



The Art of the Deal

THE STORY OF THE AIPN

This book centers on the AIPN's organizational history, but also treats the roles that the Association's members — the negotiators themselves — have played in the global oil business during their careers. It draws on newsletters of the Association and other published sources, but primarily on interviews conducted for an oral history project undertaken in 2007 to mark the AIPN's twenty-fifth year of operation.

ASSOCIATION OF INTERNATIONAL PETROLEUM NEGOTIATORS

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FOREWORD AND ACKNOWLEDGMENTS

By Tyler Priest, University of Houston

In the spring of 2006, I received a phone call from Tim West, then the President-Elect of the Association of International Petroleum Negotiators (AIPN), soliciting my interest in producing a history of this organization. I had never heard of the AIPN, and as an historian of the petroleum industry, I was slightly embarrassed, yet intrigued. Of course, I thought, oil is one of the most highly evolved multinational businesses. An organization such as the AIPN must have been around a long time.

Tim then informed me that the AIPN wanted to write a history to celebrate its 25th anniversary. Twenty-five years is not a long time in the grand scheme of oil. Even though the organization had escaped my radar, I found it hard to believe that an entity like the AIPN, a group of people trained in and dedicated to international negotiation, did not exist earlier. Upon closer inspection, I came to see why it emerged when and how it did.

For most of petroleum's history, the international oil game did not demand the same degree of business negotiation as it has in the past 25 years. Most international oil was produced from big concessions in the Middle East, Venezuela, and Indonesia that the "major" oil companies had obtained prior to 1945. For sure, these concessions had been negotiated. As Tim Walker writes in the opening to the AIPN history, "Long before there was such a thing as the Association of International Petroleum Negotiators, there were negotiators working international petroleum deals." But these negotiations were different. They did not take place in a globalized world economy, where market integration on a global scale required increasingly complex business transactions. Negotiations in the earlier era were more episodic and political, involving high-level diplomacy. Large parts of the world were still subject to colonial rule, closed off to companies not connected to the "home office". Concessions and deals focused almost exclusively on developing crude oil for export. Natural gas was not commonly marketed, and certainly not traded internationally, like it is today. American "independent" oil companies had their hands full with developments in the United States, and thus were usually not looking abroad. Assorted promoters, deal-makers, and wildcatters prowled the globe, but they were still a relatively small and dispersed population.

In the 1960s, scope for new petroleum deals opened in newly independent countries, especially in Africa. Many of the early founders of the AIPN cut their teeth negotiating in these countries. With declining opportunities in the United States and growing competition from imports, the independents began seeking opportunities abroad. During the 1970s, major oil companies sought to diversify their oil supplies to reduce dependence on OPEC nations. Out of the internationalization of oil during the 1960s and 1970s emerged a "small fraternity of dedicated international petroleum negotiators." They had received no formal

training in this novel occupation. Many had started as landmen or lawyers. Some were geologists, operations specialists, or marketers. As they crossed paths in Houston, London, and other cities of the world, they realized they had a great deal in common. They identified with each other, learned from each other, and sat across the table from each other in negotiations. This collective self-awareness was the brainchild of the AIPN.

The creation of the AIPN merely formalized what they were doing already – meeting for lunch or cocktails to talk about their common experiences and share information. The association's founders always refer to the early AIPN as a "lunch club". Over time, this club grew in ways that the founders could not have imagined. One reason for this was the changing nature of the international petroleum industry. After the oil industry's doldrums of the mid-1980s, the emergence of new market economies and the globalization of the petroleum industry made greater demands on the skills and resources of negotiators. Oil firms reorganized from geographically-oriented businesses and national operating companies to functionally-oriented global companies. Production-sharing agreements and service contracts replaced the old concession arrangements. New kinds of businesses, such as natural gas, LNG, international pipelines, and offshore developments, required international negotiation. Larger-scale projects involving huge capital and risk were increasingly handled by joint ventures, which called for added layers of negotiation. Through these changes, the AIPN transformed itself from a lunch club to a professional organization that trained negotiators as well as gave them a networking forum. It also evolved from a group largely based in Houston to a truly international association with vibrant regional chapters and meetings around the world. By drafting and championing the use of Model Contracts, the AIPN transformed not only itself but the very conduct of the international oil and gas business.

The successful evolution of the AIPN was more than a structural response to the changing petroleum business. Most importantly, it reflected the talent and hard work of its active members. The AIPN is truly a grassroots, volunteer organization, whose leaders generously devote their personal time to advancing the professional field of negotiation for the AIPN's current and future members and the industry as a whole. The latest generation of leaders should also be commended for respecting the organization's history and making the commitment to honoring and preserving it.

Both the current and past leadership gave their time to making this history come alive. We conducted oral history interviews with thirty-three people, including twenty-two of the AIPN's twenty-eight presidents, in addition to others who helped shape the association: Frank Alexander, Pat Allison, David Asmus, James Barnes, Gordon Barrows, Al Boulos, George Burgher, Andrew Derman, John Elliott, Elisabeth

This AIPN History is dedicated to the numerous AIPN members who have generously volunteered their time and expertise through the years to make the AIPN the premier professional organization for international petroleum negotiators.

In memory of Jo Ann Mulske, our first Executive Director



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Eljuri, Mike Foley, Marty Forte, Eric Fry, Rick Goenner, Mick Jarvis, Karen Krug, Tim Martin, Claude Masters, Skip Maryan, Walter Musgovoy, Jo Ann Mulske, Sean Murphy, Frank Mytinger, Norm Nadorff, Toufic Nassif, Luisa Neher, Jack Rosshirt, Dee Simpson, Terry Todd, Belleann Toren, Valerie van Lelyveld-Eyckmans, Phillip Weems, and Tim West. Every person was a pleasure to interview. More individuals were available, and we wish we could have talked to all of them. By the time we pulled what we had together, however, we were well past the AIPN's 25th anniversary. What we did manage to collect offers a valuable perspective on the growth and maturation of the AIPN and its vital contributions to the international petroleum industry during the last quarter century.

Several people who worked on and supported the AIPN History Project deserve special recognition. Tim West, AIPN President, 2007-2008, is the person who believed most passionately in the idea. The AIPN board had long talked about doing a history, but Tim made it happen. Pat Allison, AIPN President, 2008-2009, and James Barnes, a long-time director of the AIPN, joined Tim as co-chairs of the AIPN History Committee and shepherded the project to completion. Their patient efforts in advising the study and ensuring progress were invaluable. They also poured through archived AIPN photos, and Jim donated many of his own, to help put a human face on the history. Frank Mytinger, the AIPN's founding president, provided a complete set of AIPN newsletters and other important documentation. At the University of Houston, Jason Theriot assisted with the oral histories, and Mark Lacy captured many of them on film. Technitype Transcripts expertly transcribed the interviews. Tim Walker, a business writer and Ph.D. candidate in history at the University of Texas, eloquently wove the strands of memory and documentation into a lively narrative. The AIPN History Committee, which included, in addition to the co-chairs, David Asmus, Frank Alexander, Skip Maryan, Tim Martin, Andrew Derman, Al Boulos, John Campion, Dee Simpson, Gordon Barrows, Michelle Foss, and Guy Dayvault, reviewed drafts of the narrative and provided helpful feedback. Wendy Petronella, communications coordinator at AIPN, edited and designed the manuscript. Last but not least, three wonderful friends of the AIPN and legends in the international oil business – Gordon Barrows, Frank T. (Ted) Barr, and Gene Van Dyke – kindly sponsored its publication. ■

NEGOTIATING HISTORY

It has been a rewarding and challenging career, requiring patience (an acquired virtue in my case), perception, and understanding of other people's motives, cultures, and desires. It has required all the tools at my command, and more. It might have led to high blood pressure, ulcers, and a warped personality, but instead it was fun, intensely creative, and highly productive — because you never knew where you were going when you went to the office in the morning.

—Herb Hansen

In the time of the birth of AIPN, international assignments were prized, so when I was offered such a job, I viewed it as quite an opportunity. International business was exotic then in a way some people probably might not appreciate now. The assignment called for travel to foreign places to see unusual things that most had not experienced and to regularly deal in business transactions off the beaten path. It made for some pretty attractive cocktail chatter to say: 'I was talking to Kenya today'... or 'I'll be traveling to Tokyo next week.' Such was the nature of the work. Traveling to assignments and staying for long periods of time, sometimes weeks, in a remote location. Communication was not what it is today so you didn't have the luxury of working things from headquarters; you had to be on the ground. And that of course had implications for the way business was done, requiring a whole lot of on-the-ground responsibility. You were working on significant deals, and basically all the information that your company got around that deal flowed from you at the remote location. Management deferred heavily to you as an empowered representative of the company. Telex or other limited communication tools were the only connection, and you had to make decisions using your judgment in real time.

—Dee Simpson

I remember questions came up like, "Well, if [the Indonesian oil authorities] won't give us the block because they want the oil, is there any way they would just let us explore these lower horizons?" Generally you can negotiate anything. And as far as I am concerned, anything that a person can think of, a lawyer should be able to put into words.

—Norman Nadorff

The biggest problem with international law and what we do is that everything changes every time you change countries. It's intuitively obvious, but you'd be surprised by how many people get caught up and make the mistake of thinking, making the assumption, that it's just like it was in Kansas. And it's not.

—James Barnes

Interviewer: When you're doing international negotiations, every negotiation is different—different contracts and different legal [contexts]. You need all the knowledge and experience you can get.

Philip Weems: I think that's why a lot of us are interested in it. Why would you choose a thirty- or forty-year career doing the same thing every day?

It's been a very satisfying career, and I've enjoyed it.

—Al Boulos

Some tales of oil negotiations have become legendary. Consider the 1928 episode when the oil impresario Calouste Gulbenkian defined the Red Line Agreement — which profoundly shaped global oil companies' interests in the



REGIONAL CHAPTER EVENT LOCATIONS

Middle East for decades — by drawing a line on a map during a tense meeting in Belgium. Governments have long been involved, as when Winston Churchill managed the British Crown's purchase of a majority share of Anglo-Persian (later BP) on the eve of the First World War. The role of governments grew progressively more complex across the decades, especially after Mexico, Venezuela, and then many other countries nationalized their petroleum resources. Through all of this, negotiators traveled to the ends of the earth, trying to strike deals that would allow their companies to make a good return on the giant investments required for production, while also remaining friendly with the local powers.

Even though the AIPN was founded as a volunteer professional organization in the early 1980s, its roots extend much deeper into the history of the worldwide oil business. Indeed, the founders and members of the Association have embodied an important slice of the industry's memory since World War II. Taken together, their stories speak volumes about the world's petroleum history through the second half of the twentieth century and into the beginning of the twenty-first. The Association's own history also reflects the profound changes that have shaped the international oil business across the three decades since the AIPN was founded. In fact, the organization's growth and success themselves have helped to shape the development of the

petroleum industry.

The "I" in AIPN stands for "International," and internationalization has been a commanding theme of the oil business in recent decades. The industry has always been global, because petroleum deposits lie wherever they happen to lie, without regard to political borders or human convenience, and because the products of oil have always found customers throughout the world. This was true in the nineteenth century, when John D. Rockefeller's Standard Oil transported North American kerosene in wooden barrels on tall-masted ships to fuel the lamps of China. It was true a hundred years ago, when S.O. vied with Marcus Samuel's Shell for control of oil in Asia. It is even truer today, when the industry continues to reach into ever-more-distant corners of the world in search of new reserves. Each generation, it seems, brings its own style of internationalization to petroleum.

I think the process has been one of growing inclusion. In the beginnings (back in the thirties, forties) the only players that could go international — risky and expensive as it was — were the Seven Sister mega-companies [i.e. BP, Chevron, Exxon, Gulf Oil, Mobil, Shell, and Texaco]. By the time I got into business, this small club started expanding and letting in some of the second-tier energy companies. So, companies of Conoco and Phillips size were starting to join the

international club, and it's really been a steady progression toward broader international participation up to the current time.

—Dee Simpson

This book centers on the AIPN's organizational history, but also treats the roles that the Association's members — the negotiators themselves — have played in the global oil business during their careers. It draws on newsletters of the Association and other published sources, but primarily on interviews conducted for an oral history project undertaken in 2007 to mark the AIPN's twenty-fifth year of operation.

following morning. But when they awoke the next day, they discovered from local newspaper headlines that Mobutu had "sacked his entire cabinet" overnight. Hansen and his mates worried, since their understanding with the now-displaced minister had been no more than a verbal agreement. Yet thanks to the efficient Zairean bureaucracy — a holdover, Hansen believed, from the country's days as a Belgian colony — the deal went through.

Frank Mytinger, who would serve as AIPN's first president, told a story from 1969, when he traveled to Equatorial Guinea to pursue a deal. It serves as a reminder that the negotiators' travels were often far from glamorous:

I spent an interesting time there because it was very difficult to get in and very difficult to get out, and customs was a little ten-by-twelve building out on the airstrip, and with a bunch of soldiers running around.

Amerada was our Operator and a fellow named Jack Lynch was their representative. He was very distinguished looking, white hair and always wore a blue suit and a tie when he traveled. He got off at the airport...they were going through his bags and he just had all his shirts laundered in the hotel in Madrid, and they looked beautiful, looked brand-new. [The customs agents] sure thought so and were accusing him of being a shirt salesman, and they wanted him to pay duty on all this stuff he was bringing in. He was trying to tell them [otherwise] in broken Spanish.

About that time TWA was still flying. The agents looked at the name tags on his luggage which read "Ambassador Club." TWA had an Ambassador Club, like Pan Am had a Clipper Club, et cetera, and when they saw the words "ambassador" Everyone began to call out, "Oh, Señor Ambassador, Señor." Jack went from shirt salesman to ambassador in about four minutes.

We got out and our lawyer from Madrid had with great difficulty got transportation for us down to the Bahia Hotel, which had about sixteen rooms in it, and you never knew if you were going to be in it or out of it. But he says, "Come on, I've got transportation." Well, it was a little Toyota pickup truck, the lawyer and the 14 year old driver were in the front, and here we were, these big oilmen there with a multi-million dollar deal going on, sitting in the back of this truck going in and down over these hills with hardly any breaks at all.

—Frank Mytinger

The negotiators' stories reach far beyond the nuts and bolts of international travel, the details of oil leases, or even high-level ministerial meetings. Some of them touch on matters of life and death. George Burgher, the third president of the AIPN, recalls an episode from the 1970s when he and his Tenneco colleagues set aside their usual work to act as hostage negotiators:

Our people were in a helicopter, a geologic team with one Army guy and a helicopter pilot, and I think four or five members of the team, including Texaco, Tenneco, and the U.N. guy. They landed, and they were working on a gold mining venture deal. They were looking to check outcrops of

gold for a particular deal above Asmara in Eritrea.

If you're familiar with that geology, it goes from a highland and then it drops down about four thousand, five thousand feet to the seacoast where Asmara was the main town. But they were about halfway down that escarpment in a level place...when they were surrounded by this bunch of bandits. They called it the Eritrean Liberation Front, the ELF. Not to be confused with the French government oil company, Elf.

They shot up the plane and I think they set it on fire or at least they shot up the radios and all the communication, and then they marched the people off. They were headed north up in the mountains, and they passed a clinic that was run by a Dutch missionary group. They took one of the nurses with them, because I think one of our guys was maybe limping along, and the nurse couldn't keep up so they shot her dead just up the trail a ways.

Then they kept on going, and they held those people while we tried to find out for sure who had them, because we had thirty, forty different people claiming they had them, you know? So there, again, you have to know who you're dealing with...We had a method that we used to be sure...we gave them a picture, a particular picture, and if they could bring us back a picture with our people holding that picture, then we'd know they had them. Finally one did—but it was two or three months down the road...

We met with the ELF guys in Beirut a couple times, and the head ELF guy turned out to be the guy who was a professor of English at Khartoum University in the Sudan....

When we finally found out who they really were, and that they really had the people, we found out what they really wanted. They wanted the release of X number of prisoners that were being held in Addis Ababa. They wanted publicity for their cause, too. . . They wanted us to bring some...news media people.

So we came back and we took a Newsweek editor...with us over there, and we arranged a meeting...The Ethiopian government would not release any people. But we got this guy to talk about all the ELF demands — he really pumped them up and so did we, you know. We thought all of their aims and goals were great...We were thinking about our people getting out. . .

As I say, they were kidnapped in Eritrea, but then they went up over the mountains . . . and came to a place in the Sudan and that's where we got them. They turned them loose in that little town, and we were waiting right there with a plane. . . So, you know, you can do anything if you have to.

—George Burgher

RECOVERING FROM THE SHOCKS OF THE 70S

By the end of the 1970s, oil companies were working to recover from the upheavals of that decade, starting with the Oil Embargo of 1973 and running through the price shocks of 1977 to the revolution in Iran in 1979. These events played out against a backdrop of constant change in the

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operating environments for oil companies. Following a trend that started in the 1930s and picked up steam by the 1960s, oil nationalizations flourished, altering the business landscape under which international companies carried out exploration. The search for new sources also led drillers into new physical environments, as seen in the boom of deep-water drilling in the North Sea. Meanwhile, sterner environmental laws, especially in the United States, increased public scrutiny — and compliance costs — for oil companies. These were just some of the shifts that affected the industry's global business landscape.

The increasing internationalization of the industry during the 1960s and 1970s had promoted the growth of a small fraternity of dedicated international petroleum negotiators. (To that point, there were only a few "sisters" in the fraternity, although many more women would join the profession in the decades to come.) These professionals shared a growing sense that they were not "just" landmen or "just" lawyers or "just" operations specialists, but a breed apart: full-time negotiators whose entire work was tied up in the international side of the business.

Frank Mytinger, then of Cities Service Company, thought that these negotiators needed their own forum for discussion, socializing, and professional networking. He imagined a professional body that would bring negotiators together, give them the opportunity to share and build upon their knowledge, and maybe even certify that they had attained defined professional standards. He hatched the idea for such a club in 1979, during his five-year stint in London with Cities Service.

It really was not a great big organized effort. It's just that it was the nucleus of an idea. It started in London . . . it was February the 14th of 1979, and I called some friends there, Fox Thomas with Phillips and Wayne Sparks and Priscilla Clark with Conoco, Bill Favor with Amoco, and Dan Bond with LL&E. Cities Service had Janice Lindsey and myself there.

We had a meeting, luncheon meeting, and well, you know, needless to say it was overwhelmingly accepted that that was a real great idea to have an organization of landmen or negotiators, and so it was agreed that Conoco was going to have a luncheon for interested parties in their company dining room.

Well, unfortunately, Wayne got transferred and then Bill Favor retired, and Fox Thomas retired, and I got involved in other matters, and it never got off the ground just for one reason or another — not because of lack of interest.

By that point, Mytinger had been in the oil and gas business for more than twenty-five years, and had been an international negotiator for more than a decade. He was born and reared in the oil patch — in Wichita Falls, Texas — before serving in Los Alamos, New Mexico in 1945 as a military policeman guarding the Manhattan Project. After the war ended, he took a business degree from Drexel University in Philadelphia, then moved to Oklahoma, where he started a family and became a landman for Cities Service. In the early years of his career, Mytinger lived in Bartlesville, Oklahoma and Roswell, New Mexico, then served for eight years as

Cities Service's district landman in his hometown of Wichita Falls. Eventually, he returned to Bartlesville as Superintendent of Land in the company's newly expanded international department. When the department moved — successively to Tulsa, New York City, and Houston — Mytinger moved with it. Cities Service transferred him to London in 1975.

The efforts of Mytinger and his friends in London eventually spawned the U.K. European Negotiators Group, sort of cousin to the AIPN that shared many of the Association's concerns but preferred to operate more informally. Al Boulos, who later also served as president of AIPN, got the Negotiators Group off the ground in London a couple of years after Mytinger's initial efforts. But it was in Houston — by then the world's foremost petroleum capital — that Mytinger found a body of like-minded people who shared his vision for a professional organization to meet the needs of petroleum negotiators. It was in Houston that the AIPN took wing.

THE STEERING COMMITTEE

We didn't want to make negotiation an adjunct to a legal function because it's more than just the legal part of it... We wanted to set this function apart as something that needed to be treated separately and not as somebody else doing it in their spare time...We thought it deserved a front-line position in the business.

—George Burgher

On October 23, 1981, Mytinger convened a small group of colleagues at Houston's University Club to outline a volunteer organization dedicated to the interests of international petroleum negotiators. These men formed the steering committee for what soon became the Association of International Petroleum Negotiators. At that first meeting, Mytinger was joined by his Cities Service colleague Scotty Greenwald, along with Frank Alexander of Union Texas and two Conoco representatives, Tom O'Dell and Colin Friedlander.

I had asked Scotty to contact various people...in Houston and wherever and see if this thing had any chance of flying, and I assumed it would because it had certainly gone over well in London.

In addition to contacting those people, he contacted the [American Association of Petroleum Landmen] and discussed it...They didn't see much point to...having us operate under their wing. That question came up, and I was glad it did, because I didn't see much point in joining them. I thought we would certainly lose our identity, and we didn't even have a name in those days. It was just that we were going to have a landmen-negotiators group, as we called it. But at any rate, we agreed that we should proceed as there was a need for an organization like this.

—Frank Mytinger

In subsequent meetings, other men joined the committee, including Jack Rosshirt of Amoco, Hank Thomsen of Pecten, and Clark Halderson and Mickey Ables of Cities Service. Through the end of 1981 and the beginning of 1982, the group met half a dozen times to lay the groundwork for the AIPN and to prepare the Association's first bylaws. Alexander, who drafted the bylaws with Halderson and later served for many years on the AIPN board, sent out an initial invitation to about seventy-five people whom the committee recognized as international petroleum negotiators.

Houston was the ideal setting for the young AIPN. Its population had mushroomed between 1960 and 1980, making it one of the largest cities in the United States. At the same time, more and more oil companies moved key parts of their operations, and sometimes their headquarters, from older oil centers like Pittsburgh, Chicago, and New York to Houston so they could be in the center of the action. Both of these trends contributed to Houston's vitality as an oil city. James Barnes, who moved to Houston in 1980 to join Tenneco, described it this way: "When I first came to Houston, I remember being struck by how vibrant [it was]. I mean people were really bustling and moving and the energy in the downtown area was just — it was almost palpable. It was really exciting to be there and to see that for the first time." And as the composition of the steering committee suggests, Houston had a critical mass of oil industry players, from individual consultants to diversified giants, who had a vested interest in promoting the fortunes of petroleum negotiators.

If Houston was an ideal place for the Association to start, the early 1980s were also an ideal time for it. Throughout 1981, oil prices stayed above \$35 per barrel, a level that guaranteed robust confidence across the industry—the sort of confidence that helps when you're trying to get a new organization off the ground. High crude prices also meant that oil companies had enough money on hand to support worthy professional activities for their negotiators, such as membership in the AIPN.

THE ASSOCIATION COMES TO LIFE

In those times, the Omni Hotel was the Inn on the Park. I believe we had, oh, seventy or so people show up. You know, that was another of the nitty-gritty things we had to do is decide who to invite and who would write the letter and how would you go about wording it. You know, this stuff, it doesn't sound like much, but it takes a lot of thinking and you want to do it right. But people showed up and they really enjoyed it, I think.

We had a nice luncheon and I remember we had already picked the first slate of officers at one of our last meetings. We'd had a meeting, I think, in December, getting ready for the big meeting in February, and we had picked a slate of officers...

At the first lunch we proposed it to the attendees. I remember telling them, I said, "Now, if you think I'm going to stand up here and suggest that you vote for these people that we have just presented to you, you're right. I do expect

you to vote for us," and they all did. We were elected by acclamation...The officers were elected that day.

—Frank Mytinger

The Association of International Petroleum Negotiators came to life with its first lunch meeting, at Houston's Inn on the Park, on February 25, 1982. Mytinger, still with Cities Service, became president. Frank Alexander of Union Texas was first vice president, Jack Rosshirt of Amoco was second vice president, Colin Friedlander of Conoco was third vice president, Mickey Ables of Cities Service became secretary, and Hank Thomsen of Pecten became treasurer. Although Mytinger himself shared the credit for getting the Association up and running, others were quick to emphasize his central role:

He's really like the General Washington father figure of this association due to his vision, decision-making, and persistence.

—Al Boulos on Mytinger

Like George Washington, Mytinger was chosen as president by acclamation. Like the fledgling American republic, the fledgling Association depended on the devoted efforts of a small group of individuals who gathered their companies' support and made outstanding contributions toward the organization's goals. These people focused the AIPN on three goals: to certify petroleum negotiators, to provide them with ongoing professional education, and to offer them chances to network with other negotiators.

Certification was the one goal that would prove too thorny to implement. According to Mytinger, the group eventually abandoned the idea of certifying people as professional negotiators: "It wasn't formally given up on, it just never did happen. I mean it was too difficult to try to set standards and have people pass tests to be an international negotiator." In its other goals, however, the AIPN succeeded enormously. The Association has become famous among its target population of petroleum negotiators for the sterling quality of its educational offerings and for throwing what prominent member Andrew Derman has called "the best parties in the world."

When it started, the AIPN was really a Houston-area "lunch club" — a term used often by founders and early members when recalling its meetings in those days. For years, almost all of its officers and board members lived in Houston or nearby. It was also focused heavily on the upstream end of the industry, and on oil rather than natural gas. Today, the Association has grown to encompass six continents with its seven Regional Chapters, and its activities cover all phases of oil and gas production and delivery. But in the early days, it was far more modest. George Burgher, who became the organization's third president, remembered the small numbers and uneven attendance:

Most of us were so busy, we were out of the country or, you know, we could pay attention to this part-time, only when we were in town, and most of us were gone most of the time. So

He's really the General Washington father figure of this association due to his vision, decision-making, and persistence.

—Al Boulos on Mytinger

it was hard to put it all together...

We'd have our annual meeting and we established the spring conference that people started coming to. So then it turned out as time went by, I think it became evident to not only all the members but all the company people who supported it, that it was a real value to have that Association. So I'm happy to see where it is today because it is completely different from what we started, but I'm happy to say I think it is rightly so...It's doing what it ought to be doing.

—George Burgher

Walter Mosgovoy, who would serve as the Association's fourth president, remembers some initial negative reactions from companies within the industry to the formation of the AIPN: "[T]he legal department of [seemingly] every oil company said, 'That's wrong and cannot be substantiated or defended and it smacks of price-fixing or collusion,' or whatever. And we said absolutely not, because...we're not discussing prices, we're not discussing collusion. Possibly we can discuss [within] the group about the farming in and farming out [of] our acreages." Ultimately the resistance of the companies was overcome, and most of them became enthusiastic supporters of the Association.

Oklahoma native Dee Simpson, who worked with Mytinger at Cities Service when the AIPN began, put the Association's lunch-club atmosphere into the context of petroleum deal-making:

The industry has always been one in which there has been shared behavior, not just in a trust sense but also in the sharing of risk, and this is especially true internationally, where the risks are so high no company would want to take on a significant project by themselves. This dynamic gave rise to the need for an efficient process for bringing those corporations together...

This in turn required that you have a lot of contacts across the industry and that you keep a dialogue going "Here's what I'm working on; would you be interested in something like this?" Organizations for this purpose existed in the domestic sector of the industry, but there really wasn't...a meeting place or a clearinghouse, where this kind of conversation could go on internationally...

As international deal-making was reaching critical mass, it became clear that having a lunch club would make sense. And a lot of internationally-oriented companies were in Houston, so an American club that became the forerunner of the AIPN, got together and just started having

conversations...There weren't even any speeches at the beginning, just lunch chats. These then evolved to a point where there were formal presentations over lunch and then collections of presentations in a conference. It's not really that unlike the way many organizations get their start and grow.

—Dee Simpson

In October of 1982, the Association had its first luncheon speaker, Gordon Barrows of Barrows Company. He was a natural fit for the AIPN audience, both because he had a wide network of connections in the industry, and because he published collections of sample oil laws, regulations, and contracts from around the world.

The Barrows Company began 1949 when Gordon graduated from John Hopkins with a Masters in international relations. He was hired by Chevron (then Standard of California) to work as "foreign representative", a sort of contact point for governments. After a few years of training with the parent company in San Francisco and its affiliates, Barrows resigned and began his own company, Barrows Company Inc. The company objective was to assemble a library of petroleum legislation for all countries.

It was quite a big order for a young man with no money. The early 1950s were good years for Americans. The dollar was high. As Barrows tells it, he had very few dollars, so he moved Mallorca, off Spain where living was cheap. Travel was convenient from Mallorca too. The Middle East and North Africa were near, Europe was accessible and parts of lower Africa as well. Oil laws were hard to get. There was no e-mail, no computers, only unreliable teletypes and mail. Return mail took several weeks. The Barrows library

became extremely useful, and oil companies bought its publications. He divided the collection into regional services so companies could select their areas. In 1955, Barrows moved the company to New York, where all the big internationals had headquarters. Barrows Company has remained in New York since 1955. The center of the oil business is now in Houston, which means a lot of New York-Houston air travel.

Over the years, the Barrows Company became an integral component of petroleum deal-making for companies large and small. Barrows himself could regale any listener with fantastic tales of his experiences tracking developments in the international petroleum business, and he gave his time generously in helping establish an organization with a mission that was kindred to his own.

Much like Barrows during his early years in Mallorca, the Association itself had little money to spare — which was why Mytinger was glad that his old friend Barrows agreed to speak at the October meeting. "We had trouble getting speakers," Mytinger said, "because most of them wanted an honorarium or whatever, or at least their expenses paid when they flew down, and we didn't have the money. We were just scrounging along, you know, [but then] Gordon came down and brought his wife." Even though Barrows injected a

cosmopolitan (not to say devil-may-care) flair into the luncheon program, Association officers still had to concern themselves with making ends meet.

First year, all we were trying to do was be solvent, worrying...who was going to come to the lunch and who wasn't going to come to the lunch, and were we going to be stuck with any unpaid lunches. You know, it was that big. We didn't have any money.

—Frank Mytinger

Even without money, though, the AIPN had begun to establish a successful pattern of activities with its monthly lunch meetings. In the coming years its calendar of events would expand stepwise to include dinner dances in the fall, annual conferences in the spring, and fall educational seminars that grew from a day to a week and then a fortnight.

SPREADING THE NEWS

The reason I got into the oil business is, I thought it was a better opportunity than the law firm I was working with. That's interesting because I've had an interesting career, and people talk about, "Well, I'm going to do this," and you have this plan and goal. "I'm going to be the president." I never had that. I worked for this law firm because I wanted to do trial work. Then the opportunity came. I answered an ad and the general counsel of Texaco wanted people with trial backgrounds. That's why we connected. I got picked by Texaco to go overseas because they were picking people who could do the job and I was one of them. And that's how I got into international.

