

Meeting Minutes
IADC Contracts Committee Meeting
11 December 2020 - 0900 – 1110 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
Ted Gobillot – ARO Drilling (TG)
Tom Bowes – Precision Drilling (TB)
David Faure – Transocean
Mark Spansel – Adams & Reese
Chip Russo – NOV
Ronald Nelson – Vantage Drilling
Mike DuBose – IADC Committee Liaison (MD)

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.

Safety Moment

MD presented IADC Safety Alert 6-20. This incident resulted in a fatal accident, MD suggested a broad circulation amongst members and service companies.

Approval of the Proposed Meeting Agenda

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

Approval of the Minutes of the previous committee meeting on 25 September 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 DF, and the minutes approved by acclamation.

Committee Industry Outreach Officer Vacancy

TS advises the members that due to the economic conditions imposed on the industry that the committee has lost our Industry Outreach Officer. TS suggested it was not urgent that we fill the vacancy, however he urged the members to give the matter their consideration. We invite member companies to offer candidates for the committee's consideration.

Guest Presentation – Mr. Glenn Kangisser (Partner) at Haynes & Boone – London.
Presentation attached.

Amicus Brief Reports

The Contracts Committee is currently engaged in 1 ongoing and one completed Amicus Brief projects 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 has been deferred until 2021 with no firm date fixed for a hearing.
- b) IADC Contracts Committee received request for an Amicus related to a member suit involving pay for the donning and duffing of PPE on land in the US. An Amicus was approved within IADC and developed by David Jordan of the Littler Mendelson Law Firm. The Third Circuit denied (without comment) the petition and our motion for leave to file amicus. In the order on our motion, they did note that the opinion was not precedential and was essentially just rejecting the conclusory ruling. IADC has paid the associated costs.

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 the workgroup chairman Dave Martin of Marriott Drilling (UK) has called several meetings to reconvene the work. MD reported a newly revised draft of Part 4 is now being circulated for review. Work is ongoing

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). New appointed incoming International Onshore Advisory Panel Chairman Jim Tolsma with Parker Drilling will be briefed to gauge his interest in holding a 3rd in the series of Contracts Seminars in 2021.

Update on API RP 97L Publication

Darren Day of Patterson-UTI advises both committee members and IADC members at large that 97L – Onshore Well Construction Interface Document – was recently published by API.

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 list once will be posted as an “Interim IADC List” and be posted to the IADC website. Any comments received will be considered, the list will be an IADC 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, if warranted and within budget considerations.

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”. TS advises members that the PA tax authorities have

declined IADC approach. Further information will be circulated to advise members who are currently working, have previously worked or are considering work in the region so they may make an informed decision regarding this issue.

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. Final draft with comments incorporated is now being finalized for placement on the IADC website as an “Interim Equipment List” pending any further comments.

Any Other Business.

1. The matter of the Kingdom of Saudi Arabia (KSA) requiring all MODU's to switch to a KSA Flag was discussed. An industry workgroup has been formed in the Middle East working in conjunction with our Northern Arabian Gulf Chapter. Ms. Louise Fernie of Seadrill (attorney) is leading the workgroup. IADC has been in contact with Aramco to seek their input on the matter.

Meeting was adjourned at 11:10 am.

Date for the next meeting will be Friday Feb. 19, 2021. The meeting is anticipated to be held virtually.