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# NAVIGATING THE COMMERCIAL AND LEGAL CHALLENGES TOWARDS MARKET RECOVERY IN THE OFFSHORE DRILLING INDUSTRY

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# INTRODUCTION

The offshore drilling sector has been hit hard in recent years by two big shocks in demand for oil. This had its origins in the summer of 2014, when the price of oil (Brent oil price) fell from USD 115 to a low of USD 48 per barrel in the short space of six months. The impact was long-lasting, and while there was evidence of green shoots in the latter half of 2019, sparking cautious optimism among offshore drillers, the already over-supplied and fragmented offshore market was then hit by the COVID-19 pandemic and an increasing shift towards low carbon energy sources.

In this publication, we explore how offshore drilling market players can weather the storm and position themselves for recovery after such a prolonged period of volatility and suppressed demand.

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## INTRODUCTION (CONTINUED)



## FLOATING DRILLING UNIT CONSTRUCTION BOOM

Between 2008 and 2015, an unprecedented number of newbuild offshore drilling rigs were constructed and introduced to the market. However, the demand for offshore drilling rigs was already steadily decreasing, *inter alia*, due to technological developments and quicker returns yielded by investments in the tight oil market.

A tight oil investment can generate cash-flow for an operator within 30 days of the commencement of the well being drilled; whilst an offshore deepwater project may not generate any profit for the first three to five years following first deployment of its drilling unit. As a result, an over-supplied market, compounded with a shrinking demand for offshore drilling services, saw daily rates for offshore drilling rigs decrease significantly. This also had an impact on the utilisation with (logical) downwards pressure on daily rates for the floating drilling market. Between 2008 and 2015, an unprecedented number of newbuild offshore drilling rigs were constructed and introduced to the market.

As all offshore drilling market players look to adapt, contractors and shipyards are no exception. Fleets will have to be downsized if contractors wish to regain a pricing advantage. This can be achieved by retiring or recycling drilling units that are in desperate need of upgrades, lack a technological edge and/or have long been cold stacked, meaning it would not be commercially reasonable to resume operation. Alternatively, contractors may diversify their portfolio and penetrate other upcoming markets by converting underused existing tonnage. However, the road to price recovery and to a healthy supply-demand balance entails some decisive moves navigating the legal and commercial challenges explained below.

Fleets will have to be downsized if contractors wish to regain a pricing advantage.



Drillships & semisubmersible rigs organised by year built



#### DROP IN DEMAND HAS LED TO LOWER DAILY RATES AND SHORTER CONTRACTS

The drop in demand for offshore drilling services and increased availability of floating drilling units, especially benign environment drillships' across regions, have naturally made operators shift from a portfolio procurement approach to an opportunistic and project-driven approach at the asset level.

In the ultra-deepwater drillship segment, the hardest hit market segment, the daily rates have decreased by approximately 70% since these peaked between 2009 and 2013. As an example, the recent fixture for the drillship *"West Vela"* fell from USD 564k per day on a five-year contract (with BP) to a daily rate of USD 175k per day for a 6-month extension to that contract.

Both in terms of duration and average daily rate, the daily rates for modern 6th and 7th generation drillships have taken a serious dent since 2014, and today's daily rates are barely covering operating costs (or OPEX) that are estimated to be between USD 110k and USD 150k per day for a drillship in operation. OPEX levels are largely dependent on the country of operation, and the crew complement associated with the drilling unit to maintain and operate the rig. However, they may also be impacted by a drilling contractor's discipline in adapting to new market conditions. OPEX levels typically exclude any major re-certification such as Special Periodic Survey (SPS) costs, which take place every five years, and will have to be added to the bottom line for a drilling unit to be kept in class. In the ultradeepwater drillship segment, the hardest hit market segment, the daily rates have decreased by approximately 70% since these peaked between 2009 and 2013.

#### THE WAY TO PRICE RECOVERY

Under Spinergie's base case scenario, drillship demand will recover gradually by mid-2023 to the pre-COVID-19 level and then the uptick tends to slow down and remains flat. If the new reduction of the marketed fleet<sup>2</sup> of drillships is four per year over the next five years, the marketed utilisation will reach the 80% threshold by the end of 2023, as demonstrated by the top chart on page 6.

Historically, daily rates start increasing as marketed utilisation exceeds 80%<sup>3</sup> for drillships. Accordingly, even with a net reduction of four drillships per year from the marketed fleet, the offshore drilling market may face another two years of low daily rates, which will be no small challenge considering the current financial state of many players in the offshore drilling space. To put this in context, however, without such reduction in the marketed fleet, the Spinergie base case scenario is that the utilisation threshold required to achieve price recovery would not be reached until 2024-2026.