—Jack Rosshirt

By the end of its inaugural year, the AIPN had started to grow its membership, and it had begun to establish the slate of activities that would mark its annual cycle for many years. Early in 1983, Frank Mytinger finished his term as president, then handed the reins over to Jack Rosshirt, another founding member who had served as a vice president during the Association's first year. At the February 23 meeting, Rosshirt presented Mytinger with a sculpture of an oil derrick to honor his work as the Association's first president. During his own term, Rosshirt's primary emphasis was on solidifying and expanding the AIPN's educational programs.

Rosshirt was talking about the social aspects of AIPN taking care of themselves. Don't worry about that. Education is what we need to concentrate on, he said, and that's when that little seed was planted, in my opinion. I just thought that was pretty good, and it worked.

—Frank Mytinger

At the most basic level, the Association educated—and entertained—the members at the monthly luncheon meetings,

As an individual you learn a little bit about a lot of things. You don't try to be an expert in an area you're not expert in, but you know enough about the contracts, you know enough about what you were going to get from the economics and the geology, and then you find an expert in those areas.

- Jack Rosshirt

which featured speakers from a variety of backgrounds. During Rosshirt's term, experts spoke on offshore drilling in the Netherlands, business travel, health risks encountered when traveling abroad, and negotiation strategies in professional sports. (The man who delivered that last speech, former American Basketball Association commissioner Mike Storen, had members "practically falling off their chairs with laughter" as he discussed the negotiation strategies of sports agents and team owners.) In May of 1983, the Association also announced that the University of Houston wanted AIPN members to deliver guest lectures on topics such as international energy, doing business abroad, international finance, or the effects of U.S. laws on international business. Over the years, Association members would go on to give many lectures—and sometimes whole courses—at U. of H.

More importantly for its members, though, during Rosshirt's term the AIPN added an educational focus to the Annual Meeting, an event that had first been held in 1983 at the end of Mytinger's term. Writing to the membership in January 1984, Rosshirt urged his colleagues to attend the Annual Meeting on February 21: "We are very pleased with the arrangements for the Second Annual Meeting. Two prominent petroleum economists, Dr. Morris A. Adelman of MIT and Milton Lipton, President of W. J. Levy Consultants, will participate at the afternoon panel discussion...This is the AIPN's first major educational undertaking. Its success really depends on your support and attendance. Please feel free to invite other managers and economists to attend." This would be the first of countless AIPN panel discussions and conferences — educational efforts that became a widely recognized hallmark of the Association.

Rosshirt's own education had started nowhere near the oil business, and he had taken a circuitous route to becoming an international petroleum negotiator. His point of entry had been the law. After earning undergraduate and graduate law degrees from Notre Dame, Rosshirt began professional life as an associate in a Chicago law firm. He moved to Texaco, mostly doing general-purpose counsel work that covered the company's operations in the U.S. Midwest. He carried out his first international assignments while at Texaco. In 1968, Rosshirt moved to Amoco, where he worked in the international department. Amoco later posted him to Iran for three years as an attorney; during that time he also carried out assignments in Pakistan and India. Later, Rosshirt worked out of the legal department, heading up Africa and Middle East Negotiations for the company. He went on to serve as Amoco's general manager in Kenya and Denmark before he retired from the company in 1992.

As an individual you learn a little bit about a lot of things. You don't try to be an expert in an area you're not expert in, but you know enough about the contracts, you know enough

about what you were going to get from the economics and the geology, and then you find an expert in those areas.

—Jack Rosshirt

Rosshirt's career reflected the versatility and problem-solving bent shared by many AIPN leaders. Many petroleum negotiators, rather than being stuck in one specialty, move easily among different domains of knowledge. Whether they start from a basis in law, engineering, or landman work, they end up distinguishing themselves as people with the ability to succeed in a number of roles. Given that negotiations often hinge on the negotiators' grasp of law, geology, engineering, finance, and politics, maybe it is not surprising that the field attracts so many practitioners of this type. Recalling his own early career as a lawyer-of-all-work at Tenneco, longtime AIPN member James Barnes called himself a "utility infielder" — someone with the ability to pick up new tasks as they came to hand, or to take on the jobs that did not fit within anyone else's job description. Some of the most distinguished AIPN members extended their skills as multi-specialists, beyond negotiation and into operations and high-level administration as well.

Starting in the Association's second year, its monthly newsletters reflected the group's varied activities. Besides announcing the details of luncheons, which were held at The Inn on the Park and cost members \$17 apiece, the typewritten sheets also performed bits of administrative housekeeping, such as reminding members to keep the Association informed of address changes to be printed in revised versions of the membership directory that was published starting in 1983. Given the mobility of petroleum negotiators, both internationally and between companies within the industry, directory revisions became a staple of the newsletter. Initially, these revisions were no more than a few entries typed at the bottom of each issue; in later years, they filled a section at the back of each newsletter that was printed in small type to accommodate the number of changes. In 2001, the membership directory moved to the AIPN Web site, where it could be updated continuously.

Early *International Petroleum Negotiator* newsletters also ran occasional "Legislative Updates," which alerted members to changes in the petroleum laws of countries around the world, and soon started to run job notices and other text advertisements as well. Starting in June 1983, the newsletters listed new members in each issue. Negotiators from the Houston area predominated in those days, but the 1983 newsletters listed other joiners from Dallas, Los Angeles, Italy, and France. One of the Frenchmen who joined at the end of Rosshirt's term was Michel Vuillod of Elf Aquitaine, who would go on to serve as an AIPN board member.

Many years later, Eric Fry recalled the motivations of the "very interesting people, very garrulous people...good people that you'd want to be around" who populated the Association when he joined in the 1980s:

Being in AIPN was part of the negotiators' job. Their job was to bring new opportunities to their companies. The companies that were active in AIPN were smart enough to know that it benefited the companies directly. The original intent of the founders, I think...was to really help the international negotiator and provide a forum where they could exchange ideas. You know: "Hey, what's the easiest way to get to Timbuktu? What type of outside counsel have you used? Where do you stay?" It was just really to help one another do a better job for their companies, and also have a ready partner base for people they would want to do deals with. This way they would spread the risk in some of the international ventures they were working on.

—Eric Fry

EARLY GROWTH

At the end of Rosshirt's term, George Burgher became the third president of the Association. Like Frank Mytinger, Burgher parlayed an oil-patch upbringing and years of experience in the domestic U.S. oil business into a long and varied international career that lasted from the 1960s into the 1980s. Burgher was born in 1922 in Tulsa and grew up in Oklahoma and Illinois, where his father was an oil broker and wildcatter. After serving stateside in the Army Air Force during World War II, Burgher started working for his father; Burgher "would take leases and other documents around to get them signed up for him."

Eventually Burgher took a job with Amoco, the career move that first brought him to Texas. Shortly after he started working for the company, Burgher made his first oil and gas lease acquisition, in the town of Tomball northwest of Houston. He negotiated an even better deal than Amoco wanted:

This lady owned a forty-acre tract and it's right now at the main intersection in Tomball. The store is no longer there, but it used to be a liquor store and it was owned by this lady who owned the land...We had a lease on it, and [we] missed the rental payment. Ordinarily that's sudden death. If you miss a rental payment, your lease is nullified.

So they sent me out there to talk to that lady by myself, nobody with me, and I said, "This is the first." This was in 1948 and I think she was her own best customer, but there weren't any other customers in the store at the time. So we just started talking, and I said, "You know what, we should have paid you this rental, and we didn't, and now your lease is dead, but we want to make it right with you. How about a dollar an acre, and we'll get a whole new lease here."

She said, "Oh, okay, yes." So she signed up...

I took it to the office the next day, and they said, "A dollar an acre for this? I think we're in legal danger of being accused of underpaying — we should have paid the fair

market value."

Well, I said, "You didn't tell me what it was. You said buy it as cheap as you can." . . . So I went back the next day and gave her another ten dollars an acre more.

From that beginning, Burgher built a long career as a landman, during which he negotiated thousands of leases across the western United States. Working for Amoco, Burgher lived in Houston; Casper, Wyoming; Salt Lake City; and Billings, Montana. Since he wanted to return to Texas with his growing family, Burgher left Amoco and returned to Houston to work for himself for a few years, then joined Tenneco in 1954. He later became Tenneco's chief landman, a job which brought him into the international arena when Tenneco struck its first overseas deal — in Nigeria — in 1962.

After that, Burgher gave up the domestic side of the business, and went on to strike deals in more than thirty countries around the world. Initially he had to overcome his company's lack of experience in the international field:

We had a management at Tenneco that was not very well educated about international stuff. They thought domestic. They ate and drank domestic, and they didn't ever think international, so it was a hard thing to get them to really start thinking about.

Joe Foster, when he came, he was a big reason that we broadened. We got some better people instead of using people that were unsuccessful in domestic...In international, they started getting good people over there, and we didn't swap them out like before. But that had been the traditional way that everyone did it — Exxon, Mobil, everyone. If someone couldn't hack it on the domestic side, you sent them international somewhere, to get them out of the way.

The same persistence that had marked his efforts on the domestic side of the business paid off when Burgher went abroad. Looking back over his career, he recalled one of his favorite negotiations, for a deal in the country of Gabon in West Africa: "We wound up having the best terms of any producer in Gabon because of one guy...that I followed around all over Europe for two or three weeks and I'd meet him here and there. He was on his government business, but every once in a while, they'd have a little time and we'd sit down and talk. He finally signed off on a deal that is still producing now [in 2007]." Burgher and his team eventually struck many deals for Tenneco in far-flung areas of the world, from the North Sea to Thailand to Peru.

While he expressed pride about the year he served as the Association's president, Burgher also acknowledged that professional demands often got in the way of AIPN volunteer service, not just for him but for many members who had similarly grueling travel schedules:

I don't think anything spectacular happened that year, because here, again, we were all so busy, busy, busy, you know? So we paid attention to this organization when we could and when we were in town. But in '84, I was probably gone two-thirds of the time out of the country, so you know — it was hard.

However self-deprecating Burgher was in his retrospective view, the newsletters from Burgher's year in office reflect robust growth for the Association. In the June 1984 issue, Burgher told members that "the membership of your association has now exceeded 240." The names of new members continued to appear in each newsletter; many lived in Houston or Dallas, but others hailed from other countries including Britain and China.

Messages in the newsletters reflected the constant mobility of the Association's members. Even though Houston was the base for the AIPN, the realities of petroleum negotiators' lives meant that its reach began to spread throughout the world of oil. In July 1984, Burgher noted that "this is the heavy travel season for many of our members," and extended "a special invitation to members residing outside of Houston and the United States to call or visit us in Houston whenever their travels bring them in this direction." The "Directory Revisions" section reflected overseas moves—to China and Singapore, among other places—for several U.S. members.

For those who could attend monthly meetings in Houston, Association luncheons that year featured another set of interesting speakers, including Richard Tallboys, the British Consul-General in Houston, and the "young and beautiful" mezzo-soprano Susanne Mentzer, who was performing with the Houston Grand Opera. Subsequent months included talks on topics in international law, on "the economics of oil in Antarctica," and on "the accelerated use of computer technology in the industry and . . . ways that emerging computer technology can be used to achieve management objectives."

The AIPN also continued to build its reputation for hosting special events in high style. In October 1984, the Association held a semi-formal dinner dance at the Whitehall Hotel; it featured a lavish buffet and a dance band, and Burgher later described it as "a great hit." In February 1985, the Association hosted its Annual Meeting at The Woodlands Inn resort. Continuing the trend of prior years, the event again grew longer and more sophisticated. Instead of afternoon lectures leading into dinner as in 1984, the 1985 meeting boasted a day-long program. More than forty negotiators attended the morning session, which featured talks from three industry experts. After a catered lunch, members had a chance to compete in an afternoon golf tournament. The proceedings continued with a barbecue dinner and dance for more than seventy people, after which the Association's new slate of officers took office.

Burgher's tenure coincided with a number of important developments for the broader oil industry. After two years in which a barrel of oil had consistently cost between \$28 and \$32, prices fell into the \$25 range in late 1984 and early 1985. The industry also witnessed big acquisitions during this period when Mobil bought Superior Oil for \$5.7 billion, and especially when Chevron paid the princely sum of \$13 billion for Gulf Oil.

Against this backdrop of industry consolidation, the Association continued its own growth in its third year. At the end of 1984, in a move that presaged the Association's later international spread, Burgher wrote that the AIPN board would "recommend that the By-Laws be amended so as to

permit the appointment of Regional Directors. This is in an effort to more closely maintain and develop a liaison with our members who are geographically spread over the entire globe." (Patrick Wesley, based in Calgary, headed up the effort that made the Canadian chapter the first Regional Chapter to be established.) By the end of his term in office, Burgher was able to report that AIPN membership had risen twenty percent during 1984. He added: "I feel certain that the Association will continue to grow and to increase its professional standing in the industry."

AN INDEPENDENT ASSOCIATION

In the spring of 1985, George Burgher turned over leadership to Walter Mosgovoy, a veteran engineer and negotiator who was then with Pennzoil. Like Jack Rossshirt, Mosgovoy came into the negotiating profession circuitously, although in his case from the technical rather than the legal side. While most international negotiators end up spending time in many countries, Mosgovoy's childhood had been much more international than most. He was born in 1930 in Belgrade, Yugoslavia, where he lived until the German invasion of 1941. He was taken to a labor camp in Berlin, and then attended a German high school until he graduated in 1948. His studies were interrupted when Allied bombing intensified toward the end of World War II and his entire school was evacuated to Poland for safety. In 1948, he was evacuated again, this time with his brother and parents, to a displaced persons' camp in Munich. The family found a sponsor for emigration to America, and in 1949 Mosgovoy arrived in the United States.

When the Korean War broke out the next year, Mosgovoy enlisted in the U.S. Air Force. He met his wife during a USO dance in 1953, and the couple married in 1954. After four years in the service, Mosgovoy used the G.I. Bill to attend the University of Colorado, where he studied nuclear physics. After he took his B.S. in 1959, he went to work for General Electric's nuclear business in California. Seven years later, he accepted a better offer from General Atomic in La Jolla, California, where he did research on nuclear power reactors.

Gulf Oil Company bought General Atomic, and, after several trips to Washington with the president, he suggested that I...should go over there [to Gulf] and talk to the people there, which I did and they said that they liked my background and they wanted me to join Gulf Oil Corporation and switch from physics to petroleum. So that's how I became involved in the petroleum industry...

It was a challenge, because I knew very little about the petroleum industry, and of course, the job came with a big raise, so you couldn't turn it down. So I spent several months in Pittsburgh and several other refineries to find out what this is all about. The only thing I knew is when I went to the gas station to get a grease and lube job; that's quite different from petroleum exploration, development, production, transportation, et cetera.

Gulf Oil took advantage of Mosgovoy's international background — and his fluency in Russian, German, and other European languages — by sending him to London temporarily to research the petroleum markets of seven countries of Eastern Europe. After he made his report to Gulf's International Council in Pittsburgh in 1970, the company moved him and his family to London in 1971. When Mosgovoy made the move, Gulf had a surplus of crude oil on hand, so the company sought more outlets for its oil. Although the pressure for new markets diminished over the subsequent years, Mosgovoy and Gulf nonetheless established contacts in Bulgaria, Czechoslovakia, Poland, Romania, the Soviet Union, and Yugoslavia. His facility with languages came in handy:

One interesting occurrence took place in Bulgaria when I went over there with a petroleum engineer. We were talking about ... the petroleum situation in Bulgaria ... Bulgaria is very close to Russia, and I'm fluent in Russian, so at the beginning of the meeting, I told them that I speak Russian, just to let them know ... The translator was translating what they were talking about to us in English and at one stage, I corrected the interpreter, because it didn't come out as what it should have been. From that time on they didn't discuss anything among themselves.

Among other projects, Mosgovoy worked on large deals to lift and transport oil from Siberia and from Kamchatka and Sakhalin at the far eastern edge of the Soviet Union. Mosgovoy's work kept him in touch with General Atomic's business as well — for instance when he helped the company sell a research reactor to Romania. He remembers the time fondly, even though his stay in London initially created some frictions for his children.

Mosgovoy: *I went with the challenge ... of really getting into international travel—and the family's exposure to other countries, because we did travel throughout Europe. The children coming from California, you know, ... sunny days ... 360 days [a year], we go to London and its 360 days of overcast.*

Interviewer: *How did they adjust?*

Mosgovoy: *The first year not too well, but at the end of five years they actually did not want to go back. So that's a switch ... So they adjusted, and it was a good adventure for them. But whenever I went home on business ... I had to bring back peanut butter and jelly cans. Going in through check-in, through the Pan-Am guy, he puts down the suitcase and I have [in it] about ten cans of peanut butter and jelly. England didn't have any peanut butter; it's just not what they want, or at least you couldn't buy it in a store. When the man looked at it, he says, "What do you have in there, lead bricks?" I said, "No. Have you ever tried to raise three kids without peanut butter and jelly?"*

Conditions changed radically across the oil business during the 1970s, and Gulf transferred Mosgovoy to Houston in 1976. There, he built upon the work he had done in London and became a full-time negotiator. Mosgovoy stayed with Gulf until 1980, when Pennzoil recruited him to expand

its international activities.

Although Mosgovoy's European childhood and his training in nuclear engineering were unusual for a U.S.-based petroleum negotiator, his experience of working across many countries is common among the AIPN's members. All Association members, it seems, can reel off a long list of places around the world where they have done business, and many of them can tell you off the top of their heads the number of countries in which they have carried out their professional duties. For many of them, the international dimension of the job is its greatest attraction — and indeed the group has as much breadth of international experience as any body of professionals you could name.

I would go on what ostensibly was going to be a ten-day business trip and come back three months later having gone to six different major cities in the world and three different continents. I was just flying around all the time. It was before I was married, and I liked it. I enjoyed it.

—Frank Alexander

I think I've traveled to eighty countries. I think I've signed deals in over thirty of those of one sort or another. I've worked for big companies; I've worked for small companies; I've had my own company, where I was effectively working for myself. I look back on a career which has been fantastic as far as I'm concerned. It's allowed me to travel, to live overseas, to have a very good standard of living and quality of life. I've been lucky that I've always managed to take my family with me and travel. It's worked out great. I think the industry has been fantastic, from my point of view.

—Mick Jarvis

The international negotiator's job is in some ways similar to a domestic landman's in the United States, as evidenced by the career paths of Frank Mytinger and George Burgher. But the differences embodied in the job were enough to convince the AIPN's members that the Association should not affiliate with the much larger American Association of Petroleum Landmen (AAPL). Mytinger had talked about the AAPL's lack of interest in the negotiators' organization when the AIPN was just getting off the ground; this time around, the reaction ran the other way, as Mosgovoy discovered when he broached the topic of an alliance to the membership during his tenure as president.

There is no doubt. You, as individual members, do not hesitate to speak your minds, and the membership of the Association is certainly not complacent. This was brought to my attention in a rather striking way over the past few weeks by your responses to the questionnaire concerning a possible affiliation with the American Association of Petroleum Landmen. A high percentage of you took time to respond to the questionnaire and many of you telephoned to make more forceful comments than were called for on the printed form.

—Walter Mosgovoy
The International Petroleum Negotiator
newsletter, June 1985

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The Association's members seemed to be acutely aware of the importance of the "I" in AIPN and how this international dimension made it different from the much larger AAPL. The questionnaire that Mosgovoy mentioned had gone out to AIPN members a month before, as an enclosure with the previous issue of the newsletter. In that issue, Mosgovoy had talked up the potential benefits of the opportunity, emphasizing the AAPL's thirty-year history, the respect it commanded across the U.S. oil business, and the opportunities for its members to "[obtain] standing as a Certified Petroleum Landman, upon meeting the requisite criteria." The AIPN membership, despite including more than a few former landmen among its ranks, "[did] not hesitate to speak [their] minds," and Mosgovoy responded with good grace to the pointed written comments and phone calls:

This is good. Your President and the other officers cannot anticipate the needs and preferences of the membership without 'feed back' from the individual members. We are glad that this topic was controversial, and your responses do reaffirm our confidence that each of you does have a genuine interest in the affairs of the Association. It appears rather clear that the majority of the members do not favor the AAPL affiliation, and no further action in this connection will be taken at this time nor in the near future.

Jack Rosshirt said later that he believed that there was a general fear among Association members that international negotiators would be "swallowed up" within the AAPL. But the rejection of affiliation with the landmen ensured that the AIPN would continue to go its own way.

As it followed this path, the Association kept building its reputation for hosting outstanding educational and social events. During Mosgovoy's year as president, the AIPN continued to host regular luncheons, although these meetings shifted from The Inn on the Park, first to the Whitehall Hotel and then in early 1986 to the Summit Club. Speakers addressed topics including the political risks faced by oil companies working abroad, the security concerns of international business travelers, and the state of the industry as a whole — which was not nearly as good as it had been when the Association began its activities a couple of years earlier. Although light attendance at the June luncheon led the Association to suspend monthly meetings during the summer months, Mosgovoy had already reported that "each week brings at least one new member application" for the Association.

If there could be any doubt about the importance of Houston as the group's geographical base, it would be dispelled by changes to the officer lineup and board composition during the year. In several cases, men dropped out of these leadership roles as soon as their professional postings took them away from Houston. Tim Sands took over the secretary's role from Bill Thomas when Thomas moved away in April. A few months later, first vice president John Tomich took a promotion to Conoco's London office; Wayne Sparks, another Conoco man who had just transferred back to Houston from Australia, succeeded him. The September newsletter announced that second vice president Jack

Oeffinger had given up his duties upon moving to San Antonio, and that his role would be filled by former Association president Frank Mytinger, who had returned to Texas from California after leaving ARCO for Tenneco.

Newsletters from 1985 also reflected changes to the AIPN's administration, especially a project to revise the group's bylaws. In line with Burgher's recommendation a year earlier, Mosgovoy announced that the revision introduced regional chapters and regional officers — a move that planted seeds for the Association's huge growth in later years throughout the world. The AIPN board also revised the membership application to reflect "more stringent requirements for joining the Association." Mosgovoy emphasized that "We are very pleased with the caliber of members the Association has attracted thus far, but we feel there should be further restrictions in order to limit membership to those individuals who are or who have been directly involved in petroleum negotiations and work relating to the international petroleum industry."

Members of the organization also enjoyed two major social events during Mosgovoy's year in office. The first came in October, when the Association held its annual dinner dance at the Hyatt Regency in downtown Houston. In February, AIPN members returned to The Woodlands Inn and Country Club, this time for a two-day educational meeting held on Thursday and Friday, February 20–21, 1986. The program for the event built on the format of the prior year. Thursday's activities included a morning seminar, an afternoon golf tourney, a cocktail reception, and a barbecue dinner dance, at which the new slate of Association officers took office. The meeting concluded on Friday morning with another round of seminar papers; topics included the economics of international petroleum exploration, negotiation techniques, political risk, and tax considerations in international operations. In the last newsletter of his presidency, Mosgovoy admitted that he woke up at night "in a cold sweat" out of fear that "your Association will be embarrassed by a meager turnout, when our speakers have made great personal sacrifice to come and be with us." He pointed out that seminar presenters were traveling at their own expense from places as far-flung as Nassau, London, and Bogota.

He need not have worried. The "Annual Educational Meeting," which came to be known as the Spring Conference, became a staple of the AIPN's yearly calendar, and a major rallying point for the Association's membership. Veteran negotiator Dee Simpson, who had been with the AIPN from the start, later talked about the importance of these events, and especially their social side — not just for the negotiators themselves but for their families:

Because we are in a business in which we are away from our families a lot, the organization has recognized, and companies have recognized, the value in allowing AIPN to be a place where families can come together. So you'll see it's very common for husbands and wives to come to the Spring Conference, for example, and you get to meet the families . . . of the people you've been working with in the industry, and get to see them as a family and get more personalized.

—Dee Simpson

HARD TIMES IN THE INDUSTRY

Although the Association began 1986 on a high note, with a successful Spring Conference and a base of membership that stretched across more than twenty countries, the year was a hard one for the petroleum industry. Oil prices plummeted. During 1984 and 1985, the price of a barrel of oil had softened from the heyday of the early 1980s, but it remained in the mid-\$20s range, and still occasionally topped \$30. But early in 1986, the price dropped, first to \$15 per barrel and then below \$10 in mid-1986.

In the newsletter of June 1986, when prices were around \$13 per barrel, new AIPN president Claude Masters expressed his bittersweet feelings about holding an exciting leadership position in the profession while watching the industry suffer:

Being President of the Association for these past few brief months has been overall pleasant, rewarding, and "mind-stretching." It does, however, carry some responsibilities that tend to weigh on the emotions. One of the most unsettling chores is fielding the dozens of letters and telephone calls from members who have been recently displaced. Budget cuts, corporate reorganizations, reductions in force, and abandoned ventures have taken a heavy toll. There are dozens of very talented and dedicated negotiators presently unemployed and adrift in the job market. Let us not forget them. If you know of any opportunity — whether it be full-time, or part-time consultant work — please try to send it to one of our "brethren." I know that they will be grateful and you will be proud for your act of thoughtfulness. None of us is immune from misfortune in these tumultuous times. We may someday need help.

It would be years before the industry would recover from the bust of the mid-1980s, and although the Association continued to announce new members in each monthly newsletter, the troubles that affected the whole industry did not pass over the AIPN.

Many years later, Masters recalled how tough it was to sustain involvement in the Association when the companies represented by the membership were hurting so badly.

You know, when you only had like twelve to fifteen guys show up at a meeting it's a little disheartening, but we didn't lose heart, we kept it going and kept struggling to build it back. . . . We were struggling for our lives. I mean, our attendance was down and Houston and the oil industry were in a deep trough, deep depression, and the attendance was down because companies wouldn't reimburse the luncheon costs for their members and a lot of them wouldn't pay the dues for their members just due to economic constraints.

To stem the tide running against the AIPN, Masters and the other officers did two major things. First, they made sure that current members of the Association had duties to carry out that would keep them involved:

I had the idea, which I had learned from other organizations, that if you want somebody to get active, give them a job to do. So we formed committees and got volunteers to be chairmen of those committees and got them to functioning somewhat — and our membership started to come back some.

Second, the Association's leaders worked to broaden the membership by including more lawyers. According to Masters, there had been a long-standing desire on the part of some influential AIPNers to restrict membership to "pure" negotiators: "They didn't want any lawyers. They didn't want any domestic landmen. They were pretty outspoken about it." But the hard times of 1986, along with Masters' own professional background as an attorney, led him to question this tendency.

We started working on the bias that some of the older leaders had against lawyers, and so they finally said, "Well, if they're deeply involved in negotiations, yes." Well, as you know now, a huge part of the membership is attorneys, very prominent attorneys, and they all are making substantial contributions to the organization.

Masters himself had become a negotiator via the legal profession, although the career path that brought him into petroleum negotiation was more varied than most. Like many members of the AIPN leadership during the 1980s, Masters had started his career in military service — in his case, as a member of the Army Air Corps. After graduating high school in Cleburne, Texas at age 15, Masters became a finance clerk in the Army Air Force, then attended Abilene Christian College and the University of Houston, where he worked as an athletic trainer for football, basketball, and other sports. After graduation, Masters worked in high school athletics, but, seeing no good prospects for breaking into the ranks of collegiate trainers, he changed careers and became an insurance claims adjuster. Within several years he was a vice president in claims for the New York Charter Property and Casualty Company in Houston. While still doing that work, Masters attended the University of Houston Law School, from which he graduated in 1969. After a couple of years of insurance-related trial work in private practice, Masters got his introduction to the petroleum industry when he took a job with Ashland Oil.

Much of Masters' legal work for Ashland involved negotiating with Ashland's joint-venture partners about types of insurance coverage for their exploration and production ventures. His work took him to Nigeria and other parts of Africa, but especially to Britain, where Ashland took part in the burgeoning fields of the North Sea and where Masters had to negotiate constantly with the British National Oil Corporation (BNOC), which by law was a half-partner in Ashland's British ventures. During this time, Masters and other attorneys working with BNOC used an "illustrative agreement," a standard contract "acceptable to all sides," which Masters thought of as a precursor to the Model Contracts that the AIPN would develop starting in the late 1980s.

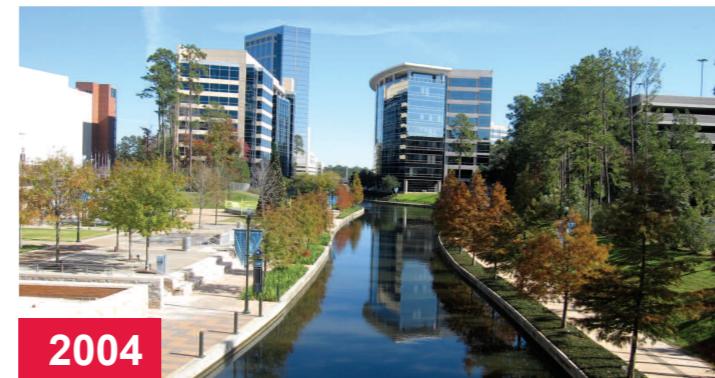
Masters' work at Ashland brought him into regular

2001 - 2009 Spring Conference Locations

San Antonio, Texas
Hyatt Hill Country Resort
April 10 -12, 2002



The Woodlands, Texas
Woodlands Waterway Marriott Hotel
April 28 - May 1, 2004



Washington, D.C.
The Mayflower Hotel
March 29 - 31, 2006



Austin, Texas
Hyatt Lost Pines Resort
April 23 - 25, 2008



San Antonio, Texas
Hyatt Hill Country Resort
April 4 - 6, 2001



Galveston, Texas
Moody Gardens Hotel
April 2 - 4, 2003



The Woodlands, Texas
Woodlands Waterway Marriott Hotel
April 13 - 15, 2005



Austin, Texas
Barton Creek Resort
April 18 - 20, 2007



New Orleans, Louisiana
Loews Hotel
April 29 - May 1, 2009

contact with the company's chairman and prime mover, Orin Atkins, a legendary deal-maker who traveled the world and took a hands-on interest in his company's dealings. Masters recalled an instance when Atkins made a deal — an oral agreement — with the head of Louisiana Land and Exploration. The two chiefs drew out the provisions of the deal literally on the back of a napkin. Later, Atkins handed the napkin over to Masters and his colleagues in Ashland's legal department. His instructions: "Here's what I've agreed to, now write it up."

