

The Farmout Agreement

Avoid the bear traps and learn how to negotiate and draft FOAs like a veteran.

In this training, there will be lots of “war stories” including a number of case scenarios, one of which is a complex real-life FOA problem arising offshore Senegal which Mr. Vass handled for a Norwegian client. Keep in mind that any FOA will certainly involve (one way or another) a JOA.

TRAINING DESIGNED FOR:

Oil company in-house lawyers and commercial executives (international or UK)

DURATION:

Approximately 90 minutes

PRESENTER:

Uisdean Vass

SUBJECTS COVERED INCLUDE:

- The FOA and the Licence (or PSC)
- How the FOA works
- The carry and the promote concepts
- The FOA – when and why?
- FOA vs Asset Sale & Purchase Agreement (ASPA)
- The bundle of rights to be transferred
- Possible consideration options.
- Definition of the farmout programme (FOP)
- Equity-First and Equity-After (Earn-in) FOAs
- Remedies for failure to perform FOP
- Force Majeure
- Conditions precedent
- Funding triggers and economic date
- Termination of FOA
- Beneficial interests and re-assignment
- The FOA, joint operating agreement (JOA), and Licence – critical triangular relationships
- The FOA and a pre-existing JOA
- The FOA and a new JOA
- The danger of JOA default provisions
- FOA undertakings
- Representations and Warranties
- Transfer of the FOA by either Farmor or Farminee
- Partial Farmout of Licence
- Operatorship
- Confidentiality and Announcements
- Choice-of-law and Dispute Resolution

The Farmout Agreement

"Having recently completed Uisdean's Farmout Agreement training, I can say that it brought into sharp focus the salient points necessary to achieve a successful Farmout process. This training takes you through all you need to know about the key commercial and legal issues arising in Farmouts and helps you to avoid the bear-traps. It is a ninety-minute tour-de-force."

Zac Phillips, CEO, Oil & Gas Advisors Limited

"I have worked with Uisdean on a number of Farmout deals in West Africa, of varying degrees of complexity and involving minnows and large-cap E&P firms. Uisdean's knowledge of Farmouts is second to none and this training unit captures and distills his experience."

Peter Elliott, CEO PVE Consultants Limited

Our Training Programs

THE FARMOUT AGREEMENT

A detailed review of the classic deal document / when and why it is used / "Equity First" and "Equity After" variants / how the carry works / consideration / damages / relationship with JOA and more

KNOCK-FOR-KNOCK CLAUSES, INDEMNITIES AND EXCLUSIONS

An analysis of the vital role of indemnities and exclusions in oil and gas docs / reviewing LOGIC K4K / Carve-outs and Carve-ins / "Negligence", "Gross Negligence" and "Wilful Misconduct" / English law compared to the Deepwater Horizon decision and Brazil, and more.

MAXIMISING ECONOMIC RECOVERY (MER)

The UKCS has undergone a regulatory revolution with the 2016 advent of MER - In this training, we look at original MER (2016) and amended MER (2021) / who owes MER duties to whom / the principal MER duties / the effect of MER on private contracts / the impact of Net Zero / Loach v OGA and more

THIRD PARTY ACCESS TO OFFSHORE INFRASTRUCTURE (TPA)

Covering issues such as TPA provisions of Energy Act 2011 / our negotiated access system / powers of the NSTA / impact of MER / ICOP / TPA Guidance / Nelson-Howe dispute and more.

HYDROCARBON SALES

Managing the value of hydrocarbon sales is critical to ensuring you can maximise the value of product streams. In this training, we will give background on the key hydrocarbons and how and where they are sold and their associated trading fundamentals.

PETROLEUM ECONOMICS FOR M&A

This training we seek to demonstrate how key Petroleum Economics concepts are used in M&A and farmout transactions in a practical way to value assets being acquired but also to structure commercial structures to give the best chance of buyer and seller alignment on deals.

