



Association of International
Energy Negotiators

Bid Round Strategies & Transferrable Tactics Workshop

September 27, 2022 | 8:30 a.m. – 12:00 p.m.

Program Description

The creation of value from upstream investment always starts with the acquisition of rights to conduct activity in a given area or country. This can be achieved through direct negotiation with the host country government or via licensing round auctions.

Auctions became very popular in the period of high prices and a push towards transparency. Bidding rounds have achieved fantastic results for many governments in terms of substantial minimum work commitments, significant bonus payments and favorable fiscal terms. However, more recently lower prices and global pressure to transition to a less hydrocarbon-intensive energy mix has reduced enthusiasm companies to pursue new exploration opportunities. Many recent upstream bid rounds have failed or been delayed, wasting time, money and causing embarrassment for the host country.

When companies seek to diversify risk and increase chances of success in obtaining rights to explore for oil and gas, they frequently join forces and pursue opportunities under a contractual arrangement. The industry standard agreement for such relationship is the AIEN's Study and Bid Group Agreement (SBA).

Understanding the SBA, and being able to effectively negotiate its terms with IOCs and NOCs alike is a critical component of any energy professionals' toolbox. Regulators and government representatives will benefit from understanding how consortia are governed, how they allocate risk among themselves, and how multiple companies can speak with one voice when pursuing a given project.

This workshop will consider the various options open to governments that are trying to attract increasingly more scarce upstream investment dollars. Once the backdrop has been set, our instructors will take the participants through an in depth look at the to see how exploration companies can best customize this very flexible model SBA Model to fit any consortium's unique situation and expectations relating to a traditional new country entry for oil and gas exploration.

Attendance at this workshop will empower each attendee to effectively negotiate and structure a multi-party approach to obtaining rights to explore for oil and gas. Attendees will learn the key provisions and parameters of current market trends to effectively negotiate an SBA, and how to use the framework to effectively and efficiently structure relationships for almost any bidding process – including low carbon ventures, power auctions and other parts of the energy value chain outside of merely oil and gas.

Most oil and gas professionals already have the skillsets to help their clients transition to energy projects with different levels of carbon intensity. In this regard, we will devote a substantial part of the workshop to understand how the SBA can be used (and has been used already) for projects that are evolving in the renewable energy sector, including offshore wind and onshore solar licensing rounds.

Finally, the workshop delegates will be able to put their newly developed skills to work in a mock licensing round. Delegates will be divided into government and IOC teams among competing bidding companies. Delegates will analyze and compare the pros and cons of different licensing strategies, the results of recent auctions and discuss the conditions in which different approaches might be appropriate. At the conclusion, we will have an interactive, moderated discussion regarding the results, lessons learned, and potential alternative scenarios to resolve any impasse that may have risen.

Whether you are an experienced negotiator or new to the industry, this workshop offers you the opportunity to expand your knowledge base and to learn how to effectively organize an efficient team to pursue oil and gas rights under a public bidding round.

Workshop Faculty

Eric Fry, International Energy Consultant

Eric Fry most recently served as an Executive in Residence for the Energy Management Program at UT Austin's McCombs School of Business and has over 35 years of experience in the domestic and international upstream oil and gas business. Prior to the UT engagement, he was with Anadarko Petroleum Corporation as a Director – International Negotiations where he led a negotiations group, responsible for all non-U.S. negotiation activities within Anadarko's international exploration portfolio. Previous to his experience at Anadarko, he was Director of Worldwide Negotiations for Pioneer Natural Resources, responsible for negotiating business development and commercial transactions relating to Pioneer's international and domestic portfolio, including a three-year stint with Occidental Oil and Gas Corporation as Manager of Business Development. He started with a 12-year career with Phillips Petroleum, working first as a Landman, and later as Senior International Negotiator, and Team Leader for the Unitization of Bayu-Undan Project in the Zone of Cooperation. He has conducted negotiations and performed business development activities in North America, South America, Europe, Africa, Asia, and Australia. Mr. Fry graduated from the University of Texas, graduating with degrees in Finance and Petroleum Land Management. Since joining the AIEN in 1989, he has held many Committee and Officer Positions and was AIEN President 2000-2001. He has been instrumental in initiating and participating in the AIEN Student Outreach Program for the last twenty years.

Graham Kellas, Senior Vice President, Global Fiscal Research, Wood Mackenzie

Graham has over 30 years' experience as a petroleum economist, analysing global fiscal systems. In that time, he has advised governments and IOCs on the full range of petroleum taxation matters and has supported industry associations in negotiating appropriate fiscal terms.

Graham leads our fiscal information gathering, modelling and reporting and leads our global fiscal systems multi client reports. The latest, "A balancing act: global fiscal trends and benchmarking" draws on his wide experience with governments, most recently in Colombia, Ireland, Newfoundland & Labrador (Canada) and Lebanon.

In the past, Graham worked for Petroconsultants, two independent oil exploration companies, and as a Research Fellow in Aberdeen University's economics department.

He is a member of the Association of International Energy Negotiators, speaks regularly at industry conferences and leads training in petroleum economics and fiscal analysis around the world.

Steven Otilar, Partner, White & Case LLP

For nearly three decades, Steven Otilar has been a trusted advisor to clients seeking to develop, finance and execute acquisitions and divestitures of US and emerging markets oil & gas projects, both onshore and offshore. He has an outstanding track record of handling high-profile and complex projects and transactions worldwide under Texas and English law. In the United States, his work includes asset-based acquisitions, divestitures and joint ventures for private equity-backed and publicly traded E&P companies and oil field services companies. Internationally, he has focused on asset-based projects, representing IOCs and NOCs with upstream, midstream and downstream projects in Africa, Asia and Latin America, including LNG-to-power, cross-border unitization, host government concessions and PSCs, petrochemical and refining matters. Additionally, his hydrocarbon experience has led him to be heavily involved in energy transition work, helping traditional E&P companies expand into low carbon ventures, including carbon sequestration, waste-to-power and advanced biofuels. Steven, a frequent lecturer and author on energy-related topics, is the former President of the Association of International Energy Negotiators (formerly AIPN) and currently serves on the Executive Committee for the Institute for Energy Law in the Center for American and International Law.