Masters compared Atkins to another colorful, world-traveling oil impresario of the same era, Armand Hammer of Occidental Petroleum. During his years at Ashland, Masters got to meet Hammer and see him in operation, and eventually Masters represented Ashland's interests in a long-running legal battle with Occidental. The suit arose over an oil concession in Sharjah, one of the emirates of the United Arab Emirates. According to Masters, Hammer had made a deal for Occidental to develop an oil field, but for whatever reason the company put off beginning operations there. After a long wait, the Sultan of Sharjah became impatient, and so he voided Occidental's concession and granted it in turn to a group of companies that included Ashland. When Ashland and its partners began producing oil from the field, Occidental brought a lawsuit against them, which led to years of headaches for the producing companies until they finally won their case against Occidental by calling on the Act of State Doctrine, which holds that acts of state by a foreign government — the sultan of Sharjah, in this case — cannot be challenged by outside entities.

Ashland later got out of the oil exploration business, and in 1978 Masters moved to Houston Oil & Minerals, where he helped the company with its first forays overseas. The work took him to Britain, Africa, the United Arab Emirates, and especially Colombia, where Houston Oil struck a complex deal for a producing property — "a sleeping giant," Masters called it — in the country's southern region, which was not well-established for major oil and gas production at the time. In nine months, Masters made twenty-two trips to Bogotá, one of which was punctuated by an earthquake that struck while he was in a meeting on a high floor of the state oil company's offices.

During his years with Houston Oil, Masters also spent a lot of time in the West African nation of Gabon, which previously had granted almost no contracts to foreign oil companies. The working conditions were less than ideal, but were typical for many negotiators working in far-flung corners of the world:

There were no modern accommodations. There was one good hotel. It was . . . certainly not a world-class hotel. It was nice and clean, but its services and amenities were none. It was arduous work, and one of the most difficult things was being stuck there on weekends. When you're negotiating with a host government, . . . you do so at their pleasure, and we may negotiate for two days or a day-and-a-half and then they say, "Well, okay, go away. Go away. We'll let you know when you can come back." And this would go on for weeks, or maybe two or three months. . . .

So on occasion I would be stuck there on weekends, and

you know, it doesn't take long to read everything that's in your briefcase, and pretty soon there's nothing to do but just sit there and look out the window and watch the rainfall. There's no television. No radio. There are no outside activities. There was a swimming pool, and that gets a little boring after a while, [and it's] not of much value in heavy rain. I'll tell you what, you earn your money in those deals.

By coincidence, one of the Gabonese ministry officials with whom Masters dealt had previously worked for Gulf Oil in Houston. Masters did a double-take the first time he visited the oil ministry and saw the man's Ford, still with its Texas license plates, parked outside.

Masters continued to work as a negotiator for Tenneco after that company bought Houston Oil in 1982, then left Tenneco in 1984 for private practice. During his years with Tenneco, Masters worked closely with George Burgher. In several cases, they traveled together — to Côte d'Ivoire, Tunisia, England — as part of the same negotiating team. It was through his connection to Burgher that Masters became active in the AIPN.

Masters, in turn, brought John Elliott into the AIPN leadership. Masters later said that persuading Elliott, whom he had known from their days at Houston Oil, to serve as treasurer "was one of the best things I ever did."

Elliott made a real contribution. He was very insistent that somehow we'd raise the money to pay an honorarium to our out-of-town speakers. And secondly, he started the solicitation of corporate sponsorship and corporate donations, which became, as you know by now, a very big thing later on. The organization is rather affluent now, whereas [back then] we were scrambling to pay postage.

Elliott downplayed his role as treasurer, although he agreed on the Association's constrained finances: "Being treasurer didn't mean anything. There wasn't any money — you know, five hundred dollars in the bank."

As treasurer, Elliott insisted on upgrading the pay for the Association's administrative staff. During the first few years of the AIPN's existence, a secretary or other assistant from the sitting president's company would serve as the Association's principal administrator. But Elliott recognized the amount of work involved in the position and wanted to ensure that the person was paid adequately for the AIPN work.

Claude Masters' then-wife, Cynthia, had taken on the lion's share of AIPN administrative duties. She started in this role as a member of George Burgher's Tenneco staff, and in fact it was Cynthia's involvement, along with Burgher's, that brought Claude into the Association in the first place. Eventually, with Elliott's prodding, the AIPN put Cynthia on the payroll. "It was not my selection to make her the administrative assistant," Claude later said, "but she did an outstanding job and she was with it for several years and the organization recognized her contributions. They gave her a plaque as the outstanding member award one year, and actually considered her to be an officer." Cynthia Masters continued to play that crucial role for several years in the late 1980s, until she handed over major administrative duties to Jo Ann Mulske.

During Claude Masters' tenure as president, the AIPN continued to develop its educational offerings. In November 1986 the Association hosted a one-day seminar on "The Future of International Exploration and Production" — the first of many autumn courses that it would offer over the years. And while the seminar included "golf, tennis, and sedentary activities" for socializing at the Westwood Country Club, its lectures offered a valuable opportunity for professional development, which made it easier, in tough times, for members to garner the support of frugal employers for their AIPN activities.

Over time, these educational activities expanded the AIPN's audience to include representatives of host governments and national oil companies — a move that some negotiators saw as dining with the enemy. In the August 1986 *International Petroleum Negotiator* newsletter, Masters talked about a negotiating workshop that he helped to give in Washington, D.C. All of its participants were employees of host-country oil companies or oil ministries, and Masters was impressed by the quality of their participation in the workshop.

Host governments are doing all that they can to elevate the level of competence of their personnel in the understanding of petroleum contracts and in their negotiations. . . . As time goes on, we will find ourselves confronting a more knowledgeable and skilled adversary on the government side of the table — a more formidable "foe." And that's not all bad. It should ultimately make our job a little easier in many respects.

Over the next ten years, the Association underwent a major change in philosophy as it first questioned, then welcomed the participation of host-country and national oil company negotiators as members.

Masters made other far-sighted comments in the newsletters during his tenure. For instance, in December 1986, while appealing to members to attend the upcoming spring meeting, he made the point that AIPN events need not always be held in Houston: "Although the [spring] seminar will be in the Houston area again this year, there is no compelling reason why it should not be held at another location in future years." He also talked about broadening the membership: "There is no reason why every company should not be represented within our ranks as well as every geographic region of the world. Wouldn't it be wonderful to have a world-wide directory of all petroleum negotiators?"

In his last newsletter message, Masters reflected on the current state of the Association, and on the road ahead:

Hopefully, we have seen the "bottom" of these nightmarish [industry] conditions. Our present membership is somewhat younger in terms of years within the industry, but they are supportive and eager. The incoming Officers and Directors are talented and dedicated. This coming year, and the following years, should bring continued strength and growth in our membership. It is becoming more varied, both from the standpoint of geography and in the job assignments occupied by the negotiators. Our opportunities appear endless. . . .

Although market conditions were then grim, Masters' optimism for the Association's prospects would turn out to be well-placed.

AN INTERNATIONAL AGENDA

I think Al Boulos has probably been in every country in the world. . . . Al Boulos — I think so many people consider him a mentor because he has so much experience and he is just such a kind, generous person and he's one that everybody looks to for advice.

—Marty Forte

Boulos was the most persuasive person I ever had seen. He could change your mind about anything, but he was such a nice, low-key person.

—Jo Ann Mulske

Although Al Boulos couldn't quite match Forte's claim — he conducted business in "only" about seventy-five countries around the world — he did help lead the Association toward a truly international identity.

Boulos was reared in Brooklyn, a background that he credited for building self-sufficiency: "You needed to take care of yourself and be aware of what was going on. No one gave you any easy path, at all." After graduating from a rigorous Catholic high school in New York, Boulos used a Naval ROTC scholarship to attend Marquette University in Milwaukee. After college, he served as an officer on aircraft carriers and other ships, and enjoyed the work so much that he considered becoming a career Navy man. But he returned to New York City to attend Columbia University Law School. After he finished in 1959, Boulos joined a white-shoe law firm on Wall Street, where he did work on foreign antitrust matters for Mobil Oil while earning an MBA in his spare time. Eventually, Mobil's general counsel, an alumnus of the same firm, recruited Boulos, and he joined Mobil's Middle East group at the company's New York headquarters in 1964.

Two years later, Mobil transferred Boulos to London, where he headed the Middle East department. His work, especially on Mobil's joint ventures, took him to many of the countries of the Middle East. In this job, he helped to handle many of Mobil's interests in the face of oil nationalizations in Syria, Iraq, and elsewhere. Boulos stayed in London, but moved in 1969 from Mobil to Conoco, where he worked until he retired from corporate life to become an independent consultant in 1993.

His work for Conoco gave Boulos a front-row seat for the upheavals that rocked the world of petroleum during the 1970s. In 1973, when OPEC imposed the Oil Embargo in the wake of the Arab-Israeli War, Boulos served as chair of the legal committee for the London Policy Group, which brought together top executives from twenty-three oil companies in the United States, Japan, the United Kingdom, and Continental Europe. With the blessing of regulators in the

United States and elsewhere, the Group sought to coordinate tactics for the companies in their negotiations with producing countries in the Middle East and North Africa. Boulos's committee dealt with matters arising from the posted price of oil, from currency effects, and from ownership participation by host governments in the producing companies. Most of these considerations went by the board when OPEC took over production and thereby took the upper hand in controlling the price of oil.

After 1973, Conoco and the rest of the Western oil industry continued its exploration and production efforts, but with an emphasis on non-OPEC parts of the world. Boulos's work in those years focused on the developing countries of Africa, as well as on the North Sea domains of Britain and Norway. ("They are very tough negotiators, the Norwegians; very tough.") As Boulos pointed out, "once the major shock . . . was over, we went back to the normal exploring for oil, producing oil, developing oil, [and] setting up marketing centers [and] refineries" — except that these activities proceeded mostly in areas outside of OPEC's influence.

It was during this phase of the industry's development that Frank Mytinger prevailed upon Boulos to organize a unit of the AIPN, or a counterpart to it, in Britain. The two men met at the Wellington Club in the western part of London — where, Boulos jokingly recalls,

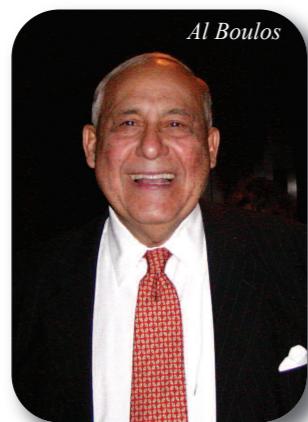
Mytinger plied him with Scotch to get him to agree to take on the job. Boulos was firm that any such group in Britain needed to be less formal than the AIPN: "I said, 'The Brits will not go forward with the kind of AIPN we have. They have a different way of doing things.'"

Ultimately, Boulos worked with Peter Ross of the British National Oil Company and a few others to establish the U.K. Negotiators Group, which operated on the informal lines that Boulos had in mind. As chairman of the group, Boulos hosted its first luncheon in the dining room of Conoco's London office:

We decided in the UK that the format for a UK Negotiators Group would be no dues, no subscriptions, no conferences, no reports, no seminars — strictly luncheons, which I think has a lot of merit to it insofar as you are dealing with other companies. It was an ideal situation: you talk to the guy over a couple of drinks, over lunch.

The group, which thrives today with a broader footprint as the European Petroleum Negotiators Group, would meet six times per year for a long lunch, with a different company hosting each time.

Boulos gave up his chairmanship of the Group in 1987, when he transferred to Houston. Although he had only joined the AIPN in August 1986, his old friend Mytinger



successfully proposed him as president to the Association's nominating committee.

Al was technically not qualified because he hadn't been a member long enough, but he was such an outstanding individual and was such a competent experienced negotiator that we sort of overrode the rules, the bylaws, and elected him as president.

—Claude Masters

Boulos came into office in the spring of 1987 with a focus on the "International" part of the AIPN's name. In his first newsletter message as president, he reminded members that "one of our goals this year is to forge closer links with our U.K. counterparts in London." He then conveyed an open invitation from the U.K.–European Negotiators Group, welcoming AIPN members to attend the group's annual meeting in Paris in May. In the next newsletter, Boulos again mentioned the Group, and reprinted a letter from its chairman, Leslie Bond, that described the group's meetings and repeated the earlier invitation to the Paris meeting. Boulos would continue to offer reminders of the Negotiators Group's meetings and of its kinship of interest with the AIPN throughout his year in office; overlaps in membership and notices in the AIPN newsletter would reinforce the connections between the two organizations in subsequent years.

That same May 1987 issue of *The International Petroleum Negotiator* newsletter included a note of thanks to Enron Oil and Gas for a donation "to help defray the costs of the annual conference and other activities sponsored by our organization." It also listed other corporate sponsors for the conference, including Amoco, Marathon Oil, Tenneco, and Union Oil. In a year when the price of a barrel of oil barely cracked \$20, it was vital to the AIPN's fiscal health that it attracted this type of institutional support. Corporate sponsorships allowed the Association to keep dues low for individuals, while providing additional services and boosting the organization's standing in the industry.

Boulos later recalled that the Association's budget was tight enough that there was talk of doing away with the Fall Conference. But Boulos maintained an emphasis on low dues and bare-bones costs for luncheons and conferences to make the AIPN's activities accessible to the widest possible audience. Even in hard times, membership in the AIPN continued to appeal to a broad international audience. Although most new members came from Texas, and even though social events such as the December dinner dance

appealed primarily to those in the Houston area, newcomers also joined from Canada, France, Indonesia, South Korea, and the United Kingdom. Members continued to benefit from a varied program of meetings that reflected their own interests and the major industry events of the day. As the Texaco–Pennzoil case played out in court, for example, AIPN members heard a luncheon talk from Tom Petzinger, the Wall Street Journal's bureau chief for Houston, who had written a book on the Texaco–Pennzoil battle.

Other speakers addressed aspects of the negotiation process, a subject that dominated the Fall Conference, which was held in October at the Westwood Country Club and which drew 85 participants for its seminars and mock negotiation session. The importance of building and maintaining negotiating skills was also the focus of repeated messages by Boulos in the monthly newsletters. For instance, in the January 1988 issue, he wrote:

The art and science of negotiations requires an understanding and a continuing study of the negotiation process. For example, how does a negotiator prepare for a negotiation beforehand? How can a constructive atmosphere for a negotiation be established? How are problems and conflicts handled? Fall back positions? Acceptable compromises? Definition of issues? How to conclude an agreement that leaves both parties with a sense of victory? Is there any realistic chance of agreement if both parties have not somehow won? All of us in negotiations must understand the nature of the negotiation process: a distinct sequence of steps leading to final agreement.

Years later, when he reflected on his own career as a negotiator, Boulos again stressed the importance of this sense of fairness to both sides as an essential attribute for a good negotiator.

As the AIPN's president, he spread his own views on the makeup of successful negotiations, while also calling on the Association's members to help define the organization's role. In a July 1987 message titled "Whither AIPN?", Boulos appealed to members for feedback on its purpose and direction:

In respect of the nature of AIPN, what do we want AIPN to be? Shall it be a professional association following the guideline of professional organizations such as geologists and geophysicists and other disciplines in our industry? Shall we strive to be an informal group with our purpose the scheduling of industry-related social functions? Shall we combine both objectives as much as possible?

Boulos's emphasis on professional skills and on the future direction of the Association reflected his dedication to the negotiating profession — something that rang out forcefully in the impassioned valedictory he gave in the last newsletter of his presidential term:

We may now pause and ask ourselves — What is AIPN? What are its objectives? Why should we support AIPN? First, AIPN is a symbol of dedication to our careers as

negotiators in the International Petroleum Industry. Second, AIPN provides a forum through which we carry out educational and social activities, through luncheons and professional seminars.

Third, AIPN confirms that a career in negotiations is an honorable profession, a profession that is essential to the exploration for petroleum, to the creation of wealth for our companies, and to the continuing supply of a commodity vital to the welfare of the world.

Fourth, through AIPN we emphasize the importance of a code of right conduct that we believe in as international negotiators. By AIPN, we make credible our belief that no concession, no license, no production sharing contract is worth any departure from our code of right conduct. We confirm by AIPN that nothing in negotiations is ever worth any compromise with our personal integrity.

Boulos's devotion to the camaraderie and development of the profession continued even after his tenure as president. In several of the newsletters during his term, Boulos reminded members of the AIPN's Resume Referral Service, through which AIPN presidents had served as confidential brokers between negotiators looking for work and companies and firms looking to hire. As Boulos explained, the service was kept "as simple as possible": job seekers sent him at least a dozen copies of their resumes, and employers wrote or called him about openings; Boulos would forward appropriate resumes to the employers on a confidential basis and then "drop out of the picture." For many years after his term as president was over, Boulos continued to steer the Resume Referral Service, drawing on his own standing and the AIPN's function as a gathering place for the profession to provide a useful service for negotiators and firms alike.

BUILDING FISCAL STRENGTH IN A TOUGH MARKET

Cynthia Masters called this morning to remind me of the monthly President's Message and suggested that I say something sentimental, perhaps even nostalgic. This is hard to do. I don't look at AIPN in a sentimental way. My thrust was to improve the Association and, even more, to get those involved members more involved and to help make AIPN an established professional organization. I think we have made substantial progress along those lines over the past year or so.

—John Elliott
The International Petroleum Negotiator,
March 1989

When John Elliott wrote those words in his last message as AIPN president, times were still tight — and then some — in the oil business. Throughout 1988, the price of a barrel of crude stayed below \$18; toward the end of the year, it fell back below \$14 per barrel. Despite these hard conditions, the

AIPN enjoyed a banner year, improving its finances, expanding the scope of its membership, and launching a major project to draft Model Contracts that would mark it for decades to come. As president, Elliott continued initiatives — to pay out-of-town speakers, to solicit corporate sponsorships, and to upgrade the Association's administrative setup — that he had helped to launch two years before when he served as treasurer under Claude Masters.

In these efforts, Elliott, like other AIPN presidents, enjoyed the expert help of the Association's executive director, Cynthia Masters. Her work had been acknowledged at the end of Al Boulos's term when she received the 1988 AIPN President's Award. Many years later, Elliott emphasized the importance of her role during that period of the Association's history: "Cynthia essentially ran it. . . . She was good and she did it for nothing." During Elliott's time in office, the Association also began to benefit from the administrative acumen of Jo Ann Mulske, who worked for AIPN secretary Roland Pentecôte at Elf Aquitaine's Houston office.

In 1988, the efforts of Elliott and others to solicit corporate sponsorships for the Association began to bear substantial fruit. In his first newsletter as president, Elliott announced that the AIPN had received a total of \$8,500 from several companies, including Amoco, Conoco, Petro-Canada, Sun, Tenneco, and Texas Eastern. In subsequent issues, Elliott thanked new sponsors such as Total and Union Texas. Many of these companies supported the 1988 fall conference and the 1989 spring meeting, which also drew contributions from Unocal, Texaco, Pecten (a U.S. affiliate of Shell), Elf Aquitaine, and others. All of this support helped to defray the Association's administrative costs, and allowed it to print and distribute the papers that had been presented at the 1988 spring conference.

New corporate funds notwithstanding, Elliott acknowledged the pain that low oil prices and a wave of consolidations were bringing to the industry. Yet amid this rubble he also saw opportunity. Two and half years after Claude Masters had made his appeal for AIPN members to help one another through tough times, Elliott reflected on the state of the oil business, and on the possibilities open to negotiators, in the last newsletter for 1988:

"Yes, Virginia, there is a Santa Claus"

To many of us 1988 would not be seen as much of a year in the oil patch. The price of crude oil wilted over much of the year, causing diminishing cash flow forecasts and stricter exploration and development budgets, saying nothing of what was done to the official forecaster's ego. . . .

Then too, we seem to continue losing players who have been with us for a while. To paraphrase former President Richard Nixon, "You won't have Tenneco to kick around anymore. . . ." Whatever that may mean personally, it does mean that it has been added to the growing list of international ex's which were with us when the AIPN opened its doors — Gulf, Superior, Getty, Houston Oil & Minerals, Texas Gas, [and] Tricentrol, among others. Then there are those who tried to join the same list but didn't get the right price or headed to various chapters [of bankruptcy] before

they had the chance.

But, Virginia, as the old Negotiator said, "It's not over 'til it's over." There is a much better chance today that a deal can be negotiated which will be profitable and rewarding when production comes than there was when Frank Mytinger was chosen the first President of AIPN in 1982. As a matter of fact, the challenge to the skillful negotiator today is to build stability into his agreements to withstand the demands when prices increase later on. Perhaps it takes more effort to sell production today than was thought necessary in 1982, but that seems to me to be another process that negotiators can participate in. Also, there are more countries willing to deal today and I believe there are as many interesting basins to want to be in as there were in 1982. If nothing else, geologists have added enough "new science" to apply to all areas which should rub off on negotiators. Maybe the price and players have changed, but plenty of opportunities still remain.

Merry Christmas Virginia and everyone!

Elliott himself had seen a lot of changes across the petroleum industry, both in the United States and abroad, during his career. He grew up in Southern California and earned a B.A. and an M.A. in geology from UCLA. When he finished school in 1952, he served for three years as an officer in the Navy, including on an aircraft carrier off the coast of Korea at the end of the Korean War. After his Navy stint, one of Elliott's UCLA professors helped him land an interview with Humble Oil, which put him to work as a geologist, first in the Sacramento Valley and later in the Los Angeles Basin. In 1965, he transferred to Esso Australia, where he supervised the geology for lucrative blocks in the Gippsland Basin, in shallow water off the coast of the state of Victoria. Along the way, Elliott married an Australian woman; shortly after Esso assigned him to Singapore in 1969, he left the company and returned to Australia. He stayed there until 1975 as an independent consultant, then moved to Houston, where he eventually went to work for Houston Oil and Minerals.

At Houston Oil, he teamed up with Claude Masters, and, after Tenneco bought the company, with George Burgher and Frank Mytinger. His work took him to the Philippines, Colombia, the North Sea, and Tunisia, and to Sharjah in the United Arab Emirates. He became a negotiator, working often with Masters. "We really didn't have a negotiating title per se," he recalled; "I began to learn a little bit about negotiating just by having to do it." Elliott stayed with Tenneco until 1983, when he struck out on his own as a consultant. His work in later years — some of which again included Masters — took him to new places, especially Guyana on the northern coast of South America.

As president, Elliott imagined a broader international base for the Association's membership. In his first newsletter as president, Elliott announced that the AIPN board had lowered the dues for members outside the United States and Canada to \$20 per annum "with the expectation that membership outside North America will enlarge and be of general benefit for all members and in consideration for those who, by location, find many of the functions organized by AIPN too distant." While it would be several more years

before the Association began holding major meetings outside the United States, and before the Association's various Regional Chapters around the world became vibrant centers of activity in their own right, Elliott's comment presaged a future in which the AIPN would grow far beyond its roots as a convivial Houston lunch club.

In that same newsletter, Elliott foreshadowed another area of future growth when he broached the possibility of extending membership to representatives of host country governments and national oil companies. He returned to this theme in the October 1988 issue, when he "particularly invite[d] members to sponsor key representatives of various government agencies . . . I'm not too modest to suggest that sponsoring a national oil company negotiator to join AIPN is a very flattering act all the way around." In that same newsletter, he reported that the Association's membership had grown to 305 people. He announced "a modest and low-key membership drive" and touted the benefits of an expanded base of members, not least because "our directory will become an authoritative Who's Who of the petroleum negotiating business." This appeal was particularly apt because, unlike the members of many other professional organizations, AIPN members often did business directly with one another. Two accountants or two cardiologists could enjoy each other's company at decades' worth of professional conferences without ever working together, but two petroleum negotiators might chat at an AIPN luncheon one week, then find themselves working together on a negotiation in Indonesia or Peru the next week.

In another sign of the Association's broadening embrace of the petroleum industry, Elliott encouraged members to invite colleagues who were not negotiators to the group's major meetings. In his appeal for the 1988 Fall Conference, Elliott wrote, "[W]e hope to draw our attendance from our regular members as well as professionals in related disciplines such as geologists, engineers, geophysicists, and attorneys." The 1989 Spring Conference also broadened the Association's footprint, since the foremost topic covered in its seminar sessions was not oil but natural gas.

Elliott understood the importance of the social side of these meetings as well as their intellectual content. In fact, his background as both a geologist and a negotiator gave him an unusual perspective on the differences between the two lines of work, and on why negotiators benefited so much from a professional organization as social as the AIPN:

Negotiators are social animals because they have to talk to people, and I think that's important. It's not geologists who sit down and look at electric logs all days and that sort of stuff; you have to do a deal and doing a deal means talking.

Certainly, good negotiators kept finding their way to the AIPN, even as some of the Association's founders rotated off of active duty as officers or board members.

Among many other new members, two men who would help to shape the organization's future joined during Elliott's term. The July 1988 newsletter announced the membership of Andrew Derman of Sun Exploration & Production. Six months later, future president Mick Jarvis of Amoco joined as well. In later years, John Elliott recalled members like

these as the source of AIPN's success: "[T]here were some people very generous with their time and their abilities, and that's what made it work, and they didn't get paid for it either." For Derman, Jarvis, and many others, that generosity of time and talent was poured into the greatest initiative that arose during Elliott's tenure: the drafting of Model Contracts.

MODEL CONTRACTS TAKE ROOT

Even as the industry suffered through a deep trough, AIPN members were focused on the broader impact the Association could make on the petroleum business. In the June 1988 newsletter, John Elliott announced the formation of a committee to work on Model Contracts that could be used by negotiators from different companies in different settings. The goal was to draft contracts that would be balanced, fair, and acceptable to both sides of any deal.

Leading the charge to draft the Model Contracts was Sean Murphy, a lawyer and negotiator with Sun Exploration & Production Company (later called Oryx Energy) who would become the Association's president several years later. Remembering the genesis of the Model Contract effort, Elliott gave credit to Murphy for his willingness to tackle such a project, and to the Association's board for its willingness to back him:

I think the thing that perhaps impresses me most was Sean Murphy coming to the board. . . . And he said something to the effect, "I would like to put a group together to develop a model joint operating agreement." There are two things that are impressive: that he wanted to do it, and . . . that the board says, "If you want to do it, you go ahead and try." You know, there aren't a lot of boards that would agree with that. . . . It's so easy to say "Let's don't do that." It's kind of normal business [to say] . . . "Getting in over our head" or "How can we do that?" or "That's complicated."

For his own part, Elliott's reaction to Murphy's initiative was "If he's crazy enough to try it, let's do it." Looking back nearly twenty years later, Elliott believed that the work on Model Contracts established the Association's place in the industry as much as anything else did.

Murphy's partner in the project was his Sun colleague Andrew Derman, a lawyer from New York who had handled antitrust work and international litigation for Sun in Pennsylvania and France before being transferred to Dallas. Unlike Murphy, who grew up near the oil fields of Beaumont, Derman had no exposure to the industry before joining the company:

During the entire period from the time I was born in Long Island to the time I graduated from law school, I knew absolutely nothing about the oil and gas business. I just assumed that gasoline was underneath gasoline stations. A lot of oil, I guess, where there were four stations on every corner.

—Andrew Derman
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Before he joined the AIPN, Derman was already active in another professional organization, the American Corporate Counsel Association. Early Model Contracts were published under the joint aegis of the AIPN and ACCA, starting when Murphy and Derman co-chaired the drafting committee for the joint operating agreement. In later years, Derman drifted away from ACCA, but continued to lead one project after another for the AIPN, especially ones centered around Model Contracts. (He did not, however, choose to ascend the officer ranks. Frank Mytinger later said of Derman that "I would have liked him to be a president of this organization many, many times, but he was too smart to do that.")

Derman and others had recognized a disparity between oil deals in the United States, the legal side of which ran quite efficiently, and those in some other countries, where things were not so smooth. Differences in laws, languages, and customs often make the work of international negotiators interesting in a good way, but, in the matter of contracts, those differences could make it hard for negotiators to come to agreement on even the simplest provisions that governed petroleum deals.

The domestic oil and gas [business] in the United States was very organized [by the early 1980s], with model forms and processes and procedures. And the international piece seemed totally disorganized to me. No one brought discipline to the exercise to organize it in a way that made sense. So people were negotiating operating agreements— even simple confidentiality agreements — by flying all over and negotiating the document; then starting anew; then pulling the document out of their friend's drawer that was a model for another agreement, and it didn't really build on itself. It was a very, I thought, ad hoc, extremely inefficient, and disorganized effort. And my realization that there was a better way to do it [came because] I was working in Dallas doing both international and domestic— domestic meaning U.S. work.

—Andrew Derman

Derman, Murphy, and their committee colleagues realized that well-drafted Model Contracts, starting with the simpler confidentiality agreement and the more complex joint operating agreement, had the chance to make a big impact across the industry because contracts such as those deal with fundamental business issues that apply to all projects in petroleum exploration and production, regardless of when or where they are undertaken.

There is a certain amount of core contracting that is done at the heart of the deal-making. For example, the governance process for a joint venture project is embodied in a joint operating agreement. Before you will share information about a deal with someone else, you will get them to sign a confidentiality agreement, limiting their use of whatever data is being disclosed. For any of these documents, there can be a distinction made between those provisions more standard to all agreements and those points which must be tailored to the particular transaction. AIPN model agreements attempt to get the standard provisions pre-agreed so that they custom

provisions can become the focus of negotiations. For too long, every company's legal department had their own proprietary way of looking at "boilerplate" arrangements. Each was proud of its own drafting language, even though other companies were saying essentially the same thing but in a slightly different way, using different words, different forms. It became a battle of the forms, and the deal makers got very frustrated when something that should have been quickly dispensed with started slowing down or even threatening transactions.

—Dee Simpson

But if standard language and provisions could be agreed upon, then Model Contracts containing them could bring the benefit of efficiency to all sides of a deal.

It was the ultimate in efficiency because the program was — my objective was — after you've read it, you never had to read it again. You just had to compare it to the model form; if it was basically the model form and you had no problem with it, you just signed it.

—Andrew Derman

Not everyone saw it this way at the time, and the Model Contracts weren't universally popular when they were first proposed. Several of the larger oil companies balked at the idea because they had already developed their own contracts with the language and provisions they preferred; many of them saw these proprietary contracts as an important competitive advantage. According to Murphy, big companies like Exxon and Shell "didn't want non-operators asking for [the AIPN Model Contract] or non-operators holding it up and saying, 'You have to change your form, Shell, because this is the standard the industry has accepted.'"

One key voice of the big companies' dissent was Mick Jarvis, a Briton who worked as a negotiator for Amoco. Like Sean Murphy, Jarvis would later go on to serve as AIPN's president, but when he joined the organization in 1988, it was to represent his company's interests at the drafting table for the model joint operating agreement.

The drafting committee put together a little confidentiality agreement model form, and then the [joint operating agreement] came around. And the feeling at Amoco was, we don't need a model form. We're big enough; we can draw up our own agreements.