Reducing the overall fleet<sup>4</sup> of drillships by four per year over the next five years would require additional cold stacking and could mean recycling or converting a minimum of 20 drillships. Historically, daily rates start increasing as marketed utilisation exceeds 80%<sup>3</sup> for drillships.

<sup>&</sup>lt;sup>1</sup>By benign environment drillships, we refer to drilling units that do not have the technical upgrades and features to operate in harsh offshore environments such as the UK / Norwegian North Sea, West of Shetland Isles or Eastern Canada.

<sup>&</sup>lt;sup>2</sup> By marketed fleet, we refer to the fleet of drilling units that are actively being bid for opportunities. These drilling units are usually crewed and have the ability to be mobilised within a reasonable timeframe of 3-6 months.

<sup>&</sup>lt;sup>3</sup> Specifically, daily rates will start to increase when the marketed utilisation exceeds the 80% utilisation threshold for floaters (drillships and semi-submersible rigs) and 85% for jack-up rigs.

<sup>&</sup>lt;sup>4</sup> By overall fleet, we refer to the entire fleet of drillships that still exist and still have the capability of being used for drilling operations regardless of the operational status they are kept in by their owners/managers.



## Supply vs demand for drillships

Historical progression & outlook till 2025 120 100 102 92 89 87 88 84 79 80 79 77 69 66 61 62 60 63 60 40 20 0 2016 2017 2018 2019 2020 2021 2022 2023 2024 2025 Already contracted (firm) Already contracted (option) To be contracted Total demand Arketed supply Source: Spinergie

## IDENTIFYING POTENTIAL CANDIDATE DRILLING UNITS TO BE SCRAPPED

Based on the period spent to date in cold stack and having regards to upcoming SPS, it is possible to identify 20 drillships which are strong candidates for recycling or conversion over the next five years.

The re-activation costs for drillships are dependent upon multiple factors, including the age of the unit, the period spent idle and without full maintenance crew, as well as the steps taken to preserve the unit during any idle period. By way of example, the cost of re-activating a modern<sup>5</sup> high specification drillship could rapidly exceed USD 100 million if the unit has been cold stacked for over five years without maintaining its class certificates.

Furthermore, in such a case, the re-activation and re-classification works would likely need to commence at least one year prior to its first contractual commitment. At the time of going to print, it has been possible to identify 12 such drillships which are highly unlikely to return to the drilling market due to the time and costs of re-activation.

For a modern high specification drillship that has been well-preserved and cold-stacked for less than five years (with its class status maintained), the anticipated re-activation costs are estimated to be in the region of USD 35 to USD 60 million and the period required for the unit to be ready for a new drilling campaign could be approximately six months. Another consideration is the technical specification of the drilling unit and its competitiveness in an already over-supplied market. The SPS of drilling units of over 15-years-old will necessitate substantial additional costs arising from the major overhaul of equipment, and potential requirements to upgrade obsolete equipment. Over recent quarters, companies such as Noble Drilling and Valaris have disposed of units with an average age of below 10 years.

In the current market, it is highly likely that other contractors will follow suit. Indeed, current market data suggests there are seven such drillships which are candidates for early disposal. In terms of recent historical context, since 2016, 29 drillships have been sold for recycling or for conversion projects; eight of these sales occurred in the second half of 2020.

<sup>&</sup>lt;sup>5</sup> By modern drillships, we refer to 6th and 7th generation dynamically-positioned drillships that have been built from 2005 onwards.



# **Stacking location**

As of Q1 2021 | Scrapping candidate drillships







Flag state

As of Q1 2021 | Scrapping candidate drillships



#### LEGAL FRAMEWORK OF RECYCLING

The recycling of drilling units is undertaken in the context of international conventions, regulations, national and local laws, which broadly operate with the objective of minimising the adverse effects of recycling and waste movement on human health and the environment (the "Waste and Recycling Rules"). Various factors will dictate which Waste and Recycling Rules will apply to the recycling of a particular drilling unit, such as the location of the drilling unit (including both at the time the decision is made to recycle and at the time the drilling unit is actually sold for recycling); the flag state of the drilling unit; the jurisdictions the drilling unit will pass through en route to the final recycling facility; and the types of hazardous materials onboard the drilling unit.

