 3/1/06.
  - Final Draft of the Keeper to be finished by 4/1/06.
  - OCS Committee to review Keeper's draft by 4/15/06
  - Submission of OCS Committee approved draft to Industry for comments on 4/16/06
  - Industry has until 6/15 to submit comments on the OCS Committee approved draft
  - TUC has until 7/15 to review Industry comments and make final revisions
  - OCS Committee issues 2006 Model DW JOA for Industry use on 8/1/06

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## Current status

- One meeting left in January (on 1/25/06)
- Will vote on conceptual issues by 2/1/06
- Drafting will begin and we hope to stay on schedule

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## Conceptual Issues on which we are Focusing

- Article 6.2.2 –Supplemental AFE's
- Article 7.1 – Data Disclosure
- Article 7.2. – Well Trades Exhibit (Unocal also commented on this Article)
- Article 8.4 – Operator's right to proceed if willing to bear 100% of the costs of the activity or Operation
- Article 8.6.1 –Well Proposals, Recompletions, and Workovers
- Article 9 - News Releases (Unocal also commented on this Article)
- Article 10,11, & 13 - Timely Operations and The Non-Consent of a temporarily abandoned well

# AAPL Model Form DWJOA Tune-Up Committee

## Conceptual Issues on which we are focusing

- Article 12 - Redraft to track industry nomenclature; Feasibility Stage, and Project Team Term & Cost
- Article 14 – Facility Usage
- Article 14.5 – Disposal well provision
- Article 14.6 – Limit expansions to those for the purpose of operating and/or producing the Contract Area
- Article 16.4 - Lease Saving Provisions
- Article 16.8 – Allocation of Costs for Non-consent Operations
- Article 16.9 - Overinvestment and Underinvestment
- Article 22.8 - Non-essential personnel Indemnity
- Entire Body - Boiler Plate Update, New Definitions, Correct mistakes and typos in the 2000 Model Form
- Exhibit - Health Safety and Environment (HSE)