Then Amoco got a little nervous. The feeling was if the other companies are taking part in this, and it does actually get some legs, the agreement may end up not looking the way Amoco wanted it. And sure enough, I came down to a meeting, and joined the AIPN, and joined this drafting committee. Soon as I looked at the operating agreement, I thought, no; I don't think they're going to like some of this in Chicago [at Amoco headquarters].

So I went back to Chicago and got a mandate that we did need to get involved and I would try and redraft it. . . . In essence, I thought it favored smaller companies too much over bigger companies, who were likely to be the operator. It

had been a conscious effort to try and balance the rights between operator and non-operator, which is a classic point of heat generation, if you like, in an operating agreement. But I just thought they'd gone too far, and from a big company's point of view, I thought there were some things in there that we would never live with. So we started pulling it back.

—Mick Jarvis

In early 1989, the Association's newsletter announced that the AIPN Spring Conference that year would feature a working session to discuss the Model Contract; also that spring, Murphy's group circulated a long questionnaire to AIPN members soliciting their feedback about the joint operating agreement. During the rest of 1989, interest in the Model Contracts picked up, committee meetings increased, and an extra day was added to the Association's Fall Meeting to accommodate an eight-hour discussion of the Model Contracts — a session that turned out to be well-attended by ACCA representatives and a cross-section of the AIPN membership. By that point, it was clear that Murphy, Derman, and their committee colleagues were serious about seeing the project through, and that they had the support of the AIPN leadership. Jarvis's engagement with the project, along with diplomatic efforts from committee members like John Vance, eventually brought the big companies around to support the Model Contracts, or at least not to oppose them.

Philosophically, I think the big oil companies who had resisted being involved with AIPN model forms in the early stages eventually took the attitude, "Well, if you can't beat them, join them." In the end many of the big oil companies have become ardent supporters of the AIPN model forms.

—James Barnes

Along the way, the drafters came up with a format that would achieve the benefits of standardization but also allow some flexibility: at key points throughout the agreement, they included a menu of choices for different contract provisions.

I don't remember whose idea this was . . . but someone came up with this bright idea that the agreement should offer alternatives and options. So the AIPN Model Contracts are unique . . . because they are replete with options and alternatives. . . . As long as you knew how to fill out the options and the alternatives, an experienced commercial guy or experienced lawyer could basically complete an operating agreement.

—Andrew Derman

The format acknowledged the inherent tension between operators and non-operators in a petroleum joint venture — the same competition that got Mick Jarvis involved in the drafting project in the first place. Dee Simpson explained how discussions over the AIPN joint operating agreement played out once the model was used in real negotiations:

There is always a natural tension between the operators of a venture and any non-operators. In dealing with such issues, there will be certain crucial decisions, each with a range of approaches available. The efficient solution comes from a menu of options that focus the negotiation. The purpose is not to hard-wire the core of a deal but instead to turn the conversation to issues that must be re-thought deal-to-deal, leaving boilerplate to be agreed in advance in some industry standard manner.

—Dee Simpson

After the first Model Contracts were published in 1990, it took little time for the industry at large to embrace them. Many users agreed with Derman's initial assessment of the efficiency promised by the Model Contract approach, and even the initial holdouts among companies represented within the AIPN came to admit the utility and cost savings of the forms. Derman tells the story of an incident that occurred one year after the very first Model Contract was finished:

I received a model confidentiality agreement which was based on the model form, from Benin City, Nigeria, with an indigenous company. And I'm thinking, if it got to Benin City in a year, and if it was used as the model by a group in Benin City, it had worked, okay.

—Andrew Derman

The Model Contracts were useful for negotiators out in the field, and therefore useful for their companies. Beyond that, though, members of the drafting committees often found that the actual work of producing the models represented a wonderful educational opportunity in itself. Derman talked about the value it held for him personally:

The highlight of my intellectual challenge, in terms of the highlights of being a lawyer, was some of these drafting sessions. Because we would get people who really did do this work and they would talk about it. There's a very small group of people who do this work. So, if you could get a significant number of those people together to talk about what they were doing, and they would share stories and say, "You can't do this." "Oh, yeah, that would be really bad if we did that." And someone would say, "Oh, we should do this." "Oh no, this happened to me." So it was the collective wisdom of the group which allowed us to develop this [joint operating agreement] form.

—Andrew Derman

Many years after the first Model Contracts were published — and long after they had become an AIPN calling card across the industry — Frank Mytinger reflected on the lasting impact of the entire enterprise:

I remember sitting in a large conference room in ARCO's Dallas office. I guess there were thirty-five or so industry representatives . . . attending this drafting session. . . . I just thought, "Look at the expertise that's sitting around in this

room — that companies have hired these guys and think the world of them, pay them good money, and here they are volunteering their time and effort to this organization." It helps the industry, it helps the companies, but still — that they would do it. Boy, I thought, you couldn't afford to buy this kind of help.

—Frank Mytinger

EUROPEAN CONNECTIONS

The Earth is a changed planet politically since our Fall Seminar only a few short months ago. Are these political changes a harbinger for changes within the international petroleum industry this decade?

—Tim Sands
The International Petroleum Negotiator newsletter, June 1989

While the drafting committee for the model joint operating agreement forged ahead, the Association's luncheons, educational meetings, holiday parties, and other activities continued unabated. Like the preceding years, 1989 was a lean one for the petroleum industry: during the year, oil prices rebounded slightly from the lows of 1988, but they still spent more time below \$20 per barrel than above it. Tim Sands, a negotiator with Marathon Oil who had already served the AIPN in secretary, vice president, and committee roles, became president in the spring of 1989. During his term, a concentrated public relations campaign helped the Association to increase its membership by twenty percent. In a sign of the Association's growing connections across the Atlantic, Michel Vuillod of Elf Aquitaine — who was the incoming chairman of the UK–European Negotiators Group — was named to the AIPN board of directors.

Sands himself built more trans-Atlantic connections for the Association in the middle of his term, though not in the way that he or other AIPN members might have expected. In the October 1989 issue of the International Petroleum Negotiator newsletter, Sands explained that Marathon was transferring him from Houston to its office in Cork, Ireland. He explained that, "With the groundwork for the remainder of my term having already been laid and following the discussion at the last AIPN Board of Directors' Meeting, I will continue to perform the duties of President and, in accordance with our By-Laws, our First Vice President, Michael Coffield, will perform any required duties if I am unable to do so." For example, Coffield took over the nitty-gritty details of organizing the Fall Conference, though Sands made the long trip from Ireland to Texas to serve as the master of ceremonies for the event, which highlighted the progress that was being made on the model joint operating agreement.

The reaction to Sands's reassignment to Ireland was quite a change from just a few years earlier, when moving away from Houston meant an end to an officer's tenure. But

the widespread use of fax machines in the late 1980s, and then e-mail and cell phones in the 1990s, changed life in many ways for petroleum negotiators. At the end of his term, Sands thanked the officers, directors, and members of the Association for their support as he relocated to Ireland, then added, "I know we've all found the fax machine to be a godsend." Gone were the days when "I was talking to Kenya today" sounded so exotic — and gone were the days when all of the AIPN's officer corps resided in Houston.

Meanwhile, in November 1989 the world watched in awe as Berliners peaceably breached the Wall that had for so long divided their city. The international system of Communism was beginning to collapse — a development that would have profound consequences not only for the world in general, but for the petroleum industry in particular. In his last president's message in March 1990, Sands mused on the breathtaking historical events that had taken place in the preceding months, the upheavals that had rocked the industry in the decade just closed, and the Association's role going forward:

For those of us who commenced the 1980s in the petroleum industry, we tend to believe that we have now "seen it all" and any yet-to-occur changes cannot possibly create as much volatility as we have experienced this past ten years. I hope this proves to be the case. However, we must continue to be innovative in the agreements which we negotiate in order that they are better able to compensate for unforeseen occurrences. Could any of us envision that the "go-go" days of the early 1980s would lead to the "crash" in the mid-'80s and less than \$20/barrel OPEC-priced oil in the late 1980s? A company commercial success in an exploration and producing venture is dependent upon its negotiator incorporating a contractual regime within a document which will yield substantial margins during steady times and protect the company's investment during depressed times.

As changes can come upon us so quickly, a forum in which views can be discussed and ideas shared becomes increasingly important. AIPN provides such a forum. In addition to facilitating an interchange of views, AIPN affords unique educational opportunities and promotes friendly discourse among its membership. In the long term, this will benefit the members and likely their taskmasters as more favorable agreements are struck. AIPN is an organization of which we can all be proud.

—Tim Sands

When he wrote those words, Sands could not know how much more international upheaval was still to come, not just across the 1990s as a whole but even in 1990 itself after Iraq invaded Kuwait.

At the same time that historical events like the fall of Communism were redrawing the world's geopolitical map, petroleum hunters were beginning to redraw their global exploration maps.

Throughout the history of the energy business, the industry moved into ever more difficult and challenging settings. The requirements became more complex, and technology and business models were forced to adapt accordingly.

Operations progressed from drilling onshore to drilling offshore, from drilling offshore in the Gulf of Mexico to the North Sea; from the North Sea to West Africa and so on.

Another big element of change has been in the emergence of gas. It used to be very much an oil-oriented business, because oil is easier to deal with. It's very fungible in the marketplace and relatively easy to transport. The challenge with oil was more about finding it in the first place. Gas has different business characteristics. . Its transportation difficulties require that a commercialization plan be in place before serious exploration even begins. The implications for dealmakers has been to force them to become much more knowledgeable in a broader range of marketing solutions in areas of midstream/downstream expertise not required of the past.

And lastly, barriers to entry have shrunk, somewhat of necessity, as these formerly domestic-oriented companies find they just can't find targets of material size in more mature areas like the onshore U.S. and even the North Sea. Corporate growth in the energy sector is increasingly forced to turn to international emerging areas. In the process, the number of international players has greatly increased.

—Dee Simpson

These changes, plus the upheavals of politics, meant that the decade just beginning would be an eventful one in the history of the petroleum industry. The 1990s would also see the AIPN expand its programs, extend its reach around the world, and become an organization of increasing scope and sophistication.

MODEL CONTRACTS BEAR FRUIT

In many instances, we went sometimes for years before we'd sign a joint operating agreement [in the old days], or it would take years to negotiate a bidding agreement. Now we can get it done in a few months time. This time savings came about because of these model forms. Initially, we had to put in a lot of work preparing them, but the benefits have been absolutely fantastic.

—Sean Murphy

In his first newsletter message as AIPN president, Mike Coffield of Amoco recapped the 1990 Annual Meeting at the Del Lago resort, reporting that Sean Murphy "received the Member of the Year award for his work on the Model Joint Operating Agreement project." The publication of the model joint operating agreement and confidentiality agreement during Coffield's year in office would mark the beginning of a new era for the Association in terms of its prominence within the petroleum industry.

In the midst of this activity, the Association brought in a new executive director, Jo Ann Mulske. In the August 1990 newsletter, Coffield (whom Mulske later described as "laid

back" and "very pleasant") announced that the board had approved her to take over the reins from Cynthia Masters, who went on to serve on the AIPN board for several more years. Mulske had done administrative work for Elf Aquitaine in Houston starting in 1980. Before that, she herself had accumulated considerable international experience outside the oil business: having married an Army man, she had once lived in Germany for five years. Mulske's involvement with AIPN started in 1988 when her Elf Aquitaine boss, Roland Pentecôte, took on officer duties with the Association.

Elf Aquitaine added . . . a gentleman from France who, among his other duties, was the representative of international scout meetings. . . . He went to the meetings and he sent reports back to France. And subsequent to all these meetings, he was getting involved in AIPN. He took the post of secretary. He came in and said, "If I do this, you're the one who'll have to do the work." I said all right. So we worked it out and that's how I became involved with the AIPN.

—Jo Ann Mulske

Al Boulos later described Mulske as "just superb"; Sean Murphy said that "She really was the glue that kind of kept us all together" because she was so "dedicated and conscientious." Mulske became a pillar of the Association, serving throughout the 1990s and helping to corral the paperwork and logistical details for a growing membership.

In September 1990, Mick Jarvis became the AIPN's secretary, even though he had joined the Association less than a year before to represent Amoco's interests on the drafting committee for the model joint operating agreement. His rapid induction into the officer ranks put him in the unique position of signing his own membership certificate. Jarvis and many others had put in long hours hammering out the two Model Contracts produced that year. The first to be published, the confidentiality agreement, took shape through the work of a committee chaired by Rod McAlister of Conoco. The second model, the one that became a real landmark for the AIPN, was the joint operating agreement shepherded by Murphy and Andrew Derman. Years later, Murphy recalled that Bob Cummings of Union Texas was the very first negotiator to use the form, within a couple of months of its publication; Murphy himself used it soon thereafter on a deal in Indonesia. These early experiences immediately confirmed the utility of the model and its effectiveness in reducing the time needed to negotiate and finalize an agreement, while also giving its drafters more ideas about how they might improve future versions of it.

Much of the work on the Model Contracts, both then and later, took place during annual workshops that Derman organized in Vail, Colorado. His family enjoyed vacationing there in the summer, and so Derman and his secretary put together a program that combined a family atmosphere with serious work on the Model Contracts. He emphasized the informality of the proceedings:

We used to stay in Vail. . . . We stayed in this one hotel near

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ОБРАЗЦА МЕЖДУНАРОДНОГО ОПЕРАЦИОННОГО СОГЛАШЕНИЯ

MODELO DE ACUERDO DE OPERACIÓN INTERNACIONAL

Model International Operating Agreement

ةيقيق افت! دشغيل

CONTRAT-TYPE D'ACCORD INTERNATIONAL D'OPERATIONS

the gondola in Lion's Head. . . . It had a big lawn in the backyard. We would organize a family function, which was very unique for any conferences of the day, where the family was — not only were they invited, but they were encouraged to come. . . . The majority of people brought their families to these conferences. And we would have volleyball and kids' activities. My wife and I would go out and go to Sam's or Wal-Mart and buy table cloths and plastic spoons and paper plates, and order lots of pizzas. And we would sit outside . . . we would get beer and wine and everyone would spend at least one day with this kind of picnic affair for dinner.

Then maybe one night we would go to a Moroccan restaurant or something fun — all very casual, and all family-oriented. And then we would have a detailed discussion about model form agreements that we were working on. . . . Not a presentation where some supposedly smart person talked to people that were less-experienced in a particular area, but rather sitting around a big table and sharing ideas with one another.

—Andrew Derman

Notwithstanding the family atmosphere, disagreements about the Model Contracts sometimes got contentious — even comical. Two decades later, Derman laughed when he recalled a Vail episode when a proposal he made about secondment provisions in the joint operating agreement so incensed another negotiator that “for the only time in my life . . . I was the recipient of food flying in my direction.”

Although Model Contracts made the lives of negotiators easier, they could not erase the need for good business sense — and good people sense — among negotiators, because even a perfect contract could not solve every potential dispute. Looking back on his long career, Al Boulos, the veteran of so many deals around the world, said that he valued a thoughtful negotiation process as the starting point for a fruitful business partnership, but also emphasized the importance of sensible dealing by oil companies long after negotiations were done:

Agreements are the heart and soul of this industry. And they are both a blessing and a curse. They are a blessing if you negotiate them and they are fair and equitable and ethical, and both parties are willing to accept it. But then, in the implementation of that agreement, one should take the

agreement and hide it in the back drawer and just deal in a day-to-day situation with the host government or the state national oil company. Because the curse is that if you start to look at it line by line, word by word, it can impinge on relationships, and it can be a roadblock to the relationship. Because oftentimes you have to make adjustments. I don't say you make a wholesale deviation from the agreement . . . But in the implementation there are a lot of give-and-takes that ought to be, and there should be an open door.

—Al Boulos

Eric Fry, who would later serve as AIPN president, likewise emphasized the importance of fair dealing:

There are short-term battles that you win, but you will lose the war in the long term. It may sound trite, but it's very true: what goes around comes around. If you take advantage of a negotiating counterpart in one phase of a negotiation, they'll remember that and you most likely won't do a deal again with that party. The most important thing for an international negotiator to remember is . . . you're starting a relationship that you hope will last a lifetime. And these contracts last twenty and thirty and forty years. And so it's not important to get a pound of flesh early on. In fact, it's quite counter-productive. You want an educated counterpart. Instead, you want them to know exactly as much as you know because they have to convince their respective management or government to do this project, just like you do.

—Eric Fry

Sometimes building those relationships required creative thinking beyond the bounds of a negotiator's usual duties. In a vignette written for this history, Norman Nadorff recalled an episode in which a change of venue made all the difference:

A traditional real estate maxim is that location is the single most important ingredient for success. Location can also be hugely important in negotiations as well.

The year was 1997, and ARCO was hoping to land one or more PSA's in gas-prone on-shore areas of Mozambique, starting with the prized Temane Block. In order to create a harmonious and productive negotiation environment, ARCO

2002 • 2003 • Banff, Canada



2004 • 2005 • 2006 • Tuscany, Italy



2001 • 2008 • Vail, Colorado, USA



2009 • Rio de Janeiro, Brazil



2007 • Bergen, Norway



suggested its comfortable offices in historic Guilford, England as the site for the first round of meetings. Much to ARCO's surprise, our Mozambican counterparts suggested instead a hotel located at the North Terminal of Gatwick Airport, which was vaguely reminiscent of the Bastille in Paris. Presumably this choice was based on convenience, as it paled by comparison to Guilford in all other respects.

Negotiations began promptly on Monday morning. Within minutes we all knew the choice of venue was a disaster. The conference room was claustrophobically narrow, and the negotiating teams, largely strangers, sat facing one another at uncomfortably close range. Disappointingly little was accomplished during five tense days, with the social highlight of the week being a Wednesday-night excursion to the North Terminal for a round of beers. A week in London spent entirely at the airport!

Back in Texas, we at ARCO were pondering how to salvage the precarious negotiations, when a creative and welcome invitation arrived from our counterparts: come to Mozambique's idyllic Benguera Island to finalize the PSA negotiations. ARCO Management's reaction: pack your bags and bathing suits, gentlemen, and make it happen! Stepping off the charter plane onto the palm-lined runway, we immediately recognized the genius of the Mozambican plan. The newly constructed island resort was the perfect place to jump-start stalled negotiations. Its thatched-roof remoteness allowed concentration, inspired congeniality, and forged friendships among former adversaries. Countless memorable moments occurred during and between negotiations, including moonlit swims in the warm waters of the peaceful Indian Ocean and both sides feasting on fresh mahi-mahi caught at dawn on the final day of negotiations. By week's end all major issues had been resolved. The Temane PSA was signed in due course, ultimately leading to a major dual-country gas development project. The moral of the story: though paradise is normally not an option, by all means avoid negotiating in a prison.

—Norman Nadorff

Boulos, Fry, and Nadorff sought thoughtful, diplomatic approaches to avoid ruptures in commercial relationships. The second half of 1990 witnessed a much bigger rupture, one that affected both the petroleum industry and the wider world, when Iraq invaded neighboring Kuwait. President George H. W. Bush worked to build an international coalition to check Iraq's ambitions. Meanwhile, oil prices spiked: after spending much of the spring and summer of 1990 around \$18 per barrel, oil climbed above \$35 by October. But the spike was short-lived. After a multinational force expelled Iraqi forces from Kuwait early in 1991, oil prices returned to the range of \$20 per barrel, where they would stay for years to come. Although the Association's Model Contracts made life easier for international negotiators, general conditions of business were not getting any easier across the petroleum industry.

—Walter Mosgovoy

INTERNATIONAL UPHEAVAL

The Gulf War ended quickly, but the bigger international issues facing the oil business were not so readily addressed. The dollar price for a barrel of oil hovered in the teens for much of the 1990s; petroleum companies of all sizes sought new ways to increase reserves and maintain profitability despite the slow depletion of older fields and weakened global demand for oil.

Conditions like these put more pressure than ever on negotiators, especially when many of their companies endured round after round of layoffs. Yet as John Vance of Exxon assumed its presidency in 1991, the Association kept up intense activity on several fronts. Committees drafted more new Model Contracts. Members sought out each other's company, advice, and business at monthly luncheons in Houston; at the Spring Meeting, Fall Conference, and holiday party; and at special-purpose gatherings in places like Vail. And while the market for crude oil was weak, the AIPN's membership included many old industry hands who had survived earlier shocks and slumps, and whose dedication to the petroleum business stayed strong through the lean times.

Meanwhile, global events were changing the nature of international negotiators' work. In particular, the disintegration of the USSR was making life much tougher for negotiators doing business there. Tim Martin, who would later serve as the Association's president, worked in Moscow in the mid-1990s. In his words, "There was chaos. There were no rules. It was like the Wild West."

Walter Mosgovoy's experience provides a case in point. After serving as AIPN president in 1985 and taking early retirement from Pennzoil in 1987, Mosgovoy joined Amoco as a consultant, with a focus on opening up that company's markets in the Soviet Union and other Eastern European countries. In 1990, Amoco decided to open an office in Moscow and asked Mosgovoy to help set it up, a task that kept him in the Russian capital for two years. Business conditions were chaotic.

It was very disheartening because we would negotiate a contract with the Ministry of Oil in Moscow and then we'd go to the local areas where the reserves are that were found. And they needed to be developed, and then transportation, et cetera. So we would agree on a contract, which is unbelievable compared to our usual contracts, and had to include the provisions for the schools and for the hospitals and for housing; . . . in the Soviet Union at that time, we had to provide a certain production, so many barrels, towards this activity.

Once you had everything done, then the collapse took place and we had to renegotiate everything, because in Azerbaijan, [in] Baku, you know, they became independent countries. So you had to renegotiate things with that country and not with the blessings of Moscow.

Except in extreme cases like this, the utility of the AIPN's Model Contracts for international negotiators had already been clearly established by the year after their initial publication. An example comes from the career of Marty Forte, who switched over to the international side of Mobil's operations in 1991, after working for fifteen years as a Mobil landman on the domestic side. Forte became a member of the AIPN right away, but not before she began using AIPN Model Contracts in her work:

When I joined AIPN in 1991, there had been already quite a bit of work done on international contracts. . . . For example, there already was an operating agreement that AIPN had come out with. I used it the day I started working international.

—Marty Forte

Still, the full internationalization of the organization was yet to come. Despite the forays the Association had made abroad by then, Forte recalled the U.S. focus it had when she joined in 1991:

We were very focused in the United States at that time as far as where things happened. All the conferences were in the United States and all of the meetings were in the United States, and even though we had members from all over the world, the meetings and conferences were all here. Committee meetings were all held here, such as working on Model Contracts.

—Marty Forte

Andrew Derman, who by then was a major contributor to the Association's work, framed that early regional focus in the context of the organization's entire history:

The criticism was, a lot of the meetings were in the U.S. The reason they were in the U.S. was because most of the people were in the U.S. and it was cheap to go to Vail, Denver, right? Go to Houston — most people could just drive. So we made it easy, that's where it started. Then it became a major organization with a core competency of making the best parties in the world. Which we clearly did. There were great parties and there was great diversity of people there from all over the world. It becomes a really wonderful networking opportunity. . . . And that's how we evolved.

—Andrew Derman

That evolution continued across the 1990s and the 2000s, as the AIPN made profound changes that took it far beyond its Houston roots. Just as its members spread across the globe in the normal course of their business duties, the Association also began to reach far abroad — into all the corners of the world — in its activities.

PUBLISHING PROGRESS

When I was growing up, I was from a family that was very

sympathetic to the civil rights movement. We saw what was happening and there was nothing that any one person could do. But you became very sympathetic to the plight of the minorities and the different cultures. I think it just made me more tolerant. . . . At the time, I remember thinking, all of this is so stupid. There is a picture of how things should be, and we just need to get past where we are to get to that situation.

I find myself thinking like that in a lot of negotiations. A lot of times we get stuck on issues that are national pride, company arrogance, company pride, and yet you know that there is a balanced solution. So you find yourself knowing that there is a compromise out there, and you just have to explain it to both sides. As a negotiator, you end up having to negotiate as much with your own company as you do with the other side. You have to bring the other side's position back into the company and explain it. Because a lot of times, they don't get it until it's explained by somebody else. And sometimes we're more eloquent at expressing their position than they are.

—Mike Foley

Mike Foley, who became the AIPN's president in 1992, had grown up and attended college and law school in Alabama during the era of civil rights activism. After working in public-policy research and becoming a lawyer, he moved to Houston in the early 1980s to work for Shell's U.S. outfit, Pecten. One of his senior colleagues, Hank Thomsen, had been a member of the steering committee that founded the AIPN, and Foley became a member of the Association during its second year of operation, when Jack Rosshirt was serving as president. At the time, Shell was not particularly eager for its employees to fraternize with peers from other companies, even though Foley and Pecten colleagues wanted to learn from the other negotiators who were based in Houston. Foley's Shell superiors "never discouraged us from participating," he later recalled. "They just never encouraged us to."

Foley's apprenticeship on the international side of Pecten's business made him an expert on a project in Cameroon, but he stayed in Houston while more senior negotiators carried out the field work there. His first personal experience in the international realm — "the first real project I sunk my teeth into" — came when he traveled to Damascus to work out a pipeline deal with the Syrian national oil company. Two decades later, he still looked back on it fondly: "I ended up spending three years on the Syrian project, and it was extremely satisfying. I look back on it and it was perhaps still the most satisfying work I ever did. Because we saw something go from before discovery, to a well being drilled, to all the issues that are related to going from an exploration project to a development project to a producing project."

After Foley spent most of the 1980s on that project and other international ventures, Pecten transferred him back to the domestic side of the business. Wanting to get back into international negotiations, Foley moved to ARCO at the end of 1989, tackling assignments in various corners of the world including the hitherto little-developed oil territory of India.

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He stayed with ARCO throughout the 1990s before going into business for himself as a consultant.

By the time Foley became AIPN president in 1992, the Association's growing stature in the industry, and especially the immediate commercial utility of the Model Contracts, was helping it attract more corporate sponsorships. One month into Foley's term, the newsletter named the companies that had donated money to the AIPN that year. The list included smaller companies and firms that were less well known, such as Edisto Resources, Japex Corp., and Maciel, Norman & Asociados, but it also contained many household names of the petroleum business, including Exxon, Mobil, Pennzoil, Phillips, Sun, Texaco, and Unocal. Funds from these sponsors allowed the Association to expand its programs and build its treasury while holding dues for members at a moderate level.

Better financing also allowed the Association to think bigger about its programs. In 1992, the AIPN invited members of host governments and national oil companies to attend a conference held in Dallas. The event drew more than 350 attendees from around the world, making it the largest conference the AIPN had yet sponsored — and marking a big step up from the Association's modest start in the 1980s.

There was an effort . . . to bring host governments together to talk to the industry about opportunities and have the industry talk to them. And we had a program in Dallas, at the Galleria. We had 360 or -65 attendees, which was at the time triple of what we typically would get. That, to me, was a milestone. From a lunch club in the mid-eighties to 1991, we were able to get people flying in from all around the world and we had 360-odd people there. That was a major success for the organization.

—Andrew Derman

Although host governments were not yet widely represented in the AIPN audience, and although a few Association members balked at opening membership to them, the general movement across the 1990s was toward embracing the host-government side of the negotiating profession. As Foley later put it:

At the time, a lot of people thought that this organization was an industry organization, and yet it's very easy to take a slight adjustment in perspective and say, "No, this is an organization of negotiators, whether you are industry or you are host government." And we made that shift at that point. And it was an experiment while I was there, but it worked and kind of opened the floodgates over the years.

—Mike Foley

That year also marked advances across the board for the AIPN's publications. The Association published two more



Model Contracts in 1992 — the Accounting Procedures form, which served as an attachment to the joint operating agreement, and the Study and Bid Group Agreement. A committee of AIPN members worked on the Accounting Procedures document because, in the words of Andrew Derman, "We couldn't find any accountants that would help us. . . . There was no international accounting group that would step into the chasm, into the void, and say, 'We'll do the accounting procedure.' So we did it." The Study and Bid Group Agreement, on the other hand, was a natural fit for negotiators: it clarified working arrangements for companies bidding together for leases to petroleum properties outside the United States.

David Asmus, who served on the committee that drafted the Study and Bid Group Agreement, said that this next wave of forms helped to solidify the Association's ongoing involvement with Model Contracts in general: "I think that helped break the ice in the sense that this would be an ongoing process of doing more and more of these . . . [It]

was really the basis for saying that this would be an ongoing process for AIPN to keep looking for additional forms that the members would find useful and producing them."

In October 1992, *The International Petroleum Negotiator* newsletter changed its name to the Advisor, which is still being published today. Unlike the first newsletter, which was typewritten and photocopied or mimeographed, the Advisor was laid out using desktop publishing software, then laser-printed. (By the 2000s, copies of the *Advisor* were sent as PDF documents via e-mail rather than mailed, saving untold paper and postage while allowing back issues

to be archived indefinitely on the Association's Web site.) Spearheaded by Cynthia Masters of British Gas and Scott Helma of BP, the Advisor reflected the Association's improved status in the world of petroleum.

That status was also reflected by the scope of the AIPN's membership directory and the increased demand for it:

The number of players and the number of places started increasing over time. The escalation of activity and the increased number of participants reached the point at which a more systematic networking was required. The personal Rolodex ultimately became superseded by the member list of AIPN, which became a valued tool of the trade.

—Dee Simpson

By the early 1990s, the wish that John Elliott had expressed in 1988 — that the AIPN directory would become a Who's Who of the negotiating profession — had come true.

THE ASSOCIATION ABROAD

We dreamed when we founded AIPN that maybe we might have meetings overseas and do this and do that. We didn't have the wherewithal to do it. Mick Jarvis had not only the wherewithal and the finances were available, but he also had the enthusiasm and the energy to do it . . . That's when people began to think, "Hey, these guys really exist. They aren't just a luncheon club. They're for real."

—Frank Mytinger

Because of my roots back in the U.K. and because I had a lot of contacts back in that part of the world still, I took the presidency on one condition. And that was that I be allowed to make the AIPN more international. To me, the most important word in the title of the AIPN was the "International."

—Mick Jarvis

When he had joined the Association a few years earlier, Mick Jarvis had entered the scene as a dissenting voice on the Model Contracts. But any differences aired among the drafting committee for the joint operating agreement were water under the bridge by 1993, when Jarvis became AIPN president. His year in office featured a landmark event: the first AIPN conference to be held outside the United States. That meeting, held in London in September 1993, brought together AIPN members from the United States, Britain, and many other countries, along with members of the Association's cousin organization, the U.K. European Negotiators Group, and other interested members of the industry. Its topic was the supply of natural gas to European markets.

The London conference was a sort of homecoming for Jarvis. His very first experience in the industry had come there in the middle of his college career in Britain. His course of study called for a year of corporate experience sandwiched between years of academic work, and he spent the time working in the planning and economics department of Gulf Oil's affiliate in London. He went on to write his undergraduate thesis on the financing of oil developments in the North Sea.

