

Meeting Minutes
IADC Contracts Committee Meeting
11 October 2019 - 0900 – 1130 hours
IADC Houston, Briarpark Office



In attendance:

Tyler Smith – Nabors (TS) – (Interim) Chairman
Mike McLeod – Noble Drilling, Vice Chairman (Offshore) (MM)
David Odom-Harris – Patterson-UTI – Vice Chairman (Land) (DOH)
Scott Gordon – H&P – Vice Chairman (Outreach) (SG)
Mark Stich – Pacific Drilling (MS)
Ijeoma Okoye – Pacific Drilling (IO)
Tom Bowes – Precision Drilling (TB)
Ted Gobillot – ARO Drilling (TG)
Ron Potter – Transocean (RP)
Dave Faure – Transocean (DF)
Theodore Sangalis – Valaris (TS)
Kwesi Baiden – Valaris (KB)
Ronald Nelson – Vantage Drilling (RN)
Bas Liezenberg – Schlumberger (BL)
Jim Rocco (JR) – IADC Staff
Mike DuBose – IADC Committee Liaison (MD)

Via Conference phone in:
Technical Difficulties – Our apologies for that.

Welcome

Tyler Smith, Committee Chair - Nabors 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

TS 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 June 14, 2019.

TS proposed the members accept the minutes of the previous meeting of June 14, 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 (TS) 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.

TS advises the group that DOH has offered to serve as the Vice Chairman (Land). DOH's name is put into nomination, seconded and duly voted in as the new Vice Chairman for Land. Thank you DOH.

Update on Various IADC/Committee Initiatives

MD advised members of the work ongoing to revise the IADC HSE Guidelines for Land Drilling units. **Initial draft of Part 4 issued for review amongst workgroup members. Revision 2 expected to be released +/- Nov. 1 for further review. Member Comments will be due by Dec. 20, 2019.**

Amicus Brief Reports

The Contracts Committee has received 3 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. A copy of the ruling is attached.**
- b) One Onshore Item – regarding a court ruling related to oil-based mud compensation/bonuses. No further action required at this time, monitoring the situation as the matter may be settled.
- c) New item – Brazilian Chapter has advised they are reviewing the need for a possible Amicus Brief regarding the reapportionment of royalties from oil & gas offshore resources to inland states vs. current distribution only amongst coastal states. Matter is under review by Brazilian Chapter Secretary – Attorney Leandro Luzone. **MD to meet with Dr. Luzone during the upcoming OTC Brazil conference in Rio, Oct. 27-30.**

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. 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 scrutinize the first draft. Same group will attempt to secure latest revision to the AIPN contract.

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. **A draft is attached.** 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. MD to present the draft onshore equipment list to the North American Onshore Advisory Panel in Austin, TX on Nov. 6th and the International Onshore Panel on Dec. 9th to seek any further comments.

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 Mr. Glenn Legge of HFW addressing Risk Allocation, Warranties and Limitations for Cyber Exposures in Contracts and Bridging Documents, as well as an overview of the Dutra Group v. Batterton opinion issued by the US Supreme Court. Jim Brown and Courtney Campion of HFW Houston office also participated in the presentation. Presentation attached. See Attached.

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. **MD to contact John to update progress/recruit members**
- 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 advises that during the Australasia Chapter meeting in Brisbane, Australia, the officers advised that the government of Queensland state is developing an Industrial Manslaughter Discussion Paper that the committee should review. DF advises that Barry Cameron in Perth should be contacted to investigate the matter further. MD to contact Barry Cameron.**
3. MD advised the group about the upcoming IADC AGM in Austin TX Nov. 6-9th. Members are encouraged to attend. Additionally, members are reminded that in 2020 IADC will once again host the Contracts and Risk Management Conference Oct. 6-7th at the Norris Center in Houston, TX.

Meeting was adjourned at 11:35 pm.

Date and venue for the next meeting will be announced shortly.