After he took his degree, he joined Phillips Petroleum in London in 1975. At that time, Phillips was growing dramatically on the heels of its first successes in the North Sea, and the company kept Jarvis busy. In his first five years with Phillips, he worked deals all over Western Europe and West Africa. "I can't remember how many countries I actually hit and how many miles I must have flown," he said later. "I did a lot of work in the UK; I did work in Ireland, Spain, the Netherlands; I did work in Morocco, in Mauritania, in Nigeria, all the way down the west coast of Africa. And it was really exciting stuff, particularly for a guy who was straight out of college, to find himself doing that."

After those first five years, Phillips transferred him to its headquarters in Bartlesville, Oklahoma and then to Denver, where he worked on deals off the shore of California and in Alaska. After another spell in Bartlesville, Jarvis requested a

transfer back to London, where he still was when he switched over to Amoco in 1984. He went back to working his old beats in Europe and West Africa.

It was during his stints in Britain that Jarvis got his first exposure to model operating agreements, thereby setting the stage for his initial involvement with the AIPN:

The reason I . . . was so, if you like, specialized on operating agreements was, in the U.K., back in the late seventies when I was still with Phillips, the effective nationalization of the oil industry had been going on . . .

When the British National Oil Company was formed, it was placed on the face of every licence of the North Sea with a 51 percent working interest . . . so they actually had a right to buy 51 percent of the oil and gas produced in the North Sea. And this was all done against the objections of the companies. One of the things that came out of that was an operating agreement that BNOC drafted . . . and tried to impose on the industry. The industry . . . opposed it and negotiated the model form agreement for use in the U.K. I was on the industry committee that handled the negotiations.

One thing that you will find as you talk to people is that that operating agreement is very much the model used in the U.K. The AIPN JOA model, which is used almost everywhere else in the world now as a good starting point, you will not see it used in the U.K. And it's because of the genesis of this agreement that happened probably five or six years before the AIPN version ever came around. And I was lucky to have been involved with both of them.

—Mick Jarvis

By the time he did get involved with the Association's Model Contract efforts, Jarvis had been transferred to Amoco's headquarters in Chicago, where his job involved checking all of the contracts coming in from any new country where Amoco wanted to work. He transferred again, this time to Houston, in 1991, and the Association recruited him to serve as its secretary.

By the time he became AIPN president, Jarvis was working for Amoco on its natural gas ventures in places like Trinidad. Thus the gas-centered theme of the London conference not only was relevant for the audience as a whole, but also reflected Jarvis's own particular interests. The Association had the advantage of strong ties to the U.K. European Negotiators Group, whose members helped to publicize the event. Jarvis himself had many personal contacts from his years in London, including colleagues from Amoco who helped him make arrangements for the conference.

The event was a hit in more ways than one. Besides building the Association's international reputation and impressing the attendees, it had a profound impact on the AIPN's bottom line.

That conference really did two things. It really convinced people that doing a conference overseas was possible. It was not something to be afraid of. Because the fear had always been, if this goes wrong, it could bankrupt the organization, because the funds just weren't there. We were living very

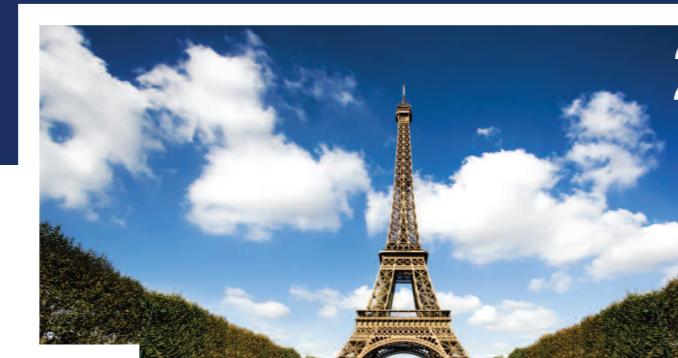
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International Conference Locations

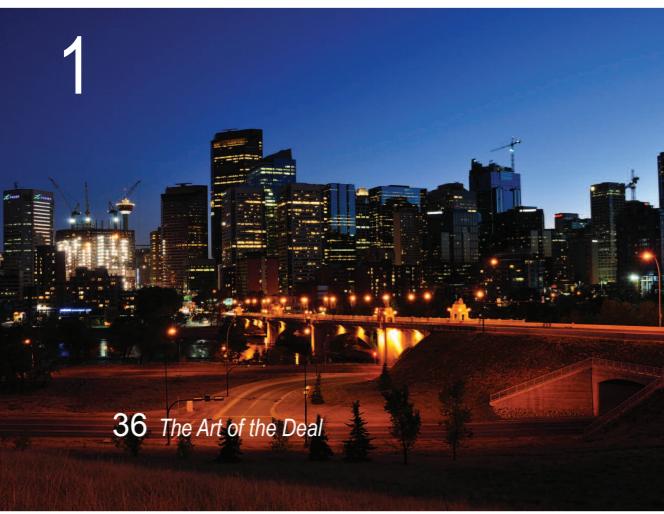
2001 - 2009



Calgary, Canada
September 9 - 11, 2001
Hyatt Regency Hotel



Paris, France
October 13 - 16, 2002
Intercontinental Hotel



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Dubai, UAE
October 12 - 15, 2003
The Fairmont Hotel

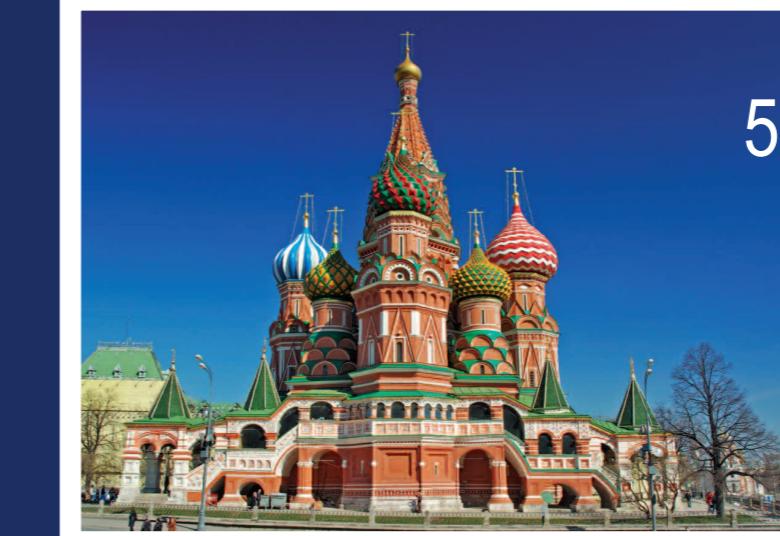


3

Buenos Aires, Argentina
October 24 - 27, 2004
Hilton Buenos Aires



4



5



7

Edinburgh, Scotland, UK
September 14 - 17, 2008
Barcelo Carlton Hotel



8



9

Bangkok, Thailand
October 18 - 21, 2009
Mandarin Oriental Hotel

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much hand-to-mouth and the corporate contributions kept the organization alive.

The other thing that the conference did is, it made a hell of a lot of money for the AIPN. And the reason it did that was that we'd always priced all of the conferences in Houston at Houston rates. We'd sort of downgraded because it was the AIPN and the members worked for companies that made contributions to the AIPN and, therefore, they felt that a discount on normal conference rates could be expected. But when we went to London, I insisted that the rate reflect what a conference in London normally costs if put on by a professional organization. . . .

So we organized a conference, priced it pretty high, sold it out, and in one year we quadrupled the net worth of the AIPN.

—Mick Jarvis

Once the London conference established that precedent — and bankroll — the Association could begin to plan international conferences regularly. By the 2000s, the Fall Conference had been held on every inhabited continent.

The success of the conference meant that, even in a year when oil prices dipped to less than \$15 per barrel, the Association could boast an annual budget over \$150,000, claim a globally dispersed membership well above 500, and press ahead with even greater ambitions.

Mick Jarvis, with all credit to him, he took the group to London for the first fall conference. And it was a big risk. I didn't know if we were ready for an overseas conference and Mike deserves our thanks for his vision and for a conference that was very successful. And from then on, the overseas conferences have gone from success to success.

—Al Boulos

THE “SHORT COURSE” TAKES FLIGHT

We redid the directory and the thought was to put in everyone's e-mail address. But at that time, e-mail was virtually non-existent. It was brand new. . . . I remember getting a number of objections over putting e-mail addresses in, mainly because of the large expenditure required to revise the directory. “People are never going to use e-mail,” some said. As it turned out, email has far exceeded our expectations and our revising the directory was well worth the costs.

At that time, in defense of those objecting, e-mail was new and unproven as a communication tool. Our thoughts were, “Let's just try it. If it does not work out, we can always go back to the old directory.” The Board approved the expenditure and we made the revisions. The rest is history.

—Sean Murphy

When he became AIPN president in 1994, Sean Murphy

had already helped the organization pioneer one of its most important efforts by chairing the drafting committee for the model joint operating agreement. He had also spent much of his life in and around the petroleum business.

Growing up in Beaumont, Murphy used to ride his bike past the oil fields with his friends. He had a family background in the business, too: his grandfather worked in the Magnolia refinery, and his father was a landman. After attending high school and Southern Methodist University in Dallas, Murphy graduated from the South Texas College of Law in 1980, then worked in private practice as a plaintiff's lawyer for two years. While he enjoyed the work, he didn't like “living hand-to-mouth” to meet payroll between cases, so in 1982 he answered a job advertisement in the Wall Street Journal: Sun Oil needed a lawyer in Dallas.

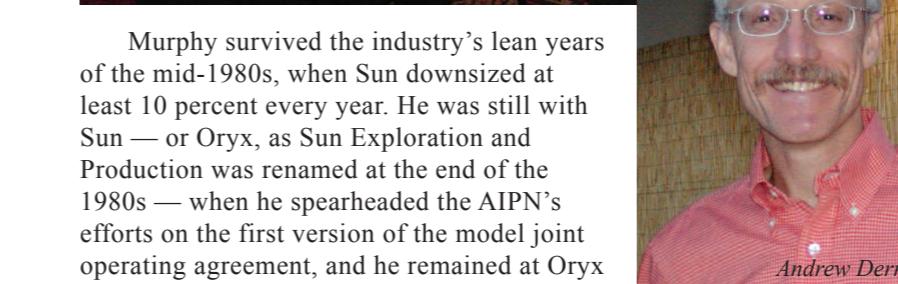
Sun Oil was a fantastic company. . . . Sun was one of the old-fashioned, very conservative, very honorable oil companies. Their word was their bond. If they told you something, they stood by it. A handshake was as good as a written instrument to some. They always, without exception, did the right thing. You'd be at a meeting talking about what we can do and it invariably went to, well, that's what we can do; now, what should we do? What's the moral thing to do?

—Sean Murphy

He worked for one year in Sun's domestic business, then switched over to international, where he apprenticed under a veteran negotiator named Kerry Young: “It was just [the two of us] doing international work,” Murphy recalled. “Of course he'd do the more complicated stuff. He had a lot of things that either were pretty junior [or] that he didn't want to do any more that he did put on me. Because I didn't care, it was all new to me and it was kind of exciting.” It was Young who got Murphy involved with the AIPN: “I can recall that the first week that I joined their group, he says, ‘Now you need to join AIPN.’”

One of Murphy's first tasks was to help Sun with its case in the Iranian claims tribunal. In the wake of the overthrow of the Shah and the nationalization of Iran's oil industry at the end of the 1970s, many outside companies lodged legal claims for the assets they had lost in Iran. Sun's claim alone was for well over half a billion dollars. Besides Iran, Murphy's work eventually took him to France, Britain, China, Gabon, and Sudan, where Sun had “two very, very large concessions, almost bigger than the state of Texas.”

He particularly recalled the difficulties of working in China and Sudan. When he first started going to China in the mid-1980s, the pollution was terrible, there were no direct flights to Beijing from the United States, and hotel accommodations were meager. In the winter, negotiations were held in office buildings where the temperature was kept near freezing. During the same era, Sudan was undergoing the ravages of the AIDS epidemic, and “there were people dying literally on the sidewalk.” The civil war in Sudan's southern region raised all sorts of questions about the future of the pipeline that ran through that area. For security, Sun's employees did not stay in hotels at all, but in a compound in Khartoum that the company owned.



Murphy survived the industry's lean years of the mid-1980s, when Sun downsized at least 10 percent every year. He was still with Sun — or Oryx, as Sun Exploration and Production was renamed at the end of the 1980s — when he spearheaded the AIPN's efforts on the first version of the model joint operating agreement, and he remained at Oryx when he became AIPN president.

Even though 1994 saw the dollar price for a barrel of oil stay in the high teens, the AIPN forged ahead with a new educational endeavor — the so-called “short course” — that built on the Association's growing stature in the industry. Andrew Derman again led the way, conceiving and founding the short course on international oil and gas law, contracts, and negotiations. Derman was helped by James Barnes, an international lawyer who had joined the Association in the 1980s when he worked at Tenneco alongside early AIPN stalwarts Frank Mytinger, George Burgher, Harry Victery, Claude Masters, and Cynthia Masters. Barnes, who became a program co-chairman with Derman the following year and has remained as program chairman, described the genesis of the short course thus: “The Short Course is a co-sponsorship where the AIPN created the curriculum and provided the instructors for the program, and the Rocky Mountain Mineral Law Foundation and Southwestern Legal Foundation provided the marketing, administrative support and the facilities for the program.” In the fifteen years since it was started, the course has expanded from six days focused on the upstream part of the business to two weeks that cover upstream and midstream topics. More than a thousand negotiators have now attended the sessions.

The broadly international audience for the course is divided among young negotiators learning the ropes and more experienced ones who, according to Derman, “would like a refresher . . . [and] to make sure there's not something out there in their area of expertise that they don't know about.” Even with all his expertise, Derman himself makes a point of attending days of the program when he is not teaching: “A lot of people, even the teachers, go to hear other people talk. These are, in my opinion, the best and the



brightest people working in that area. They probably know something this year that they didn't know last year.”

Looking back on more than twenty years of membership in the AIPN, Barnes framed the short course in the context of how the Association could help negotiators succeed in their careers:

To me, the AIPN — and the contacts that you can make, the education you can get, the events you can participate in — enables individuals to prepare themselves so that if the opportunity knocks, they can move into a position within a company or representing a company where they can participate in international transactions. . . . The Short Course is designed to be a hands on program, where participants get the benefit of the experience of experts in particular fields. That education is readily applicable to the next deal.

—James Barnes

Dee Simpson, another AIPN member since the 1980s, echoed these comments, and offered his view on the Association's ability to complete a negotiator's education:

International energy deal-making is not an established academic discipline. You get a geology degree, you get an engineering degree, you get a law degree. While there are a few energy management programs in select universities, for the most part international energy deal-making is learned on the job. So AIPN has in many ways become the university of international energy deal-making. In the course of facilitating people coming together and sharing information, ideas, and experiences, the AIPN has brought real time training and industry recognition to the discipline.

—Dee Simpson

This virtuous cycle of mutual support and education would continue through the rest of the 1990s and beyond.

VIRTUOUS CYCLES

John Campion upscaled it [the Vail conference], which is the great thing about the AIPN because it evolves. Someone took something or created something, then someone re-formatted it and made it better.

—Andrew Derman

Even while the price of a barrel of oil stayed locked in the upper teens, John Campion continued the momentum built by Sean Murphy and his other predecessors. Jo Ann Mulske described Campion as “a fireball” and summarized his impact as president by saying, “[H]e just has all this energy and . . . it just sort of emanates from him, gets everybody fired up.” Besides increasing the budget and improving the amenities of the Vail Model Contracts conference, as AIPN president Campion oversaw the Association’s international conference in Rome. This second European meeting demonstrated that the London conference organized by Mick Jarvis in 1993, far from being a one-off event, established a precedent to be followed again and again.

Campion also realized that the legal practices of the AIPN had not kept up with the growth in its programs, so he commissioned David Asmus to lead a complete rewrite of the AIPN bylaws. Asmus and his colleagues at Baker Botts conformed the bylaws with then-current AIPN practice and brought them into compliance with Texas law. (The AIPN was, and is, organized under the laws of Texas as a not-for-profit organization.) Campion and Asmus also persuaded the AIPN Board to purchase liability and directors’ and officers’ (D&O) insurance coverage for the first time — a reflection of the growth in the AIPN’s profile (and risk).

Also in 1995, an AIPN committee chaired by Asmus wrote the second version of the model joint operating agreement (JOA). Asmus had first become involved with the Association in 1990, when the drafting committee for the original JOA was in the homestretch of its work. At the time he was not a member of the AIPN or the American Corporate Counsel Association, but the committee nonetheless welcomed input from an internationally experienced oil and gas lawyer like him. Asmus then worked on the Study and Bid Group Agreement with Frank Alexander and Bob Cummings, which he described as “a lower-key process than the operating agreement” because it aimed to produce a



John Campion

much shorter and less complex document.

Asmus found that the toll of revising the JOA — and especially of chairing the committee in charge of the revision — was much different:

I quickly learned that being a Model Contract drafting committee chair definitely involves sacrifice. I think I spent six or seven hundred hours that year on that project. Because I’m in a law firm, I have to keep track of my time, so I knew exactly how much it was, and it was a lot. . . . As in any volunteer organization, the amount of work spent tends to increase as you have increasing responsibility. So the people who work the most are the people at the top.

—David Asmus

The work of his committee generated the first of many revisions to the various Model Contracts that the Association has produced. According to Asmus, these efforts to

“improve and upgrade” the Model Contracts have come about “not only to reflect changes in the times, but more I think to reflect learning about the forms, how they’re used, and what some of the shortcomings of them are.” Regardless of how much effort and expertise the initial drafting committees put in, he said, “there are always going to be things that no one expected that turn out to be problems.”

Even though Michael Coffield had called for greater environmental awareness on the part of the Association and the industry when he served as president in 1990, both of the first two versions of the JOA steered clear of mentioning the environment. Although the theme of environmental responsibility was gaining major traction in society at large during the 1990s, it was still viewed with suspicion by many within the petroleum industry.

*In 1990 and '95 . . . I wasn’t allowed to even use the word “environment” outside of an emergency. Because I wanted a little standard on environment, and nobody wanted to even embrace, approach, or even allude to the concept of environmental obligations in an operating agreement to one another. We were opening the Pandora’s box. The host governments, the operators didn’t want to be liable for that. They had this exculpatory provision and indemnity for environmental matters which carries forward within all of the agreements. But we were not allowed to even talk about it. I was not allowed to talk about the quote, *E, unquote*, word.*

—Andrew Derman

By the time the JOA was revised again in the early 2000s, that reaction would change, and once again members of the Association would re-format and build on what came before. But in the mid-1990s, many other changes were afoot: besides a general increase in the Association’s professionalization, sophistication, and internationalization, it was about to welcome its first female president.

EMBRACING HOST COUNTRIES

I mean to me, just very simply, the board should reflect the membership, and if we had members who were from the ministries and state oil companies, then we ought to have a proportionate number of those people on the board, and they were very important to our whole understanding.

—Marty Forte

Marty Forte grew up in Fort Worth and attended the University of Texas at Austin. At first she majored in business, but then a professor for whom she worked recruited her into the university’s petroleum land management course; during that mid-1970s period, oil companies were increasing staff to keep up with demand, they needed trained landmen, and some of them were particularly interested in hiring women into that role. (The influx of women did not, however, change the job title: it stayed “landman.”) When she graduated in 1976, Forte joined Mobil — the only employer she ever had in the petroleum business — as a domestic landman. Mobil transferred her to the international side fifteen years later; she described the move as “a pretty natural fit,” given the negotiating duties at the heart of both jobs. Forte’s new role took her to areas where Mobil was seeking new ventures, including Malaysia, Vietnam, Italy, North Africa, and West Africa.

Forte became the AIPN’s first female president in 1996. During her tenure, the Association reached a milestone when she invited John Brooks of the United Kingdom’s Ministry of Industry to join the Association’s board. Thinking back on it, Mick Jarvis said, “The U.K. government probably had more of a real sense of the industry and how it worked with the industry than many other foreign governments at the time, so John was the perfect guy to bring as the first [host country] representative.”

The board appointment for Brooks came as another step in a years-long process of bringing host country representatives into the Association. Not everyone had been happy to have them join, but the debate was quickly settled in favor of more inclusion.

We did get comments like, “You’re ruining our organization because you’re inviting these folks to be members” and “I can’t speak freely around them.” But, on the other side, we got a lot of encouragement. A lot of people were saying, “Hey, this is great. I can meet these folks outside their own country, outside of negotiations. I can establish a little better relationship with them.” There are all sorts of benefits, I think, to having common ground with representatives from the host governments rather than being on the other side of the table.

—Sean Murphy

I think there was a realization that a lot of the negotiation internationally some had been involved in were drawn out and hampered by a fear on behalf of the state oil companies, or the state itself, that somehow these big, sophisticated oil

companies were going to steal a march on them; do something that was going to make people politically look bad. So they were always very, very, very cautious and nervous about dealing with the companies. And I think we took the view that maybe if we can increase their knowledge and education about what we’re trying to do, then there will be a benefit all around. . . . We just recognize them as more negotiators that we could offer a service to, and that would probably expedite things. I think it’s worked out to be true.

—Mick Jarvis

All of this agreed with the philosophical point that Claude Masters had made during his presidency a decade before — that more professionalization for host country negotiators would help smooth the way for all parties. Since the appointment of Brooks, national oil company representatives from countries including Colombia, Kuwait, Morocco, Namibia, Nigeria, Norway, Qatar, Russia, South Africa, and Trinidad and Tobago have served on the board.

According to Murphy, once the issue was settled in the early 1990s — and especially after the host government conference in Dallas in 1992 — some AIPN members “went on a recruiting binge” for foreign government personnel. Still, even after national oil company representatives had started to come into the organization in greater numbers, there was some resistance to putting any of them on the board.

We did have . . . a measurable and significant percentage of our members who were from state oil companies or ministries. . . . We were encouraging them to join. They were doing the same thing we were. They’re international negotiators, really. We didn’t have any on the board, and there had been some discussion about bringing state oil company people on the board.

I don’t know why particularly we hadn’t. I think a lot of it was just practical because these people are not based in the U.S. It’s hard for them to participate in meetings regularly that are held in the U.S. But I think there was also a little bit of a philosophical thing that we should protect the company point of view. When we start having the government side, then . . . there may be some negotiating tactics that we’re going to be giving away or something like this. But I think that most people did not see that as a concern — in fact, I think Frank Alexander said, “The cat’s out of the bag.” It wasn’t as though we were going to be giving away trade secrets by having various points of view exchanged.

—Marty Forte

John Brooks and his fellow board members had far more opportunity to exchange points of view during Forte’s presidency, because she started the practice of holding day-long board meetings twice each year. This superseded the earlier practice of convening the board for an hour before each AIPN luncheon.

We didn’t do a lot of planning previously. . . . Planning had mostly been associated with our events — our conferences.

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There would be a conference chair who would take on the responsibility of it. . . . So we did start having longer board meetings where we could talk about . . . long-term plans, more of what things we wanted to do and what our objectives were. And I thought it was helpful and needed to be done to give people a chance to really sit down and powwow and brainstorm some things. . . . I think it did give us more of an opportunity to get our act together as an association.

—Marty Forte

While Forte worked to improve the Association's strategic planning, conference chairs continued to improve the programs that dotted the AIPN's annual calendar. In 1996, two AIPN members who lived in Calgary organized an Association conference in Banff, in the Canadian Rockies of Alberta; past president Sean Murphy, who by then worked for PanCanadian, and future president Tim Martin, who worked for Nexen, thought that the new venue would benefit both the Association and the Canadian petroleum industry.

PanCanadian was pretty much a domestic Canadian company that had aspirations to go international. At that time, we were in five countries or so. We wanted to expand to ten or fifteen. We were going after it in a big way, and we thought, what better way to create awareness of our intentions than to host a nice conference up here in Calgary for AIPN. It really helped us create awareness within the international petroleum industry of our strength and availability as a potential partner.

—Sean Murphy

Murphy and Martin hosted the three-day event at the Banff Springs Hotel in the mountains of Alberta, and the Association reaped a tidy financial return from it.

Meanwhile, in 1996 Frank Alexander took over the chair's duties for the AIPN committee dedicated to hammering out a Model Contract for a host country agreement — an issue that wouldn't be settled as easily as admitting host country members or putting host country representatives on the Association's board.

OPENING A DOOR TO ASIA

It fed off of both sides. You see, when I first came to Triton, I learned from the AIPN. . . . And before I ever did that conference in Malaysia, I chaired three summer conferences in Vail, the contracts workshop. . . .

From those early years, I learned a lot from the AIPN. Through the networking the AIPN presented to me, I was the new girl on the block so I got access to all these people and knowledge. My original purpose in being on the joint operating agreement committee . . . was to learn about the form. Yes, I might have participated as a lawyer and gave them ideas, but I probably gained much more than I ever gave.

—Belle Toren

In 1997, Casey Olson, who went on to hold senior positions within Occidental Petroleum, became the Association's president. The signature event of his tenure was the first AIPN conference to be held in Asia, in the Malaysian capital of Kuala Lumpur. Jo Ann Mulske, who was then the AIPN Executive Director, praised Olson for being willing to take on the risk of holding such a big event so far beyond the Association's traditional geographic reach. "Some were a little afraid of that one," Mulske said. "They were always a little bit afraid. Some people are too cautious, but he did support that."

Belle Toren, an attorney and negotiator for Triton Energy, chaired the conference. In doing so, she built on the experience she had earned chairing three years' worth of the summer Model Contract workshop in Vail. Toren had also

racked up plenty of experience in Southeast Asia, where Triton was party to complex negotiations around a natural gas development in a disputed area — a deal that ultimately involved the Malaysian oil firm Petronas, the Thai state-owned energy company PTT-EP, and the governments of Thailand and Malaysia. (In the

course of those negotiations, Petronas agreed to use the AIPN model joint operating agreement, acknowledging that it was better than their own standard JOA.) Toren, who would later become the second woman to serve as AIPN president, recalled the gender balance on the negotiating teams:

There were multiple women involved in that negotiation on the team. The Malaysians had two women out of a team of four. . . . Out of the team of three, in PTT-EP, two were women. . . . I was the first U.S. woman to arrive. The Triton team did not have a U.S. woman till I showed up. And the statement from Petronas was, "We were waiting for the American women to show up."

—Belle Toren

By 1997, Triton and its partners had enjoyed good success from the joint venture — and now Triton was looking to boost its profile in the area:

It was a very good time for Triton to make itself visible in Malaysia, because . . . we were the representative company in the group for Thailand. . . . And so we were looking for something a small company could do with a lot of visibility. And a small company could run a conference and get a lot of visibility.

. . . It was a given that we as a little company got a lot of benefits from being visible in the AIPN. Because they said,



when we put our name up, it doesn't matter if it's us or Mobil running a conference. We seemed like Mobil in terms of credibility.

—Belle Toren

While the AIPN's previous international conferences had been held in London and Rome — cities that served as headquarters for big oil companies — the 1997 conference brought the Association's members together at a site much closer to the wellhead. Despite Kuala Lumpur's large population and the city's status as a major world metropolis, it lacked some of the amenities that made it easier to run a first-class international meeting. Toren recalled, for example, the lack of widespread access to the Internet there, as well as a lack of cost-effective options for color printing. In the end, she said, "We did all our color copying in the United States and shipped, and then we assembled everything in Malaysia."

More than 100 people attended the three-day conference. Besides many Association members from the United States, the meeting drew attendees from across Southeast Asia, as well as from firms as far-flung as Algeria and Trinidad and Tobago. Heavy fires in Indonesia had created a dense haze in Kuala Lumpur, which forced the organizers to cancel a bazaar pool party and move the bazaar indoors. The bazaar featured crafts — attendees got to try their hand at batik painting — along with a fortune-teller and many different foods representing the country's Malay, Indian, and Chinese populations. Other events on the program included sightseeing tours and a gala dinner complete with dancers and a thirty-piece orchestra. Beyond the cultural and entertainment aspects of the event, attendees also benefited from educational sessions, including a well-attended mock negotiation for a liquid natural gas deal that had been scripted by AIPN member John Cogan — the first mock negotiation to be carried out at one of the Association's conferences.

The conference also broke new ground in that it was hosted by Petronas, the national oil company of Malaysia. Toren and her team at Triton also lined up separate sponsors for dinners and other parts of the program so that the Association could keep fees low for individuals attending the conference. As Toren recalled it, each of these innovations was carried out over some objections. She later said that even getting the board's agreement to hold the event at that location marked a turning point in the Association's history:

We did the research and we put together a proposal brochure on Kuala Lumpur — the hotel, the cost, and everything. We had that whole proposal. We submitted it to the AIPN board. . . . And that's the first time we really did brochures and forecasting and costs and hotels and everything. You can't just say, "I want to do it in this city," you know? It was part of the maturing of the AIPN.

—Belle Toren

With its growing worldwide membership base and the progressive expansion of its activities across the continents,

the AIPN of the late 1990s began to lay claim to an identity as a legitimately global organization.

HARD TIMES FOR THE INDUSTRY AGAIN

Frank Alexander . . . tried hard to put host government contract model language together. . . . I think he tried valiantly to make that happen and the AIPN decided that that was maybe a bridge too far; that might have been getting close to the point where we were feeding stuff into the system that could have been used against us. And some of the companies took a very dim view that that should not be what the AIPN was doing.

—Mick Jarvis

Much of the 1990s had been lean times for the petroleum industry, but 1998 was worse than usual. Crude oil went through another precipitous decline, with prices falling from more than \$16 per barrel at the start of the year to less than \$12 when it ended.

Despite the hard times, new AIPN president John Lindemood and others forged ahead with the Association's work. That year, the international conference returned to London, where the AIPN had held its first conference outside the United States in 1993. The event, which featured a gala dinner in London's Natural History Museum, served to reinforce the AIPN's stature for a European audience. Unfortunately, the costs of the meeting piled up, and in the end the Association faced a financial loss that had to be made up through membership growth and redoubled efforts to attract corporate sponsorships.

The Association's efforts met another setback in 1998, when a committee led by Frank Alexander ended its two-year effort to draft a model host country petroleum agreement — without producing a Model Contract. After years of successes in Model Contracts, in some cases over the objections of big industry players, and even though the drafting committee included representatives from both oil companies and host governments, the AIPN had finally run aground of a topic too politically delicate to pursue.

Despite the project's failure, Alexander was in many ways the perfect person to lead the attempt. He had helped to draft the Association's first bylaws in 1981, and it was he who signed the letter inviting seventy-five negotiators to the inaugural meeting of the Association. Alexander had begun his legal career in the late 1970s with a two-year stint in the general counsel's office at Aramco in Saudi Arabia. The work was made all the more interesting because it came during the period when Saudi Arabia was nationalizing Aramco. Alexander spent two more years with Aramco



Services Company in Houston, then worked for eleven years at Union Texas Petroleum, where he ultimately headed international negotiations while also serving as general manager of the company's operations in both Papua New Guinea and Argentina. By the time he headed up the drafting committee for the model host government contract, he had spent several more years as a consultant in Houston, with about 80 percent of his work being done for international oil companies and 20 percent on behalf of host countries.

Yet even with all of this experience on both sides of the host-government fence, and notwithstanding two years of hard work by his committee, Alexander could not overcome the objections that beset the host government agreement. In 1998, Alexander and the AIPN's leadership agreed that the political and financial aspects of such a model were simply too sensitive for the project to carry on.

There was a proposal at one point that the AIPN should prepare a model form host-government granting instrument . . . something like a model production sharing contract.

The proposal created a pretty heated debate inside AIPN because many of the oil companies simply didn't want anything to do with having a model form host government granting instrument, and they felt it was wrong-headed for the AIPN to get involved with preparing model form granting instruments. [There are] all sorts of reasons why the AIPN should or shouldn't get involved with preparing a model form that could be used by a host government as a model granting instrument, but . . . in the end the decision was made not to draft a model host-government granting instrument, but simply to sponsor a research project to compile the range of variation with respect to types of clauses in host government granting instruments.

—James Barnes

It was just very difficult to try and standardize something so diverse. So it's not to say it won't be done in the future but it's always kind of eluded us. But it's probably kind of eluded us for a reason.

—Eric Fry

There were at least two objections to the model. First, there was some concern that it might be seen as impolitic to present a host government with a form that it would be required to fill out. Second, and much more importantly, some oil companies involved with the AIPN feared that the model would give the host governments too many ideas. The host countries could then cherry-pick the clauses they liked best, such that, in Mick Jarvis's words, "you end up with the worst host government contract in the world, with everything loaded against you."

Alexander has expressed his confidence that at some point an organization — whether the AIPN, the International Bar Association, or some other body — will go ahead with a model host country agreement, simply because of its prospects for increasing efficiency and saving money. Meanwhile, though, the labors of Alexander and his

committee led to the composition of the AIPN Host Government Contract Handbook. That work, which now stretches across two volumes, makes a comparative analysis of many issues that arise under production-sharing agreements and other contracts with host governments and provides many examples of actual provisions used in host government contracts.

Despite the setbacks of 1998 and the hard times across the industry, that year the Association awarded its first Research Grant as part of a program spearheaded by David Asmus, Gordon Barrows, and Andrew Derman. Asmus explained that it was modeled on a program of the State Bar of Texas that offers grants to professors "to write articles on things that were of importance to the membership, that required a decent amount of time to produce, that no one was going to do on a volunteer basis, but that would be a big contribution to the industry."

The first grant led to the publication of "Decommissioning of Oil and Gas Installations: A Comparative Approach to the Legal and Contractual Issues," by Dr. Peter Cameron, who had just moved from the University of Leiden to the University of Dundee. Professor Cameron wrote the study, then presented his paper at an AIPN conference in the United States. The work was well-received, and it was followed by several others over the years, starting with "Cross-border Oil and Gas Pipelines," by another Dundee professor, Dr. Sergei Vinogradov. Even in a down year, the Association continued to plow ahead with its work across many fronts, and to come up with innovative ways to serve its members and the industry.

CONSOLIDATION

The AIPN year 1999 to 2000 was a bad year because of the oil prices. . . . On top of it, the industry was facing massive consolidation. And one of our biggest supporters . . . was Union Texas, and it was acquired by ARCO — and then ARCO was acquired by BP. All we [knew was], we have companies now, majors, that maybe had been a little involved in the AIPN from time to time, but now the independents that were really our strength started to be gobbled up by these majors. . . .

So, during my presidency, one goal was to financially survive through less company sponsorships of AIPN. And then to develop membership, and active membership, in support of the AIPN from the majors, who were now more visible.

—Belle Toren

The tail end of the twentieth century saw a wave of huge mergers across the petroleum industry. In 1998, BP acquired Amoco for \$52 billion; the following year, the combined

company agreed to buy ARCO. Meanwhile, Total bought Petrofina for \$11 billion to form Total Fina, and Exxon bought Mobil for \$81 billion to form Exxon Mobil.

In the midst of these upheavals, the AIPN chose its second female president, Belle Toren of Triton Energy. Like past presidents Claude Masters and Walter Mosgovoy, Toren had pursued an unusually diverse career before becoming a petroleum negotiator. She grew up in upstate New York, majored in painting at Bennington College, spent years as a kibbutz volunteer in Israel, and then worked for three years as a police officer in Greensboro, North Carolina before attending Duke Law School. It was at Duke that she came under the sway of a professor who specialized in oil and gas; after she graduated in the late 1980s, she joined the law firm of Thompson and Knight in Dallas. There, she worked on domestic oil and gas matters, but also helped to represent Texaco in a case that the U.S. Internal Revenue Service had brought against it and the other U.S. companies that had been partners in Aramco. That experience immersed her in the intricacies of international crude oil sales.

Toren joined the AIPN in 1991, as the Texaco litigation was coming to a close. Her first involvement came about because of her interest in Model Contracts: at a conference of the Rocky Mountain Mineral Law Foundation in Denver, Toren heard Andy Derman speak about the Association's joint operating agreement that was then being prepared, and answered his appeal for lawyers in his audience to join the AIPN and serve on the drafting committee. At around the same time, Toren moved from Thompson and Knight to Triton, where she remained when she led the arrangements for the Association's conference in Kuala Lumpur in 1997.

Although her work for Triton gave her lots of experience in Southeast Asia, she also worked extensively in Colombia, where Triton was a joint-venture partner with BP and Total. At first, her work there centered on exploration and development of the joint contract area; after three years of that, the focus shifted to planning and building a 500-mile pipeline that pumped oil up and over the Andes. (Along the way, the three oil companies revised their joint operating agreement to match the AIPN Model Contract.)

Toren, whom Jo Ann Mulske later described as "very intense" and determined, actually carried out the president's duties for more than a year. In 1997 — the same year that Toren chaired the Kuala Lumpur conference — the press of work duties led Casey Olson to hand off his duties as president before his term was up. President-elect John Lindemood took the reins and served through the calendar year of 1998 before Toren took over. She, in turn, served across all of 1999 and into the spring of 2000 to return the presidential rotation to its traditional schedule.

Toren presided over the 1999 Fall Conference, which returned after two years outside the United States and was held in Washington D.C. David Asmus and Andrew Derman (who by then had moved to Thompson and Knight) organized the event. Many members remember the spectacular black-tie dinner at the National Air and Space Museum, held thanks to a donation of the facility cost by Mobil. During Toren's presidency, the Association also changed the rules for the board of directors to limit tenure and ensure a steady rotation of board members. Meanwhile, work continued apace on

Model Contracts. One committee, chaired by Chris Tytanic of Kerr-McGee, issued the second version of the Association's very first Model Contract, the Confidentiality Agreement, which updated and revised the Agreement to reflect actual experiences that users encountered. Another committee, chaired by Charles Daniels of Phillips, issued a new Model Contract, the Consultant Agreement for Business Development in a Host Country, to address the use of agents and avoid corrupt practices. That same year, the Association published Volume 1 of the Host Government Contract Handbook.

While industry conditions challenged the Association, the emergence of the Internet also enabled it to control costs and improve the services it offered to members. Under the leadership of Pat Appel of Meyer Orlando, the AIPN launched its Web site. As part of this initiative, the organization eventually stopped printing and mailing paper copies of the *Advisor* newsletter, opting instead to distribute them via e-mail as electronic documents. (Until then, thanks to John Campion's sponsorship, Union Texas had printed and mailed the *Advisor*, essentially at no cost to the Association.) As the 1990s gave way to the 2000s, the Association was making itself more useful than ever to its growing membership.

THE ROARING 2000S

Some of my best friends are people I've met through the AIPN. The professionalism that you see in the organization, inspires and makes you able to do better in your job; also, you're able to call somebody you know . . . and get something done quicker than you would ever have been able to do — if you didn't otherwise have: the AIPN contact, or the fact you worked together on a Model Contract, or the fact that you organized a conference together. You're going to do a deal so much faster. It's very rewarding to have these relationships both personally and professionally. This is because there's a great degree of personal professionalism in the efforts put forth by the officers and volunteers. It's not done for pay, it's just done really for the sake of professionalism for the organization and for that person themselves.

—Eric Fry

Eric Fry already spent much of his life around the oil business by the time he became AIPN president in 2000. He grew up in Midland, the headquarters town of the West Texas

oil patch, and got his first experience in the industry by doing summer work as a roustabout on oil rigs. At the University of Texas, he studied petroleum land management and finance. When he began the PLM major in 1980, there were 500 candidates in the program; four years later, he was one of only thirty-five who remained. When he graduated in 1985, his first job took him to Nacogdoches and San Augustine Counties in East Texas, where he bought leases. The following year he hired on as a trainee landman with Phillips Petroleum, which sent him first to Denver, and then to Borger, Texas, a small Panhandle town near a huge natural gas field. In 1988, he moved to Bartlesville, Oklahoma to work in Phillips' international business, where he stayed until 1997. He then went to Occidental for a few years before becoming the director of worldwide negotiations at Pioneer Natural Resources in 2001.

Fry's early international work for Phillips took him to Bolivia and Paraguay, Egypt's western desert, Gabon, and the Bayu-Undan liquefied natural gas project in the Timor Sea. While he was at Phillips, he worked for John Lindemood, who also later became an AIPN president and who encouraged Fry to participate in the Association to build up his network of industry contacts. Fry's later projects took him to Albania, where he had to deliver a force majeure notice past checkpoints manned by hooded gunmen, and to Pakistan, Indonesia, Tunisia, South Africa, and domestic fields in Texas. Recalling those experiences, Fry said that the highlight was "Meeting people, and if ever given the chance, to go to a colleague's home and experience how they live day-to-day life. [That] was always the ultimate treat and the ultimate benefit of doing international business."

Fry joined the Association in the late 1980s, when John Elliot was president. Membership gave a boost to his career, especially considering his base of operations: "Being up in Bartlesville, it was very important to have access to an international network because . . . Bartlesville was only a town of 30,000. So the AIPN provided a fantastic forum and pipeline to an international network of people in similar work." Like many others who participated in drafting Model Contracts, Fry cited his work on those committees as an invaluable learning experience. He also took on demanding administrative chores for the Association. By the mid-1990s, he served as one of the organizers of the annual Spring Conference in Austin.

When Fry became president in 2000, oil prices were trending up: throughout that year, they ranged between the high \$20's and low \$30's per barrel. The merger binge from the prior two years continued unabated: BP Amoco completed its \$27 billion purchase of ARCO, then acquired Burmah Castrol; Chevron agreed to acquire Texaco in a deal valued at more than \$40 billion; and the recently formed Total Fina acquired Elf for about \$50 billion. Meanwhile, the AIPN broke new ground by holding its International Conference in Cape Town. Stephen Mills of the Petroleum Agency of South Africa organized the meeting, which marked the first time that the Association met in Africa, or indeed anywhere in the Southern Hemisphere. Continuing the tradition of philanthropic outreach that the AIPN had carried on for years with its charity holiday fundraiser in Houston, the Association donated unused food

from the Cape Town conference to local charities there. Besides bringing the AIPN to Africa for the first time, the conference provided extra impetus for the formation, early in 2001, of the Europe / Africa / Middle East / Commonwealth of Independent States (EAMC) Regional Chapter of the AIPN. Efforts toward a European chapter had started in the late 1990s, and of course the AIPN had been friendly with the UK European Negotiators Group since its earliest days, but now the Regional Chapter began its work in earnest.

The prime movers behind the EAMC group included past or future AIPN presidents Mick Jarvis, Toufic Nassif, and Terry Todd, as well as AIPN stalwarts Stéphane Brabant and Caroline Kehoe. Initially, Jarvis, Todd, and Brabant talked about how the AIPN might do more for negotiators in Europe.

We came up with this idea that, unlike in the States, you won't get people who just turn up for a lunch. People are too dispersed. . . . So we took the view that we should do something that was a bit more academic and have some sort of learning program, followed by some sort of social reception. We decided that we would adopt what we called the "long morning" format, where we would meet about nine-thirty, have about three or four presentations, and then a buffet lunch and drinks, and then people would leave in the afternoon. But as long as there was some sort of academic content, then people could justify traveling to a location to make it a day out, as it were. . . .

We held a lunch in London; we held another lunch in Paris. They were extremely successful, and that was the genesis of the European chapter.

—Mick Jarvis

The group held its third meeting in Carthage, Tunisia, and had a similarly good turnout. Despite these successes, the question that hung over the Regional Chapter was, Who would fund the meetings? Rather than seek central funding from AIPN headquarters in Houston, the EAMC organizers continued to fund their own meetings, primarily by finding oil companies and law firms that would sponsor each lunch and provide a venue for it on a rotating basis. The group convened its meetings every few months, and planned them so as to avoid scheduling conflicts with major holidays or other AIPN meetings like the spring and fall conferences. Initially, the Regional Chapter covered Europe, Africa, the Middle East, and the former Soviet Union; over time, AIPN members in the CIS states and the Middle East have established separate Regional Chapters with their own meetings and activities.

During Fry's presidency, a committee chaired by Bob Cummings and Osiris Madera issued the second version of the model Accounting Procedures. Also that year, former president Al Boulos handed off the duties of the Resume Referral Service to former president Marty Forte after twelve years of handling that job.

The Association marked another administrative transition in early 2000 when Jo Ann Mulske retired as Executive Director. To honor her service, which had spanned nearly a decade, the Association held a dinner for her, where



Luisa Neher and Jo Ann Mulske

she was presented with a crystal vase and an honorarium. Years later, Eric Fry reflected on the service that Mulske had given the organization, without fanfare — and even without most of the membership understanding the amount of work that she did. "Jo Ann Mulske was truly a saint," Fry said. "The time that she gave was unbelievable. And the only people that knew what time she gave were really the presidents who got to see the work that she did in addition to her full-time job."

Mulske's successor as Executive Director was Luisa Neher. She was born in Italy, grew up in Mexico City, and then attended college in the U.S., where she married a man in the oil business. In the early days of her professional career, Neher had learned the ropes of running a business when she opened stores for the international clothing chain Benetton. By the time her husband's work brought the family to Houston at the beginning of the 2000s, she was ready to take on the challenge of running the day-to-day operations of the AIPN, which by then had about 900 members, but which had used as its office the apartment where Mulske lived.

GROWING THROUGH RECESSION

I think you will see that most of the growth since 2000 has been outside the U.S., and the reason for that is the Association is now truly perceived as truly an organization for everyone that's involved in the international energy business. International growth has brought a lot of new perspectives, good dialogue, and great networking. After all, AIPN's purpose is to provide networking and education, and both of those have been hugely facilitated by more people in Europe, Africa, South America, and Asia joining the organization.

—David Asmus

David Asmus was the first outside counsel ever to serve as AIPN president, but he started in a more traditional branch of the petroleum business. Asmus, who grew up in the Chicago area, entered the industry in 1981 as a Yale-trained geophysicist for Pennzoil. While he liked working in oil and gas, the laboratory did not suit him; he quickly decided that he would rather do something that was "a little more people-oriented, a little more transaction-oriented, and that had more opportunities to advance than the very technical end of the

business that I was in." He then took a Harvard law degree (one semester of which was spent at the University of Texas law school studying oil and gas) before joining the Houston law firm of Baker Botts, which does a large amount of oil and gas work and which has remained his professional home for decades.

Asmus re-entered the industry just in time to see it undergo one of its most wrenching periods:

The year after I graduated, in 1986, is when a lot of people think we hit the [low point] for the industry in Houston — there were massive layoffs, and all the Texas banks and savings-and-loans were going broke. It was not a good time, but interestingly for the legal profession, things were fairly busy, because anything that needs restructuring needs a lot of legal work. So my first few years were occupied with trying to fund oil and gas operations in bad times, helping people sell assets they had bought that they could no longer afford, and that kind of work. . . .

The bust for the legal profession came a few years after the bust for the industry in general. '90 and '91 were really bad years for everybody who was in business law in Houston because by then all the [deals] had been worked out and all the problems had been solved and no one had anything new they wanted to do yet. Those were pretty lean times.

—David Asmus

By then, though, Asmus had begun doing international work, initially by helping a Japanese firm to set up an office in the United States and then to find joint-venture partners for upstream exploration and production projects. Asmus first became involved with the drafting committee for the Association's first joint operating agreement (JOA) — a committee he joined even before he became a member of the AIPN. He later headed the second JOA committee, then held various officer and board posts before becoming president.

Asmus took office as president during the recession that followed on the heels of the dot-com bust. Despite the economic malaise, the new millennium brought a wave of new activity for the Association. First, Asmus and others encouraged the growth of AIPN Regional Chapters around the world, especially through the resurrection of the dormant South American Regional Chapter. (It was later renamed the Latin American Regional Chapter when Mexico was included with it.) The group initially took shape under the leadership of Regional Director Justo Norman of Maciel Norman, located in Buenos Aires, and a steering committee consisting of Pablo Alliani of Estudio Bruzzon, Marcelo Mello of Petrobras, Hugo Martelli of Martelli Abogados, and Marilda Rosado of Repsol-YPF. As the years passed, it would go on to hold meetings in Buenos Aires, Rio de Janeiro, Mexico City, Quito, Lima, Caracas, Port-au-Prince, and Bogota. The later events were held under the leadership of Regional Director Elisabeth Eljuri of Macleod Dixon in Caracas.



David Asmus

Regional Chapters would become increasingly important over time, as then-Executive Director Luisa Neher later explained:

I would say the Regional Chapter directors are crucial now, especially because they're doing a lot more activities abroad and they are catering to their individual section of the world. And I think they're important because they give that local [viewpoint], they concentrate on the local requests or demands that are culturally important.

In part for that very reason, the Association eventually created a Regional Chapter Committee in 2007 to coordinate all of the Regional Chapters and to promote regional growth.

Meanwhile, the AIPN leadership took several more steps in 2001 to promote the internationalization of the Association. Asmus recalled that, up until then, "a lot of people I [met] thought it was the American International Petroleum Negotiators" — a notion that he sought to dispel. Among other things, Asmus chaired an ordinary board meeting, not associated with any international conference, from Europe. The nominating committee, of which Asmus was a member, also recommended Paris-based Terry Todd as president-elect, which meant that the following year the Association would have a chief executive living his entire term outside the United States for the first time. Another move that drew a lot of attention came out of the board's annual strategic planning session:

We decided to change the U.S. into a Chapter, like Canada, Europe and South America, which was controversial among some members. The U.S. had always been the core AIPN and everything else had been a Chapter. This arrangement probably generated most of the issues that some of our non-American members had. For example, all the lunch programs in Houston were funded by the general AIPN budget if registration fees didn't cover the event, while all the Regional Chapters were expected to fund their own programs. As you can imagine, there was tension over the fact that the group in Houston got to have everything paid out of the general budget, while members having a lunch in London or Calgary had to fund it themselves.

—David Asmus

Initially, the board did not separate the budget for the United States Regional Chapter, although that step was seen as (and eventually proved to be) inevitable. Beyond these moves, the Association continued to build its activities in Model Contracts and educational programs. That year, Terry Todd and James Barnes chaired the committee that produced the Crude Oil Lifting Agreement, and the "short course" — formally the International Energy Law, Contracts, and Negotiations Course — expanded to include a second week on midstream issues under the direction of Barnes.

Finally, in 2001 work began on the third version of the JOA, this time under the chairmanship of Philip Weems. According to him, the process of revising that Model Contract reflected how far the organization had come in the dozen years since its first version:

When we did the JOA in 2001, the idea that it was typically governed by Texas law was not supported by the evidence. We actually did a survey of about forty-five or fifty AIPN members before we started doing the JOA update. We thought, rather than just going out and fixing what we think needs to be fixed, let's ask the AIPN members what might need to be fixed in the JOA.

So one of the responses that came back . . . was that the law typically chosen in 2001 to govern JOAs was not Texas law, was not New York law, but was the law of England. We could differ about why that is the case but I think it came from the fact that a lot of non-Americans saw the Texaco-Pennzoil litigation and all these big judgments, and said we don't want to be anywhere close to an American court. Even though, by choosing arbitration, they weren't going to be anyway. So English law was often used . . .

People in effect were saying, "Well, let's use this 'neutral' law, English law, that has a history going back only twenty years in oil and gas, regardless of the much deeper history provided by Texas law." Another example is some of the provisions that have to be conspicuous under Texas law, which means they have to be all capital letters. Taking out such all-capitalized words was one of the small ways we reflected that this is not an American document. It's been internationalized. The JOA is truly a document that's being used by people throughout the world.

—Philip Weems

Weems was ready for controversy surrounding the "E-word" — environment — like Andrew Derman had run into in 1990 and 1995, but none ever materialized:

When we started doing the revised AIPN JOA in 2001, we looked back at what had been done in 1995. One of the areas that was proposed was including a provision on health, safety and environment. . . . When we first started working on the 2002 JOA, people said, "Oh, the health, safety, and environment portion is going to be really controversial and you better avoid that." So I was prepared for controversy. Turned out it was nothing. From 1995 to 2001, that type of provision had become accepted.

—Philip Weems

Derman echoed Weems when he said that "the industry came 180 degrees to a different conclusion" by the time the third version of the JOA was being drafted.

SEPTEMBER 11, 2001

Even as they unfolded, it was clear that the events of September 11, 2001 would reshape world history. And while the attacks of 9/11 of course had profound long-term effects on the global petroleum industry, they also had an immediate impact on the AIPN, since they came in the middle of the Association's International Conference in Calgary, which had been organized by Pan-Canadian's Bill MacGillivray and

Nolan Rempel. David Asmus, who was president at the time, recalled the experience:

We were all up there in Calgary, we'd had the first day of our conference and we were getting ready for day two on Tuesday, September 11. . . . I was up in the hotel gym working out, as were several other people from the conference, and somebody came rushing in and said, "Turn the TV to CNN!" The first plane had hit the World Trade Center. We flipped CNN on and of course no one knew what was actually happening at that time. Everyone was astounded and wondered, "Good heavens, how did that happen?"

I went downstairs, got dressed, and arrived at the conference. By then the second World Trade Center attack had occurred, the Pentagon was being hit and everyone was in shock. . . . I talked to the co-chairs of the conference and said, "Let's suspend the conference this morning and let people figure out what's going on and call their friends and relatives. We did that.

Later that morning we conferred again and made the decision that because we were stuck there, everybody was — we would go ahead with the conference. It was a very hard decision, whether to cancel the conference or continue, but we determined that perhaps three-quarters of the people who were attending were not Canadian and all of them were stuck in Calgary, so we went and finished the conference. We had, obviously, a very subdued remainder of the program and dinner.

All the transpacific flights that were coming to the U.S. that were diverted when U.S. airspace was closed — were sent to Vancouver and Calgary. There were, roughly, I remember this number, 8,000 people who arrived and didn't expect to be there, and the Canadian authorities were trying to find rooms for all of them. We did a bit of negotiating and arm-twisting with the hotel and got them to extend all of our members' rooms. Meanwhile, the Canadian government went on the air requesting families to take in stranded travelers. Everywhere, the Canadians were trying to help.

All of us tried to go home, but for about two days there were no flights to the U.S., and then they would let a couple of flights a day in, which was far below demand, so most of us ended up driving. I think that it was three days before I finally gave up and drove — the conference was supposed to end Wednesday and I think I left Friday or Saturday and drove down to Montana. Once you were inside the U.S. you could fly.

I remember vividly that the awards that we gave to the speakers (I got one of them, I guess for being president and being there) were big hunks of granite that had been polished on one side and had the conference name, and the year and so forth on them. Well, I had my granite memento in my bag, and as you can imagine or remember, everyone was quite paranoid at that time, and I actually got stopped at the security checkpoint because I had a rock in my bag. There was a discussion between me and the security officer about the fact that I probably was not going to try to take over the plane with a rock. . . .

The focus of that conference was, coincidentally, the Middle East. . . . We had several speakers from national oil companies in the Middle East who were terrified about going

back through the U.S. — most of them had planned to fly out of New York. A lot of time was spent rerouting flights so the speakers could go back through Toronto or Montréal or somewhere else and avoid that — I imagine it was a rather difficult time to come to the U.S. as an Arab. . . .

In fact, crossing the border in Montana I got questioned about having UAE and Bahrain and various other Middle East stamps in my passport. If you're in the oil industry, of course, that's pretty normal. Probably not in rural Montana, though.

—David Asmus

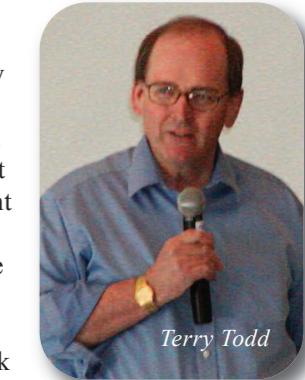
INTERNATIONAL EXPANSION

I was astounded when David Asmus, who was my predecessor as the president, called me up and asked me if I would be willing to have my name down to be voted for as president-elect for the AIPN. . . . It was the first time that the board had chosen somebody who was not an American, who didn't live in the United States, and who didn't work for an American company. Since then there have been a couple of other non-American presidents not living in Houston, and I think it really helped to change the perception that the AIPN is a U.S. organization. And that really helps with the growth, and that really helps with getting feedback on these model documents and doing events throughout the world.

—Terry Todd

When Terry Todd became the AIPN's president in 2002, the organization had come a long way since 1989, when Tim Sands had relied on fax machines to enable his move to Ireland midway through his presidential tenure. That evolution relied on more than advances in telecommunications; it reflected the expanded commitment of the Association to serve better more members in more parts of the world.

Todd grew up in Canada, on the shore of Lake Ontario, and took a degree in mathematics and physics at the University of Toronto. He went on to earn a doctorate in geophysics at MIT, where he did research on the rocks that U.S. astronauts were then bringing back from the moon. When he entered the industry in 1973, Todd did eight years of geophysical research, first for Shell in Houston, then for Gulf Oil in Pittsburgh. He switched over to the exploration side of the business, and during the early 1980s directed exploration work on Alaskan prospects and discoveries from a Gulf office in California. After Chevron bought Gulf in the mid-1980s, Todd took a job in the Houston office of Elf Aquitaine. In 1991 he transferred to Paris, where he did international business development, first for Elf and then, after it was bought out, for Total Fina. He



Terry Todd

retired from the French company in the mid-2000s and moved back to Houston, initially doing similar work for Newfield Exploration and then striking out on his own as an independent business development consultant.

It was during his first year in Paris that Todd got involved with the Association, on the encouragement of Michel Vuillod, an Elf Aquitaine colleague who had joined the Association in its early days and had served on the AIPN board. Looking back many years later, Todd explained his initial reaction to the Association:

Michel invited me to come to an AIPN conference in Houston. When I came back from that conference, [while] I thought the content of the presentations was very good, I thought it was very, very, very American. So my first impression was — I always tell people that I thought the A in AIPN stood for the American something-or-other because it was so American at the start.

As president, Todd hoped to bridge some of the differences in national or regional styles of doing business, as he had within his own company. He later described the differences he saw when he first moved from the United States to France to work for Elf:

I think in the United States, decisions are made much more directly; the management structure has well-defined responsibilities and authority to make decisions. So, as you work your project up the ladder, decisions are made click-click-click. . . . Whereas working in the French culture, decisions are made by group, essentially. And you get together, you have a bunch of people, you discuss things, you work things out, and you evolve to a solution in a lot of ways, as opposed to in the United States where it's much more of a cut-and-dried "Yes, we'll do it," or "No, we won't."

—Terry Todd

When Todd took office, one of the major tasks facing the AIPN was the completion of the third version of the Association's flagship Model Contract, the Joint Operating Agreement. Philip Weems, a lawyer with King and Spalding, chaired the committee that issued the form in June 2002. It represented a step up from earlier versions of the form in terms of complexity:

From the '90 to the '95 form, we clarified some points. . . . But the 2002 form . . . while clearly better, clearly better — it's just . . . exponentially, a number of levels more complicated. . . .

Every suggestion is a good one. It's like someone says, "Oh — I've looked at the form or I've used the form and here's the unanticipated problem." "Oh," they say, "We can fix that. Let's put an alternative in or change the language," so that's a paragraph. Someone says, "Oh, this occurred here." Clearly it occurred there. Clearly. The form is not clear. So, another paragraph. You say that fifty times and then you have fifty more pages. All of those issues are valid,

don't get me wrong, and they make it better. It just makes it far more complicated.

—Andrew Derman

Derman also noted that the Model Contract embodied at least a slightly different philosophy from the earlier versions — "such that the equilibrium, in a maybe imperceptible and maybe in a slight way, moves toward favoring the operators." In particular he noted that the 2002 form made optional the inclusion of the non-consent provision, the fixed presence of which "was like a cornerstone" of the earlier version. That provision allows a minority party in a joint venture to decline to participate if holders of a majority interest want to take a course of action with which the minority party disagrees.

Later in 2002 came the debut of the model Secondment Agreement, crafted by a committee chaired by James Barnes. The touchy issue of secondment had been the trigger for the food fight that Derman had suffered at one of the early Vail conferences, but by 2002 the issue was sufficiently settled that the Association's drafters could agree on the terms of a Model Contract for it.

Another committee, chaired by Tim Martin of Nexen with subcommittees chaired by Howard Johnson of Texaco and Charles White of Halliburton, issued the model for Service Contracts for Well Services and Seismic Acquisition. Efforts to draft a model drilling contract were abandoned when the International Association of Drilling Contractors withdrew its support for the project. Meanwhile, the AIPN launched four other committees for work on other Model Contracts. First, Ben Welmaker of Thompson and Knight and Kerry Speer of ExxonMobil chaired a committee to draft updated Accounting Procedures. The other three Model Contracts were new: a Gas Sales Agreement, chaired by Bryant Daniels of Devon and Cecile Wake of Herbert Smith; a Farmout Agreement, chaired by Skip Maryan of ExxonMobil and Mike Darden of Baker Botts; and an International Dispute Resolution Agreement, chaired by John Bowman of Fulbright and Jaworski and Doak Bishop of King and Spalding.

The flurry of activity around Model Contracts reflected the success of the program to date, as well as the Association's increasing clout across the industry:

With the emergence of the AIPN, one of the big selling points for any proposal has become an argument that this or that provision is consistent with the AIPN model. It has become an increasingly powerful justification for any contracting proposal to say, "I use the AIPN standard approach to this." And it has become harder and harder for the other side to assert that such a position is not common industry practice or is not otherwise unreasonable. In this way, AIPN model agreements have become a useful industry tool.

—Dee Simpson

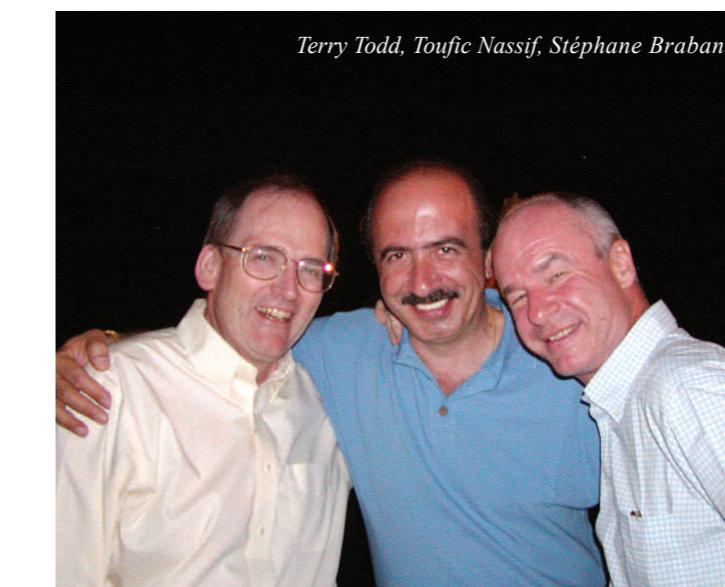
Todd himself, who had earlier chaired the drafting committee for the Crude Oil Lifting Agreement, pointed out a connection between the Model Contract program and the expansion of the AIPN throughout the world:

When I first went overseas, the Model Contracts were certainly perceived as American documents. So, to make these things work, they needed to be sold internationally. And as the AIPN spread, the non-Americans started getting involved a lot in the drafting exercise. As an example, for the joint operating agreement, the question arises as to what type of law you want; i.e., put the agreement under common law, for instance, or civil law, or whatever. If you are considering the laws of France and the laws of the United States, these laws have a very different basis. This issue was addressed when the last version of the joint operating agreement was done. There is a little addendum to the original draft, which was done by the guys in France, which lays out what you need to take into account if you want to do this document under French law. That kind of thing is then accepted, and gives much greater acceptance worldwide to the document.

—Terry Todd

Fittingly, given Todd's Paris-based presidency, the Association's international conference that year was held in Paris. Stéphane Brabant of Herbert Smith and Toufic Nassif of BP organized the meeting, which featured events at various Paris landmarks, including a reception held in the Louvre, and included presentations relating to the oil business in Africa, along with a keynote speech by President Abdoulaye Wade of Senegal. After spending a year and a half organizing the Paris event, Nassif had to skip part of the opening day because he had to fly to Algeria to complete a deal he had negotiated. Though he missed some of the festivities he had helped to organize, Nassif was philosophical about it: "That tells you in our business, there just is no time set for anything, and anything could happen at any time. You have to be ready and flexible to do things."

Also that year, the Model Contracts Workshop moved



Terry Todd, Toufic Nassif, Stéphane Brabant

from Vail, Colorado to Banff, Alberta for the first of two years in a row. Tim Martin co-chaired the Workshop both years, first with Paul Feldman of Anadarko, then with Richard Shoylekov of Agip. Martin later explained why they made the move:

Our Model Contract Workshop was initially held in Vail, Colorado . . . It was a very good venue and worked very effectively. But since we were trying to encourage more international participation — and it's not just American negotiators and American attorneys doing all the work — we wanted the English, the French, and other nationalities at the table. We wanted them to participate in the development of these contracts and to make them more widely accepted and used.

So it took some persuasion . . . to get the board to agree to bring the Model Contract Workshop to Banff, which is outside of Calgary. We did it there for two years and everybody loved Banff.

—Tim Martin

Martin also explained the broader rationale for holding the workshop in resort locales like Vail, Banff, and, later, Tuscany:

You don't want to be in a big city. You want to be in an area that you bring people together and where they're not distracted by running off to the museum, etc. You want them in a secluded setting. That's the reason why we had it in Vail then Banff and then Aritmino. You have spectacular scenery and an ideal forum for discussion. You bring people together and you form a community over the three-day period from working on these models together. You want collaboration, you want interaction, and you can't do that in downtown Chicago or Manhattan. There are just too many distractions.

—Tim Martin

Despite the distractions of a busy industry, in which Chevron was buying Texaco and players from all over the world were trying to figure out the long-term implications of 9/11, the Association continued to fulfill and expand its mission.

A GLOBAL ASSOCIATION

The way you get active in AIPN is you make a phone call to somebody or send an e-mail to somebody and say, "Well, I might be able to help you with this," and pretty soon you're in charge of it because they're always looking for volunteers. So the way I remember getting involved is that Belle Toren, who eventually became President, was in charge of the conference in Kuala Lumpur and she knew that I was involved in LNG [liquefied natural gas]. At that time it was the early days of LNG, at least from the U.S. standpoint, and so there weren't that many people who knew much about it.

So she asked me to help her organize an LNG mock

negotiation for the Kuala Lumpur conference in '97. So I did that, and it was so well received that AIPN repeated it in '98 in London. So once you volunteer, you get asked to do a lot more.

—Philip Weems

Philip Weems's connection to petroleum reached back to his childhood, when his parents operated a service station in Stephenville, Texas, but he entered the profession by way of international law. After earning a law degree at Texas Tech and a master's in law in Sydney, Australia, Weems did a few years of private practice in the States, then joined the Virginia Indonesia Company. He moved to Jakarta, where for six years he handled legal matters tied to the company's large gas fields in Indonesia. When he returned to the United States, he became an AIPN member and went to work for ARCO, which promptly transferred him back to Indonesia to serve as lead counsel to ARCO's Tangguh LNG project. In 1999 he went back into private practice with King and Spalding in Houston, and in 2007 he moved to the firm's office in Dubai.

Weems's negotiations in Indonesia centered on export sales of LNG from Indonesia into South Korea, Taiwan, and especially Japan. Contracts for LNG delivery run for twenty years or more, and can take years to negotiate because of the complexities of transporting LNG and because of the sheer size of the contracts. Weems recalled one negotiation that stretched over twenty-three months, even though it was an exclusive negotiation, with no competing buyers.

His experiences in Indonesia gave Weems a strong knowledge of the midstream parts of the gas business, but he credited his AIPN involvement for rounding out his knowledge of the documents used in upstream dealings. In fact, his involvement in the AIPN is a testament to the organization's expansion beyond its early days, when it was overwhelmingly focused on upstream oil exploration, with little attention to the midstream or to natural gas. The Association broadened Weems's range of contacts: "Despite all these agreements and papers that AIPN has," he later said, "most people are interested in this organization for the networking aspect of it — other people have had great experiences, and they like to share those. It's not about bragging about what you're doing, it's just comparing experiences and helping others to be prepared for the next time."

After he moved to Houston in 1999, Weems took on the task of organizing speakers for the AIPN luncheon meetings held in Houston. He helped increase attendance at the meetings, and by the next year he joined the Association's board. He became the board's secretary, a job he later joked "was like herding cats a little bit" because it sometimes fell to him to goad the board members to come to a final decision on an issue so that he could write it into the minutes.

When he became president in 2003, Weems and the rest of the board decided that easy Internet access and telephone conference capabilities meant that the board could and should continue to expand its reach until it had members from every region of the world. As Weems later reflected, implementing that idea was just one aspect of balancing the governing body for an organization that had become more global than ever:

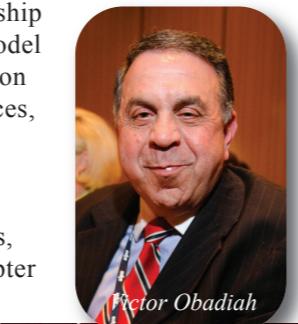
In establishing the board, you had to think about how to represent the major companies that are involved in AIPN. How can you represent the Regions? How can you represent energy law firms and some consultants? And how do you make sure you have a good weighting between men and women so that you get as many views as possible?

In thinking back on that challenge, Weems cited the example of Hans Hirschmanner, a Canadian whom he had known from Jakarta. While he was living in Australia, Hirschmanner took on the dual challenges of organizing the Australian-Asia-Pacific Regional Chapter of the AIPN and serving as the board member from that Region, "which meant," Weems said, "that he had to get up at, I don't know, midnight, and participate in these two-hour board of director calls and try to hear a conversation going on in a room in Houston with twenty people. And he was very faithful in doing that."

The Association's globalization had already been helped by its Web site, but that year AIPN member Victor Obadiah led a project to update the site. Besides giving it a new logo, the redesign enhanced services by offering an up-to-date membership directory, online forums for Model Contract committees, registration for memberships and conferences, posting of resumes and job opportunities, and instant downloads of existing Model Contracts, conference materials, research papers, Regional Chapter materials, and the Advisor newsletter. Mike Foley, a past president who went into business for himself as a consultant around 2000, lauded the Web site as "the number one asset of the organization":

If I need to find out who's available to give me some insight to what's going on in Kazakhstan, for instance, I can go to the directory and see who's living in Kazakhstan. Or maybe I might research who's written papers at any of the conferences on Kazakhstan. . . . The papers are all there, and you may not want to keep a dedicated shelf or cabinet with all the AIPN conference materials, but now they're online and they're searchable. . . .

The directory is the great thing. It's kept current and you



can search for whoever is in the country, or who's at the company you need to contact. Great thing about AIPN is, even if you don't know anybody at some company, you can call up and say, "Hey, I'm a member of AIPN and I need to ask you a favor. Can you get this question to this person in your company?" And you've got immediate access simply through the organization.

—Mike Foley

The AIPN marked another milestone in October 2003, when it held its international conference in Dubai. Gavin Daniel of Kufpec and Curt Satre of Nexen chaired the organizing committee, and Tim Martin of Nexen also played a prominent role. More than 200 participants came from twenty-three countries to attend. The event was a milestone not just because it brought an AIPN conference to the Middle East for the first time, but also because it brought together for the first time anywhere representatives from the national oil companies of all the countries in the region. "The thing I recall the most," Philip Weems later said, "is seeing the Iranians and the Iraqis on the same panel, having a very academic and thoughtful . . . discussion about negotiations and what the issues were."

After the conference, Tim Martin had the chance to visit the head offices of Saudi Aramco, which had enthusiastically supported the Dubai conference. A conversation with one of the company's senior executives reinforced the appeal of the Association's Model Contracts, the utility of its Web site, and the success of its global outreach.

I remember going to meet Saudi Aramco's senior vice president of exploration and production. I went into his office — huge office, with a big desk — and he came out and greeted me. He was a very warm and friendly person, and we sat down and chatted. He was a Saudi who had been trained as a petroleum engineer in the States, highly experienced, very professional. He said to me, "Tell me about this AIPN. What does it do?"

I said, "Well, it does a number of things. It provides forums for people around the global industry to get together through its conferences, provides education through its workshops and seminars. It develops these Model Contracts, which it provides as a service to the industry."

He said, "These Model Contracts, tell me more about them. I'm quite interested."

I said, "Well, here's the history. Here's how they developed. Here's how they're used," and I mentioned a number of them, starting with the joint operating agreement. I mentioned one in particular that I was personally involved in developing, which were the model service contracts.

He said, "Well, what do they cover?"

I said, "Well, as you know, it's the part of the industry where the operating companies retain service companies to drill their wells, to provide the services that companies such as Halliburton and Schlumberger provide. It also covers the seismic part of the business."

His ears perked up because he was an operating guy. He said, "Oh, that's really interesting. We might find those useful because we do quite a few of those operations."



I said, "Yes, I'm sure you could."

He said, "Well, how much do they cost?"

I said, "Well, they cost nothing."

He looked at me. He said, "Are you serious?"

I said, "Yes, they cost you nothing if you are a member of the organization."

He said, "Well, how can my company become a member?"

I said, "Well, companies aren't really members. This is a professional organization, and its membership is on an individual basis."

He said, "Well, then how much would it cost me as an individual to become a member of the AIPN?"

I said, "It's a hundred dollars a year."

"A hundred dollars a year?"

I said, "Yes. For a hundred dollars a year you get all these Model Contracts. You get all the services. You can access them through our Web site. You can get it instantaneously anywhere in the world, all for a hundred dollars a year."

He looked at me. He said, "Tim, do you know how much money we spent on drilling wells last year?" . . .

I said, "I have no idea, sir."

He said, "Last year we spent over five billion dollars."

I said, "That's a lot of money." . . .

He said, "You know, we have our own law department, but we use law firms in London, New York, and Houston to do a lot of this work for us. Do you know how much they charge?"

I said, "I'm sure that is more than a hundred dollars."

He said, "Yes. Probably a hundred dollars a year for the membership, having all of these contracts, is probably a pretty good bargain."

—Tim Martin

Another development of note during Tim Martin's tenure as Vice President of Education was the AIPN's launch of what was perhaps the most complex Model Contract of all, which became known as the Model Form International Unitization and Unit Operating Agreement. Some in the AIPN argued that unitization — the combining of separately owned interests into a single operating unit — simply was too fact-specific and presented too many variants to be a

suitable object for a model contract. Martin was not dissuaded, however, and turned to two old hands in the model contract business, David Asmus and Andrew Derman, to tackle this challenge.

The men launched the project in March 2004, and the committee held its first meeting in September 2004. Because of the unique challenges inherent in the project, the drafting committee started from scratch, rather than using an existing form. Its initial meetings were devoted to detailed debates about what should and should not be included — and even whether there should be one Model Contract (a combined unitization and unit operating agreement) or two. Michael King, who worked with Asmus at Baker Botts, organized the free-ranging discussions into minutes that served as guides for the later drafters. Meanwhile, Dario Arias of Petrobras prepared and circulated a survey to AIPN members seeking their input on these issues. By December of 2004 the planning was over and the drafting began in earnest.

When the Model Contract was finally approved in August of 2006, the drafting committee had, besides producing the Model Contract, prepared a number of model exhibits, including AIPN's first model decommissioning exhibit and model redetermination procedures, and probably the world's first model technical procedure based on modern 3-D geologic modeling concepts. (That procedure was prepared by ExxonMobil and Shell teams led by Richard Aguirre, Allan Berger, Lee Campbell, Mark Meyers, and Bill Sevier.) To accommodate many of the different fact situations faced in a unitization, the form incorporated a record number of options and alternatives for users — over 175 in the main body of the agreement alone. In fact, the drafting committee used special spacing in the Contract to minimize confusion generated by tiers of options and alternatives. After the process was over, Asmus said of the drafting group:

When we started the process, we were an ambitious committee with thoughts of preparing a pre-unitization agreement, and perhaps other related documents as well. By the end, the drafting group was so exhausted that the general sentiment was 'Let someone else do it!'

INTERNATIONAL EDUCATION

We became disciples for AIPN. We went, and at every opportunity we had, we talked about AIPN and how AIPN could be beneficial because we really truly believed in it. Most of us had already been members for quite some time and lived the experience of what AIPN could do for us and our companies. . . So, we were communicating the message. And in addition to that, we started . . . having meetings in different parts of the world. . . . Taking the meetings where the membership was . . . and advertising that, also helped in spreading the word and talking about . . . the globalization of AIPN.

—Toufic Nassif

Toufic Nassif, who became AIPN president in 2004, grew up in the Lebanese capital of Beirut, then came to the United States in 1972 to study petroleum engineering. After he finished his schooling at Texas A&M and Louisiana State, he took a job with Amoco, where he was an operations engineer in the Gulf of Mexico off the coast of Louisiana. Soon he started climbing the ranks within Amoco, which kept him in New Orleans for more than 15 years.

In 1994 Nassif moved to Houston to take on new duties in international business development for Amoco. The role allowed him to use not only his engineering and managerial acumen, but also his Arabic language skills and personal history of living in different cultures to help grow Amoco's business in North Africa and the Middle East. His introduction to the AIPN followed immediately: "When I joined what they called the business development group," Nassif recalled, "every single member of that group was a member of AIPN. It is almost mandatory internally within the company that anybody that comes to this group has to become an AIPN member." Amoco had recognized the benefits, in terms of both networking and professional education, of Association membership for its negotiators. Nassif gave credit to Mick Jarvis for "making a big push internally within Amoco" to promote these benefits.

In his new post, Nassif worked on Amoco's operations — or potential future operations — in North Africa and the Middle East. Algeria came to dominate Nassif's attention in the late 1990s. Before any of their mergers, Amoco, ARCO, and BP each had multibillion-dollar projects of different types there. By 2000, when BP completed its purchase of ARCO, Nassif ended up with responsibilities relating to all three projects. As he later put it, "Overnight, BP became the largest investor — with a \$4 to 5 billion investment portfolio over a three-year time span — in Algeria. I don't think any company would have dreamt that they would have that position in Algeria at one point in time." Since the projects were conceived based on three different corporate strategies, Nassif and his colleagues worked hard to rationalize and manage the portfolio based on the priorities of the combined company. The task would have been hard enough at any time, but presented even more complications in the late 1990s as Algeria went through a period of political instability.

Much later, Nassif had the chance to reflect on what he learned from the years he spent developing relations with Sonatrach, Algeria's national oil company, and especially with the head of its legal department, Hassan Yassine.

One thing I remember about Hassan: when I first met him in Paris, in the first meeting we had in November, 1994, he asked me the question, "Why do you work so hard for Amoco?" He kind of caught me by surprise with that question. I had to think about it. I said, "Well, the reason I work so hard is because I take personal pride in what I do and if my name is associated with something, it has to be the best, no matter what it is." So, I turned the tables around and I said, "What about you? Why do you work so hard for Sonatrach?" He said, "I work for the next generation of Algerians, for the country."

You know, . . . that particular statement, it sticks with me

until today because if you look at the way negotiations are carried out in this part of the world (MENA) and many other parts of the world, . . . the time element is so different for those countries or those cultures, and very different from the Western culture because when we work, we want it done now, we want it done yesterday, the shareholders cannot wait. We are looking for the results of this quarter. We have to satisfy the shareholders for this particular annual meeting. We have to announce it. While the people on the other side of the negotiation table are looking at the long-term strategic plans for their countries, for the whole generation. If they do it this year, it is fine. If they do it next year, that is fine, too. If they don't do it at all this time, the reserves are not going to go away. They are going to be preserved for the future generation. That, to me, was a heck of a statement and a heck of a lesson.

—Toufic Nassif

When he came to the top position in the Association, Nassif later explained, "My biggest focus for my presidency was really to continue with the outreach program . . . expanding and extending the reach of the organization into areas where we have not been before." Nassif also put an emphasis on translating some of the Association's Model Contracts into different languages so that they could be used in more settings internationally. He also tried to introduce provisions addressing corporate social responsibility into some Model Contracts, but, as with environmental language in the Joint Operating Agreements of 1990 and 1995, or with efforts to draft a host government contract in the late 1990s, the issue ultimately proved too sensitive to allow consensus among the Association's leadership.

That year, the Association and its various Regional Chapters held social and educational events all over the world, in cities as diverse as Almaty, Calgary, London, Moscow, Rio de Janeiro, Tunis, and Washington. The crowning event of the year came in Buenos Aires, when a record audience of more than 230 delegates attended the first AIPN International Conference to be held in Latin America. Terry Todd credited the meeting for leading to "huge growth of the AIPN in that part of the world."

The conference was particularly memorable for long-time AIPN member and former Director-at-Large Norman Nadorff. After he had arrived in Buenos Aires for the

conference, he woke up in his hotel room, "startled and disoriented . . . feeling as though an intruder had hit me hard in the chest." The first doctor he saw misdiagnosed him with a strained muscle, so Nadorff went about his sightseeing, not knowing that he had suffered a serious heart attack. When he still felt ill days later, "I checked myself into a hospital, where they immediately conducted full-blown angioplasty." In the spirit of an international negotiator who's seen everything, Nadorff was philosophical about the experience in retrospect:

Since I speak Spanish I was never in the dark about what was going on. And as far as a place to have a heart attack is concerned, the hospital treated me extremely well, and even gave me the presidential suite when my wife arrived. I even got to know the president of the hospital very well, and we became friends from his twice-daily visits. Looking back, it was a chance to see a country and know its people from the inside rather than the outside.

—Norman Nadorff

Regional chapter leaders Pablo Alliani and Justo Norman, pioneers for AIPN in South America, spearheaded the Buenos Aires event, which was supported by Association volunteers and the organization's professional staff in Houston. Luisa Neher, who was then Executive Director of AIPN, reflected on the toil that went into each International Conference, along with the enjoyment she—and the AIPN's members—got from attending them:

I can tell you they are a lot more work to put together than anybody realizes until they get involved in putting one together. It is always fun to talk to the co-chairs before and after. At first they'd be, you know, always full of energy. They thought it would be a lot easier than it was. But by the end of it, we would all have a lot more wrinkles and gray hairs.

In the end, probably the most exciting part, at least for me, for my job, was to not only organize these conferences, but then go and actually see the results of all this work that you've been doing the whole year, and see all the cooperation from all the different board members, chair people, and committee members. It takes a lot of different people to put it together such that when you get there, you don't notice what happened in the background.

—Luisa Neher

Members, in turn, praised Neher for her involvement, not just with the conferences but with the whole range of the Association's activities. Philip Weems, for instance, later said that "for the years that Luisa was in charge, she was really the continuity behind the organization. . . . but for her I don't think that we would be anywhere close to where we are now."

After a successful run in Banff, Canada, the Model Contracts Workshop met in July 2004 in the village of Artimino in Tuscany. At the workshop, two of the Model Contracts started in 2002 came to fruition: the Farmout Agreement and the Dispute Resolution Agreement. Both that



2004 AIPN International Conference in Buenos Aires

Workshop, which was chaired by Tim Martin, Terry Todd, and Richard Shoylekov, and that fall's Short Course, led by Jim Barnes and Karen Krug, sold out.

To build on these educational events, and in response to demand from the membership, the Board green-lighted development of the first AIPN Negotiation Workshop, which was held in 2005. In line with the globalizing emphasis of Toufic Nassif, Terry Todd, David Asmus, and others, the Board also held half of its meetings outside the United States to coincide with AIPN regional events. Looking back across the decade, Nassif noted that each new president upped the ante for the organization as a whole:

You look at the years from 2000 onwards; the bar kept being raised by each president and will continue to be raised. The challenges every year continue to increase. So, the bar continues to be raised by every president and every year, more challenges and more objectives are put in place to continue to improve the organization.

—Toufic Nassif

BRINGING THE WORLD OF NEGOTIATORS TOGETHER

It [the AIPN] continues to expand, and it's interesting where the expansion is occurring. It's reflective of how the industry is evolving and the more active role of national oil companies. We now have this knowledge and expertise in other parts of the world. It's not just in Houston, even though Houston is still the center of the oil and gas universe.

We're now starting to see that we have other centers around the world where you have this type of knowledge and expertise. The AIPN is very much a part of that expansion.

—Tim Martin

Tim Martin came to the presidency of AIPN in 2005 with what might be as diverse a background as anyone could have in the oil business. Like many Association members, early in his career he had been a domestic landman, working for Shell in his home country of Canada; after that, he had spent many years as a negotiator for Gulf, where he got into the international side of the business. Along the way, he also served as president of the Canadian Association of Petroleum Landmen. But before all of his white-collar work in the business, he manned oil rigs, "from the smallest to the biggest, from desert conditions to the arctic to the Beaufort Sea." He did this work even after he earned his law degree from York University's Osgoode Hall — but eventually the realities of working on rigs changed his mind about his career path.

I remember finishing law school and being admitted to the bar and then telling my family that I had no intentions of practicing law right away. I was off to travel around the world. In order to do that, the best-paying and most flexible

job was not as a lawyer. It was as a drilling hand.

I was in northern British Columbia in the wintertime near a town called Fort St. John, and it was January, . . . and it hit minus forty-five degrees Celsius. . . . If you touched metal, your skin would peel off. . . .

We were working twelve-hour shifts, which was fairly standard. You would work the night tower; finish at eight o'clock in the morning, get a shower, have a big breakfast and get some sleep. Well, under those conditions, you weren't able to get a shower because the propane had turned into gel from the cold. We couldn't get the heat. So the clothes that you worked in were the clothes that you slept in. You were always dirty and cold.

I realized then that it wasn't so romantic to be working on drilling rigs for the rest of my life, traveling around the world. So I thought, "Well, I'm now in the oil business. I've got a law degree. I might as well make use of it."

—Tim Martin

In the three decades after making that decision, Martin worked in many facets of the oil business around the world. In the domestic Canadian industry, he negotiated some of the original oil sands leases in Canada in the late 1970s and early 1980s; high oil prices drove interest in those deposits, but that interest cooled after crude prices collapsed in the mid-1980s. It wasn't until the 2000s that development of the properties came to fruition on the back of oil prices that continued to break records.

Martin's international work for Gulf Canada then took him to Indonesia and Malaysia, where he first encountered the AIPN by working on deals with Andrew Derman and Sean Murphy. Besides traveling extensively in South America, North Africa, and the Middle East, Martin lived for four years in Cairo as Gulf Canada's country manager for Egypt, and later spent another year in Moscow as the finance director for a joint venture. That experience ignited a long-term professional interest in corruption and transparency. From Moscow, Martin moved back to Calgary to direct international negotiations for the firm that became Nexen. He took early retirement in June 2008, but remained very active in the field, both as an international arbitrator on large energy disputes and as an advisor to companies and governments on compliance with international treaties and laws governing the activities of multinationals.

When Martin joined the AIPN in the 1980s, he became involved in the initial efforts to draft a model joint operating agreement. His involvement waned while he was posted overseas, but after he returned to Canada for good in 1995, he resumed a high level of activity — organizing conferences, chairing committees, and serving in various officer and board positions.

During Martin's year as president, the Association moved forward on many fronts. Under the leadership of Pat Allison, Vice President of Education, AIPN committees worked on a record number of Model Contracts, including Spanish and Arabic translations of the model Joint Operating Agreement (French and Russian versions followed later), and several new models, such as a Liquid Natural Gas Sales and Purchase Agreement and a Gas Transportation Agreement.

Besides developing these specific Model Contracts, the Association refined the process for devising them when Prof. Owen Anderson of the University of Oklahoma finalized a Model Contracts Handbook to help ensure consistent quality for future models.

On the educational front, the AIPN again hosted the Model Contracts Workshop in Artimino, Italy, this time chaired by Terry Todd and Marco Bollini from Eni. (When the Workshop completed its run in Artimino the following year, Bertrand Montembault of Herbert Smith also served as a co-chair.) Although Hurricane Rita forced Jim Barnes and Karen Krug to postpone the first session of the Short Course that autumn, both sessions of the Short Course were held — and sold out yet again. Also that year, the Negotiation Skills Workshop came to life in London under the leadership of Yvonne Holm, then with Wintershall, and Harry Sullivan of ConocoPhillips. Since it began, faculty members for the three-day session have included former presidents Mick Jarvis, Toufic Nassif, and Eric Fry, along with members like Holm, Sullivan, and David Bishopp of BG. The course covers techniques, ethics, and the background of contracts, as well as the psychology of negotiations. On the third day, the faculty members put the students through a full-fledged simulation of a negotiation in the mythical country of Bolango.

A lot of the things that we teach them in the first two days — about how to get organized, how to work as a team, how to use your resources, what to look for in negotiations, how not to get railroaded or let characters and personalities cloud

what's going on — we put them through all that during this third day, and they're supposed to come up with a solution. We give them a simple economic model and if they run the economics on it and if they get it right, then they get a good rate of return on this project. If they don't, or if they run out of time, which is what often happens, then we have to say to them, "Well, guys; this is what you did wrong."

—Mick Jarvis

The teachers join the simulation, playing key roles as rig contractors, joint venture partners, and host country officials. Nassif, in particular, has embraced his role as the Bolango energy minister:

I give folks a hell of a time. . . . I communicate things that I have heard from the very high-up, responsible people I have dealt with in the various ministries — I take these communication/messages collectively and put it in a scenario and put it in front of these students. You would be surprised how shocked they are. At the end of the day, this is what they have to deal with. And we are trying to make it as real as possible, utilizing the extensive experiences of the people who teach the course, who collectively, have close to 150 years of experience. So, I mean, we make it as real as we can, to the point where some people — they take it very personally when we are doing the exercises.

—Toufic Nassif



The AIPN attests to what volunteers can accomplish by setting the bar ever higher for ethical and professional standards. Its history is a marvelous story about professional and career development.

—Tim West

of BP, and the dedication of various AIPN members from around the globe. Norman Nadorff (BP Angola Senior Counsel and former AIPN Director) and Carlos Feijó (prominent attorney and current Member of the AIPN Education Committee) collaborated closely from the outset on the nature, structure, and objectives of the Program; they have both served as instructors. Two former AIPN Directors hailing from Brazil (Alexandre Chequer and Marilda Rosado) served the Program as Instructors and Academic Advisors at an early stage. Other AIPN members and industry practitioners who have taught in the Program include Silvio Rodrigues (Chevron), Fernando Santos (Sonangol), Flavia Gouvea (Eni), and Sandoval Amui (formerly with Petrobras). In addition, the Program has hosted prominent academics such as Philip Andrews-Speed (University of Dundee), Owen Anderson (University of Oklahoma), and John Lowe (SMU), all of whom are long-time AIPN members. The AIPN itself has aided the Program by supplying learning materials, by granting permission to use AIPN lectures, and more recently by inviting Nadorff to introduce the Program at the 2009 AIPN Spring Conference in New Orleans. (Nadorff received the annual Educational Award for his efforts.) Most recently, the Program hosted a major symposium featuring Professors Lowe and Anderson that focused on the AIPN Model Contracts, which figure heavily in the Program's curriculum. By all indications the LL.M. Program and the AIPN should continue to enjoy a mutually beneficial relationship for years to come.

Also in 2006, the AIPN launched its annual conference on oil and gas arbitration with a meeting in Dubai. Tim Martin has developed the conference in association with the leading arbitration institutions in the world. The first meeting was presented with the Dubai International Arbitration Centre in 2006; later sessions were held in Paris with the ICC Court of Arbitration in 2007, in Rio de Janeiro with the International Centre of Dispute Resolution in 2008, and in Singapore with the Singapore International Arbitration Centre in 2009. The 2010 meeting, to be held with the American Arbitration Association, is slated for Houston. Given the large investments of oil and gas companies around the world and the potential for major disputes that arise from these investments, the conferences have provided a very successful forum for companies, governments, and the arbitration community to discuss, share, and learn from their experiences.

Later in 2006, the Association broke another kind of ground by making its first webcast, in which Frank Alexander delivered an advanced seminar from Buenos Aires about the model joint operating agreement. The organization also began a project to make its Web site even more useful to members when it installed a new document management system. That system allows users to browse or search across

a huge database of AIPN publications, including Model Contracts, conference presentations, and back issues of the Advisor. As it neared the quarter-century mark, the Association was acting more and more like "a real company."

WAVES OF EXPANSION

The AIPN attests to what volunteers can accomplish by setting the bar ever higher for ethical and professional standards. Its history is a marvelous story about professional and career development.

—Tim West

Tim West's early career gave no indication that he would spend decades in the energy business. After growing up in New Jersey and earning a law degree from Rutgers in 1968, he served as a lawyer in the U.S. Marine Corps from 1969 to 1972. When he left the service, he earned an MBA at Columbia University, then joined Allied Chemical Corporation in 1974. West finally entered the oil and gas business in 1978, when Allied transferred him from New Jersey to Houston to become a lawyer for its subsidiary, Union Texas Petroleum.

In those days, UTP trained its new lawyers by giving them a mix of assignments, including both domestic and international work, so West's duties covered both Louisiana and several international ventures, including projects in Portugal and Argentina. In his four years at UTP, West rose to the position of General Counsel. Over the years, the company was the home of several other notable AIPN contributors, including co-founder Frank Alexander, presidents John Campion and Pat Allison, and Bob Cummings, Ben Welmaker, Bob La Raia, Bryant Daniels, Dan LeFort, and Steve Otillar. UTP encouraged and actively supported its employees' participation in professional organizations such as the AIPN.

UTP was able to attract a lot of talented people during a challenging period. There was a boom — and a labor shortage — going on in the 1970s. I believe part of UTP's recruiting success was to offer interested individuals significant exposure to international oil and gas projects early in their careers.

—Tim West

That hiring boom in the late 1970s would later have profound effects on the demographics of the petroleum



Eric Fry with students at AIPN Spring Conference

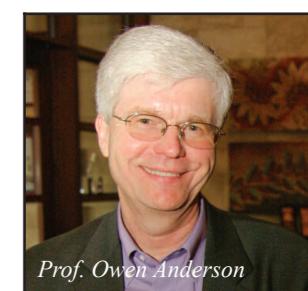


Reflecting on the upheavals in the industry, Tim West later said, "There was no comparison between the 1970s and the 1980s. The 1970s were exciting, and the 1980s were depressing." West himself moved from Union Texas to BP in 1982, after BP Exploration

moved its North American headquarters from San Francisco to Houston. He spent eleven years there, handling the legal aspects of Alaskan and Lower-48 exploration and production projects as well as international projects in Mexico, Venezuela, Colombia, Argentina, Uruguay, and Bolivia. He then got into international work full time with Santa Fe Energy, where he served as the country manager in Quito, Ecuador for exploration projects in Ecuador and Colombia, and then as a country manager in Rio de Janeiro for exploration and development projects in Brazil. He returned Stateside to become vice president for international negotiations shortly before Santa Fe merged into Devon Energy in 2000. Living back in Houston, West picked up his involvement in the AIPN. David Asmus told him that the way to get involved in the AIPN was to volunteer for something. He decided to co-chair the 2003 Spring Conference with Jay Cuclis, and, in West's words, "one thing led to another." He served as the first Chair of the newly formed Membership Committee and then as Vice President of Conferences.

West's year as president was eventful. Acknowledging its ever-expanding educational activities, the Board for the first time elected academics as Board members: Profs. Owen Anderson of the University of Oklahoma and Michelle Foss of the University of Texas.

In 2007, after a three-year run in Artimino, Italy, the Model Contracts Workshop moved to Bergen, Norway. That fall, the Association's International Conference convened in



Prof. Owen Anderson



Prof. Michelle Foss



Professor Peter Cameron and Karen Krug at the AIPN 2007 International Conference in Marrakech

Marrakech, Morocco; the Association also held its first-ever one-day Educational Course, including a presentation on stabilization by Prof. Peter Cameron, following adjournment of the International Conference. Meanwhile, the AIPN board strengthened the five-year planning process by establishing ten organizational goals for the year and delegating committees to keep up with each of the goals. As a result, the Board established Vice Presidents of Planning and External Affairs, re-instated the Secretary position, and formed several new permanent committees. For years the organization had recruited student members, but in 2007, under the leadership of Eric Fry, it also formed student clubs, starting at the University of Oklahoma and the University of Texas. It also began recruiting students overseas, at institutions like the London Business School and the University of Dundee. To promote a diversity of disciplines within the membership, these efforts targeted not just law and business students, but petroleum engineers, geologists, political scientists, and other students pursuing international degrees. The student membership requirements were also streamlined.

Taking the broadest view, by the end of 2007 the AIPN was a global organization with more than 2,300 members spread across seven chapters worldwide. Less than 1,000 of those members were located in the United States — a far cry from the days when a group of Houston-area negotiators decided to meet and talk over lunch.

EDUCATING NEGOTIATORS

As the AIPN has grown to include more than 2500 members from more than 80 countries, you can go to a conference and meet people from Southeast Asia, South America, or Africa — just everywhere — and it is interesting to get to know these people personally so when you actually negotiate a deal with them, you already know them and are comfortable working with them.

—Pat Allison

After growing up near Boston and getting her B.A. in political science, Pat Allison attended Washington University in St. Louis. In 1970 she became the first graduate with an M.A. from the school's urban studies program, which also included training in environmental affairs. For several years after graduating, Allison worked as a regional planner. After moving to Houston — which, without zoning laws, has limited work in urban planning — she graduated from law school at the University of Houston, a feat she managed even with two small children. She became the first person hired at the firm of Fulbright and Jaworski strictly to do environmental legal work. After a couple of years, the seventy-hour workweeks began to wear on her, so in 1980 she decided to find work in the law department of a corporation.

Allison joined Union Texas Petroleum, and in fact the person who hired her was Tim West, who would precede her as AIPN president many years later. Her experience at UTP was like West's: the company wanted to expose its young

lawyers to all aspects of the petroleum business, so she did a mix of domestic and international work. Her duties covered various parts of the globe, and she traveled to countries in South America and Europe. But, as she later put it, "in the early 1980s, companies were quite protective of women and did not want to send them to really dangerous places or places where women might not be welcome," so she did not travel to countries in the Middle East, even when she worked on deals taking place there. After UTP, she moved to the firm of Roy M. Huffington and worked on its venture in Indonesia, and then became Vice President and General Counsel at Greenhill Petroleum, the American subsidiary of the Australian company, Western Mining.

In the mid-1990s, Allison found herself working with West again, this time at Santa Fe Energy Resources; she spent a couple of years there before going into practice for herself. She joined the AIPN in 1996 and became an active member. Like Philip Weems, one of Allison's early duties in the organization was to arrange the speakers and topics for the monthly lunch meetings in Houston. As with Weems, that soon led to an invitation to join the Association's board.

Allison joined the board as the Regional Director for the United States — a new position that had been created in the early 2000s. She did that job for two years, and began holding meetings in new venues, including San Francisco, New York City, Denver, Dallas, and Washington, D.C. "Basically, I tried to expand the U.S. Regional Chapter past just being a Houston organization," she later explained. "We do not have all that many members in other parts of the country, but there are enough that we can have periodic meetings and hopefully use that as a basis for attracting new members." In many cases, local law firms would sponsor the meetings, then invite clients and law students to attend. One session in particular stood out:

I think the Regional Chapter meeting we had in New York City, which dealt with issues of international maritime boundary disputes, was probably one of the more interesting ones we have ever had. The sponsoring law firm was well-positioned in this area of the law and invited its clients. As a result, some foreign ministers from countries having international boundary disputes at that time were in attendance and participated in the discussions. As you can imagine, the question and answer session was incredible.

Allison also served a term as the first Vice President of Model Contracts. The role allowed her to continue the work she had already done while Vice President of Education in developing Model Contracts and building on the Association's outreach programs to universities. Starting in the late 1990s, some AIPN members had begun to speak on college campuses in an effort to drum up interest in the negotiating profession and to counter the demographic trend of aging across the industry. David Asmus recalled the outreach efforts that he undertook with Eric Fry, Skip Maryan, James Barnes, and several others:

We produced a slideshow to take to schools — at that time it was business schools and law schools — to convince students that this was a good industry and a good profession to go

into. There was a real concern, and still is, in the energy industry that there aren't young people going into it. So this program was designed to show young people what happens in the real world. We brought slides of the speakers in action and of various AIPN members in exotic locations around the world, the sort of thing that's very interesting to students. We told war stories. Skip brought in one of the Exxon Mobil attorneys who showed the students her travel health kit and all the medicines and medical supplies a negotiator brings when he or she goes into a high-risk tropical country. . . . It was, I think, a good project to launch at that time, because we had a dearth of younger people who were really interested.

—David Asmus

Initially, the negotiators took their road show to big centers for education in oil and gas law and petroleum land management: the University of Oklahoma, the University of Texas, Southern Methodist University, and the University of Houston. Later, they reached out to other schools in North America, including Georgetown, Columbia, and the University of Calgary, then began to expand the program to institutions in Britain, Continental Europe, and Latin America.

While the AIPN emissaries could pique students' interest, they could not promise that the students would be able to take on roles as international negotiators fresh out of school.

Unlike being a geologist or an engineer, where major oil companies will have entry-level positions and entry-level training programs, there was nothing, nor would there be, like an international negotiator entry-level position. These are jobs that are given to people with experience. . . . A major oil company is not going to have an entry level college student come out and negotiate a sixty million or eighty million dollar exploration contract right out of school. It takes a great deal of knowledge of many different factors — technical, commercial, and legal — to be able to negotiate or coordinate that effort and successfully negotiate that contract for your company.

—Eric Fry

Because of this, the AIPN members tried to intrigue students in the profession, and to encourage them to stay in touch with the Association as they completed their schooling and began careers in the petroleum industry or the law. The Association made this process easier by offering inexpensive student memberships, and by giving some students scholarships to attend either the Spring Conference in Texas, or one of the International Conferences.

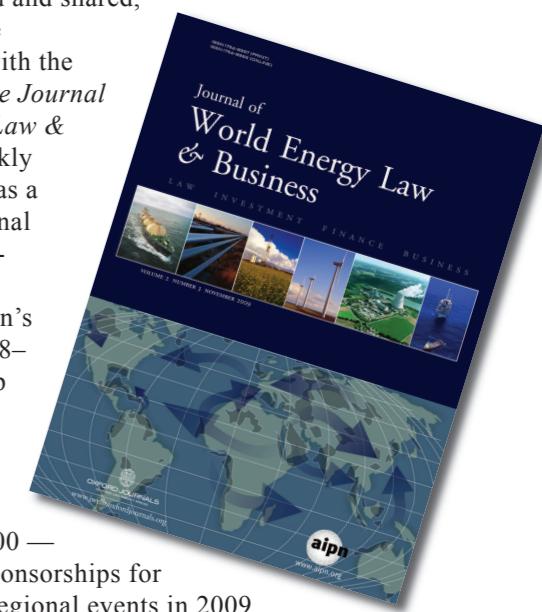
The program has worked, on several fronts. The Association now has many student members, and there are AIPN student clubs at several universities. More than that, a number of people who received initial exposure to the profession through the outreach program have now entered the profession. Ten years after he began making campus visits in 1997, Eric Fry could call to mind students who had

already gone on to careers with Devon, Exxon, Shell, Pioneer, Kerr-McGee, and Anadarko. During Pat Allison's tenure as Vice President of Education, she also started the Association's education advisory board, which brings together numerous professors from the United States and elsewhere to advise the Association on educational matters and ways it can better attract students to the profession.

In 2008, the Association debuted another ambitious educational project, *The Journal of World Energy Law & Business*, published by the Oxford University Press. Former AIPN president Tim Martin worked with Professor Thomas Wälde of the University of Dundee to begin the journal, which covers legal and commercial aspects of the petroleum negotiating profession in a format useful both to academics and to working negotiators. Sadly, Wälde died late in 2008, during the first year of the journal's publication; Peter Roberts was appointed as the new General Editor in April 2009. The journal takes a multidisciplinary approach in analyzing important issues in the international energy industry. It provides high-quality articles from commercial, financial, legal, economic, political, environmental, and policy analysts and practitioners who combine academic excellence with professional relevance. For many years, AIPN members had been writing excellent papers about the international oil and gas business. While some of these articles eventually were published in law reviews, there was no central depository for them, and especially no forum that treated legal and commercial aspects of the business side-by-side. The journal provides that depository and ensures that knowledge created by AIPN members and the institutions and advisors that work with them can be saved and shared, not just across the Association but with the world at large. The *Journal of World Energy Law & Business* has quickly established itself as a leading international journal on energy-related matters.

During Allison's presidency in 2008–2009, membership peaked at about 2,600. Corporate sponsors pledged a record amount — almost \$250,000 — with additional sponsorships for conferences and regional events in 2009. The 2009 Annual Budget also hit a record, with \$1.4 million in both expenses and revenue.

More Model Contract drafting committees than ever were active during the year, under the supervision of Vice President of Model Contracts Owen Anderson. Bill Pugh chaired the drafting committee working on revisions to the Services Agreements and a new Drilling Contract, while Charles White and Don Simpson served as co-chairs for the Services Agreements and Drilling Contract subcommittees,





2009 Core Course in Cape Town, South Africa

respectively. Jim Barnes and Garry Howe chaired the drafting committee responsible for revising the 2002 Joint Operating Agreement (JOA). Harry Sullivan and Steve Miles supervised a drafting committee of almost 200 people working to finalize the LNG Sales and Purchase Agreement, which was approved by the board in September 2009 after almost four years of work. Ariel Kaufman and Andreas Gunst finished work on two versions of the Gas Transportation Agreement, which address deals with and without pipeline in place.

Also approved was a revised version of the Consultant Agreement for Business Development in a Host Country; the revision, which was led by Steve Molina, Christopher Strong, and Ron Sponberg, makes the agreement more international in scope. Term Sheets for the JOA and Study and Bid Group Agreement, prepared by Guy Dayvault and Tom Bateman, were likewise approved. Andrew Thompson and Greg Heath chaired the committee which finalized the Australian User's Guide for the 2002 JOA and 2004 Accounting Procedures. In addition, the 2007 Confidentiality Agreement was translated into Russian and Spanish and the 2004 Accounting Procedure was translated into Spanish. Frank Alexander completed another chapter of the Government Petroleum Contract Handbook regarding Minimum Exploration Commitments.

New drafting committees were formed to develop an AMI Agreement (Frank Alexander and Michael Josephson, co-chairs); a Data Exchange Agreement (Carol McDiarmid and Erin Dyer, co-chairs); and an AIPN Model Contracts Template, Terms, and Definitions (David Moroney, Chris Moore, and Owen Anderson, co-chairs).

In March and April 2009, the Association presented a new education course called the Core Course for the first time. The Core Course is a condensed version of the Short Course; like the older program, it covers upstream and midstream laws and contracts relevant to negotiators. James

Barnes served as program chair for the initial run of the Core Course; in an effort to reach out to members in Africa, the AIPN partnered with the Rocky Mountain Mineral Law Foundation and offered the program in Cape Town. Despite the difficult economy, the Course was a success thanks to the efforts of Barnes and faculty members Tim Martin, Skip Maryan, Sean Murphy, Norman Nadorff, Andrew Derman, and Harry Sullivan.

The board, recognizing the importance of the student outreach program, approved granting four student scholarships totaling up to \$20,000. An increase in the amount of research grants to \$25,000 was also approved. As an offshoot of student outreach, a Young Negotiators Group was approved to provide networking and educational opportunities and mentoring for young professionals entering the business. The Resume Referral Service, which had been directed for many years by Al Boulos, was reinstated for students and young professionals. A Commercial Forum under the leadership of David Davies and Costa Fotopoulos was started in order to insure that the interests of commercial members are well represented within the Association. Meanwhile, the AIPN also published research papers on Contract Stabilization and Expropriation.

The seven Regional Chapters continued to expand in the number of services they provided to members on the local level. At least forty Regional events were held during the year, in such diverse locales as Aberdeen, Almaty, Bangkok, Calgary, Dallas, Dubai, Ho Chi Minh City, Houston, Kuala Lumpur, London, Melbourne, Moscow, Perth, Rio de Janeiro, Singapore, and Tokyo. The Regional Chapters were also assigned the task of national oil company (NOC) outreach: they are charged with identifying NOC and host government representatives within their jurisdictions who could benefit from the AIPN's services.

Lastly, after many years, the Board decided to make requirements for membership in the Association less

restrictive. While an applicant formerly was required to show that he or she was "primarily engaged" in international petroleum negotiations, membership was opened to anyone with an interest in petroleum negotiations who has three references from AIPN members. Explains Elisabeth Eljuri, a partner in the Calgary-based law firm, Macleod Dixon, who co-chaired the Membership Committee that recommended loosening admission criteria:

As things evolve, we continue to bring new proposals to the table, because what we want to do is make sure that as an association we grow with the people who have the right interest in what we do, and we also want to make sure that as we lose members every year for one reason or another, that we're able to, in fact, attract new members and exceed the number of people that we lost by attrition. So that's one concrete thing that I think has been good. The AIPN has tried to now become more flexible and more inviting to people who want to use it as an association that will help them build their international negotiations expertise.

WEATHERING ECONOMIC STORMS

There is a need in the industry for what AIPN has to offer. We look forward to the future and the challenges it has for us.

—Karen Krug

In the second half of 2008 and the early months of 2009, the industry experienced its most extreme price volatility in decades, with oil rising to a high of \$150 per barrel before falling to a low of \$45 per barrel. That volatility and decline happened at the same time that the world economy experienced a wave of shocks: credit markets froze, stock indexes plummeted, and many financial institutions and other companies failed. The oil and gas industry responded with sharp reductions in capital expenditures and massive budget cuts. The Association, however, has weathered this storm well, and in 2009 it welcomed Karen Krug as its new president.

Krug began her career on the technical side of the industry. She received a B.S. in Petroleum Engineering from Colorado School of Mines at a time when only three percent of petroleum engineers in the U.S. were women. After graduation, she worked the full gamut of engineering, serving as a reservoir, drilling, and project engineer for various companies. She developed specialties in enhanced oil recovery (particularly using steamfloods) and unconventional natural gas.

In the mid-1980s, Krug decided to change her career direction; she began attending law school in the evenings while working full-time as an engineer. After receiving her law degree from Lewis & Clark College, Northwestern School of Law in Portland, Oregon, she began her legal career in Denver with Welborn Dufford Brown & Tooley. (The firm later became Welborn Sullivan Meck & Tooley.) As a lawyer, Krug specialized in natural gas regulatory matters related to pipelines and gas storage.

She soon began working with clients on start-up projects

in the Soviet Union, an area of the world that would hold her attention for decades to come. In 1991 a lawyer from the Soviet Union came to Denver to work with Krug's firm for a year; he lived with Krug and her family. One year later, at the time the Soviet Union was breaking up, Krug went to Kiev, Ukraine to work with his firm. From this base she worked with several clients in Russia forming oil and gas joint ventures when Russia was privatizing in the early 1990s. Soon, following her clients, she went to Kazakhstan. Its largest city, Almaty, became her base. "Not only was the weather very similar to Denver's, there was great powder skiing in the winter and the people were wonderful," Krug said. "But AIPN was a new organization in that part of the world." In 1998 Krug and her colleague Marla Valdez left the Denver firm and joined their Central Asia practice with Denton Wilde Sapte, a London-based firm.

Having worked in the former Soviet Union (FSU) since 1992, Krug has seen many changes in the way people live, their culture, and the opportunities available in the FSU countries. "I started practicing in the FSU when laws were kept 'secret' and critical information about companies — downhole well locations, locations of fields, and the like — were 'secret,'" she said. "This created another level of complexity when negotiating deals, and it was a very interesting time period to watch as everything in that part of the world evolved." Now the laws are published and accessible and information — or at least most of it — is no longer kept secret. Negotiation and deal terms have evolved as well.

In 1996 Krug became the first female graduate of Colorado School of Mines to serve on its Board of Trustees, a post she held for nine years. Understanding how important it was to encourage women to pursue science and engineering degrees, she founded the Sister-to-Sister scholarship program at Mines. She also taught International Petroleum Transactions as an adjunct professor in the LL.M. Program at the University of Denver School of Law for seven years.

Krug became a member of AIPN in the early 1990's, participated in the early Model Contract Workshops in Vail, and served on several drafting committees for Model Contracts. "One of the most memorable committees for me was for the lifting agreement," she said. "We always met in Paris and not only enjoyed the intense work on the Model Contract, but also the hospitality and great food of the French. I'm sure this was reflected in the end-product." Besides serving as Vice President of Education for two years, Krug has co-chaired the Short Course with Jim Barnes since 2003. (To those involved in the Course, the two are known as "Mom and Dad.") Krug summarized the impact of the program, for both students and the Association:

The Short Course is the flagship education course in the industry because of the full range of expert faculty who teach it and share their practical experience. This experience is what makes it so incredibly valuable. All of these folks donate their time to do this every year to AIPN. That's what you find with AIPN — great people who do great things.

Krug believes that Regional Chapters are vital to the future of the AIPN. "The growth is in the Regions, and the

Board composition this year reflects the focus on the Regions. It is important to support the Regions in new ways to help them deliver education and Model Contract programs to their membership." This should be achieved, Krug says, not simply by delivering a larger number of programs, but by continuing to come up with innovative, high-quality programs that maintain the AIPN's reputation throughout the world: "I believe the approach must focus on the quality of the programs. Quality is critical, and if we lose it we will not have a base to build upon in the future." The Association may deliver these educational and professional development programs across the Regions by, for instance, creating a speaker circuit, webcasting regional events for the benefit of those who cannot attend, and shooting videos of subject experts presenting the Model Contracts.

Outreach to national oil companies (NOCs), particularly at the regional level, is important as well, especially since NOCs continue to play an increasingly influential role in the industry. This outreach also builds up the diversity of the AIPN membership in terms of views and background, which means that the Association can include the perspectives of all stakeholders — NOCs, independent oil companies, and governments — as it develops its Model Contracts. Having the input of a diverse group of people results in a better end-product, while enhancing the Association's well-established reputation for writing balanced Model Contracts. The embrace of NOCs has already been reflected through the inclusion of more NOC representatives on the Association's Board.

Krug also believes that the Association will grow through its efforts to reach new generations of negotiators throughout the world. While Eric Fry and others expand student outreach well beyond the borders of the United States, Lindsay Jennings continues to strengthen the Young Negotiators group, which has struck a chord with many young professionals. Krug believes initiatives like these are important to the Association's future simply because of the lack of younger negotiators in the business.

Despite the hurdles created by difficult economic times and long-term demographic shifts, the AIPN remains fiscally sound, continues to sustain its membership, and keeps innovating on behalf of the negotiating profession.

INTO THE FUTURE

I can't imagine having a domestic-only practice. It would be — it would bore you to death.

—Philip Weems

It has been beyond my wildest dreams to take this job. It has been perfect.

—Rick Goenner

International petroleum negotiators are a fascinating bunch. They are ready to jet around the world at a moment's notice, often so they can stay in remote locales for weeks or months to secure a deal with counterparties who might be

hostile or friendly, wary or open, ignorant or savvy. The deals themselves must balance the financial, legal, social, and technical concerns of all parties, and the risks can be enormous. Yet veteran negotiators embrace these conditions — thrive in them — and often cannot imagine liking any other sort of work so much.

When it got its start in the early 1980s, the Association of International Petroleum Negotiators was focused on members in Houston, on the upstream end of the oil business, and on commercial negotiators. By the 2000s, it had grown into a truly global organization that covered both upstream and midstream operations for both oil and natural gas, and that welcomed commercial negotiators along with technical personnel and lawyers from both petroleum companies and law firms, as well as representatives from host country firms and ministries. It grew from a small club meeting for lunch once a month in Houston to an international body with thousands of members and active Regional Chapters throughout the world. To put it another way, it grew into an organization that could carry off successive conferences in Perth, Marrakech, Edinburgh, Bangkok, Doha, Banff, and Rio de Janeiro — as the AIPN has slated to do from 2006 to 2012.

You know, AIPN, I think, used to be looked at as being kind of a parochial organization. Most of the members were based in the United States and most of those were based in Houston, because that's pretty much the center of the oil business. I mean, even though we had members from all over the world, really . . . the large majority of them were based in Texas.

They did business all over the world, but that's where they were based, and so it affected the way AIPN was perceived. And now, I think, where its leadership is really global and it has active members from all over, and meetings and conferences across the globe — it just has a whole lot more clout than it would ever have had when people discounted it for being somewhat parochial. So that's been pretty evolutionary, and it's really wonderful.

—Marty Forte

The organization evolved this way during a period when the petroleum industry as a whole underwent enormous change. Since the Association's founding, Telex machines and air mail have given way to fax machines, cell phones, cheap international calls, video conferencing, and — above all — e-mail and Web access delivered by the Internet. Computers have likewise enabled remarkable advances in the technologies used for finding, producing, and moving petroleum.

Indeed, the entire shape of the global industry has changed. Natural gas, in the form of LNG, plays a far more important role. Better technology has enabled exploration in new areas. Meanwhile, more companies are active in international deals. It no longer makes sense to talk about the old Seven Sisters that once dominated the industry, but in their place are even bigger majors, plus sophisticated national oil companies whose size beggars the imagination. These companies have weathered the bust of the 1980s, the

doldrums of the 1990s, and the gigantic price boom and recession of the 2000s.

Into this welter of change stepped the AIPN, offering not merely a venue for commercial networking, but a neutral forum for discussing and establishing standard practices across the profession. Within the Association, independents took the lead in drafting Model Contracts. In time, though, the majors also came to embrace that project as they realized its benefits, which were not just philosophical or abstract, but had a clear impact on efficiency and the bottom line.

When you come into negotiations, you often don't know how to read the other person. They hand you a document and you ask yourself, where are all the pitfalls? . . . But if you start with a model agreement and you start seeing changes, then you can know right away where things are going. I think that is the whole benefit of the model form. It cuts through the cultural barriers and it cuts through the mistrust and it allows you to start on an even playing field and it will greatly facilitate it.

One person I work with . . . went in and talked to the government of Kazakhstan, and they were talking about a joint operating agreement with their national oil company. And the government said, "Is this an AIPN model form?" and she said, "Yes, it is." And the government said, "O.K., great. We will start there. We know where you are coming from. Let's go." If, on the other hand, it had been a different form specially prepared by the company, they might have said, "We'll need time to read this carefully and then get back to you." So, that is very gratifying to me when I hear stories like that. . . . It is breaking down some possible barriers, and you get down to business a lot quicker.

—Rick Goenner

If the Association had less seasoned leadership, the popularity and utility of the Model Contract program might threaten to make the group a victim of its own success:

We're providing a much broader service in terms of Model Contracts. The challenge today is not only developing new ones, it's also maintaining the ones that we have. We have a limited pool of talent to be able to do this on a pro bono basis. . . . People are asking us to do more of that, but we only have limited capacity. So we have to manage it so that new ones are developed and existing ones are maintained and upgraded.

—Tim Martin

Model Contracts represented the Association's first big splash in the international industry, and the work of drafting them has provided invaluable development of expertise to generations of negotiators. Today, though, the Association is just as well known for its educational programs, especially the Short Course that sells out every autumn in Houston.

The growth of the AIPN has been not just in terms of members, but probably more dramatically in terms of its educational programs and activities; whereas once its

signature achievement was the development of Model Contracts, increasingly the AIPN has adopted new educational programs, conferences, workshops, seminars, various forms of training. Today, the AIPN is as well-known for its conferences, courses, and workshops; the short course is THE course to go to.

—Tim West

These educational efforts have helped Association members keep pace with the evolution of the global petroleum industry, especially as the organization itself has become more globalized. Today, negotiators can use AIPN training to prepare themselves to do business in more settings than ever. And the Association itself is better than ever at accommodating more of the regional parts of the global industry, even while headquartered in Houston.

I think Houston certainly remains the major hub for oil worldwide. And the American system was working quite well. But there was also a system working in Argentina in South America; in the Gulf of Guinea in Africa; in China; in Australia; in Russia. . . . What's happening now is that the AIPN is going out and expanding into those areas. And so that's the difference. It's not that the economies have changed in different places. The AIPN is now going out and offering its services, if you want to say, and finding members throughout the world.

—Terry Todd

The growth of the Association into all parts of the world has not been merely a matter of collecting more dues from members in different countries. It has turned the AIPN into a globalized professional organization that trains and serves members at their point of need, wherever they may be. This process of development can be witnessed in the vibrance and autonomy of AIPN Regional Chapters, and especially in their evolving relationship with the central organization.

What you've got to balance is that you want to have a global organization, but you can't micromanage it from Houston. You've got to have a central place where you can organize it. I don't think you can have the whole organization managed from every place in the world. . . . But in terms of making the events happen and making sure that they're useful for the people around the world, that's something you've got to just let go of and let the people locally do that. Sometimes they'll be different types of events in one place than in another — that's fine. That's what the members want. . . .

You know, you get pleasant surprises . . . You think, "Well, it can't happen." But if you let somebody do it their way and use their contacts, you can really be surprised.

—Philip Weems

Without question, the AIPN has been shaped by the changes in the global petroleum industry over the past three decades. The Model Contracts program, for instance, flourished at a time when more and more smaller companies

were entering the field of international negotiations and could use such a service. Similarly, the Association added large numbers of members during the boom period of the 2000s, when high oil prices drove the growth of the business worldwide.

For all that, though, the Association has also shaped the industry with its Model Contracts, its educational programs, and its Regional Chapters throughout the world. Open-minded leadership primed the Association for growth—even in the lean days of the mid-1980s . . . even when the safe response would have been to discourage Model Contracts . . . even when it might have insisted on forcing Regional Chapters around the world to conform to the pattern set out by the initial group in Houston. Perhaps the growth of the Association is a testament not only to the globalization of the oil business and the negotiating profession over the past three decades, but also to the persistence and flexible cast of mind that marks a good negotiator.

I think that's one thing in all, in becoming a good negotiator of anything, you have to understand what the other side has on its mind. You have to find the right person to make a deal with, and you just have to be patient and understanding and stay with it. You have to stay with it. Yes. Yes.

—George Burgher



Bottom photo l to r: Tim Martin, Terry Todd, Toufic Nassif, Karen Krug, Eric Fry, Pat Allison, Christopher Moyes, Tim West, David Asmus, Rick Goenner

Top right photo l to r: Valerie van Lelyveld-Eyckmans, Executive Director; Wendy Petronella, Communications Coordinator; Angelique Vesey, AIPN Assistant Executive Director and Event Manager