At the international level, key Waste and Recycling Rules include: the European Basel Convention on the Control of the Transboundary Movements of Hazardous Wastes and their Disposal, 1989 (including decision III/1 "Ban Amendment") (Basel Convention), Regulation (EU) No 1257/2013 of the European Parliament and of the Council of 20 November 2013 on ship recycling (the European Ship Recycling Regulation), and whilst not yet in force, the Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships, 2009 (Hong Kong Convention).

Various factors will dictate which Waste and Recycling Rules will apply to the recycling of a particular drilling unit.

## LEGAL FRAMEWORK OF RECYCLING (CONTINUED)

The various Waste and Recycling Rules may, depending on the drilling unit, dictate such diverse matters as:

- the prior approvals that will need to be obtained from countries through whose waters the drilling unit will pass on its final voyage;
- the extent of hazardous materials that is documented to be onboard the drilling unit;
- countries that the drilling unit cannot be taken to for recycling;
- permitted methods for recycling and downstream toxic waste management; and
- where the European Waste Recycling Regulation applies, a closed list of recycling facilities at which the drilling unit can be recycled.

This is a hugely complex area with significant consequences for failure to comply with the relevant Waste and Recycling Rules. In addition to the legal ramifications for failure to comply with the legal requirements applicable by the relevant Waste and Recycling Rules, failure to exercise due care in the arrangements put in place for the recycling of drilling units may expose drilling unit owners to reputational damage and potentially to substantial negligence claims for the injury or death of workers in the recycling facilities.

From a corporate perspective, financial debt covenants tied to specific drilling units and their associated long-term employment contracts at the time of raising capital, have meant that recycling has not been an appealing option for some publicly-listed drilling unit owners.

With numerous drilling unit owners having either filed for Chapter 11 over the past 12 months, or seemingly likely to do so, analysis suggests that there is increasing appetite (particularly when there are periods of higher steel prices) to dispose of surplus drilling units by recycling these in order to rationalise fleets. This would be particularly relevant with drilling units that require ongoing expenditure notwithstanding being in cold stack and which will not be economically prudent to bring back to the market. This has the obvious benefit of improving the supplydemand balance in the market.

Oil and gas companies are looking for newer assets which meet safety standards, have improved designs, and have enhanced efficiencies compared to their predecessors. Technology requirements, like managed pressure drilling, improved handling and automated systems, as well as a push from operators to reduce offshore crews by increased digitalisation (which the challenges of crew changes due to COVID-19 have only increased) are progressively becoming focus points for operators during selection of units for drilling projects.

As a result, the requirement to incur substantial upgrade costs, on top of re-activation costs, makes the business case for maintaining older drilling units in their fleet more difficult for drilling contractors. Indeed, this may even drive drilling contractors to consider ordering the construction of new "cutting edge" units with added technical features such as drilling technologies (like managed pressure drilling), performance and HSE advances (like drill floor automation), environmental improvement features (like contained waste treatment solutions) or emissions reduction technologies (like energy storage systems) or NOX reduction systems (like selective catalytic reduction and exhaust gas recirculation) to differentiate themselves in the challenging market.

## ALTERNATIVE ARRANGEMENTS

We have identified at least 20 drillships that are either under construction or awaiting delivery from shipyards, predominantly in South Korea, but market analysis suggests only four of these are actually expected to be delivered to their original buyer after having secured employment contracts.

The table on page 13 lists newbuilding drillships under construction, and whilst some are still expected to be delivered to their buyer, a number are now owned/ managed by the shipyard after the shipbuilding contracts were either cancelled, repudiated or the units otherwise disposed of. By way of example, the shipbuilding contracts for the drillships *"Ocean Rig Santorini"* and *"Ocean Rig Crete"* have been reported as cancelled by Transocean after its acquisition of Ocean Rig<sup>6</sup>.

If any of these units are finally delivered and enter the offshore drilling market, a number of these units would, based on their technical specification, form part of the top tier of the most modern drillships (which would put further pressure on the older, less technically advanced, drilling units).

The traditional model for the construction of drilling units is for the buyer to pay the contract price in instalments, as key construction milestones are reached, with a substantial final payment at the time of delivery of the drilling unit to the buyer. Under this model, the shipyard retains title to the unit until the payment of this final instalment (at which point the buyer will then remove the unit from the shipyard). In the prolonged period of a depressed drilling market, this model has resulted in a number of shipyards left owning units at various stages of construction (and with depressed asset value) as buyers have either cancelled the construction contracts (and sought to be refunded for instalments already paid to the shipyard), or otherwise sought to avoid making any ongoing payments for the drilling unit under construction. We have identified at least 20 drillships that are either under construction or awaiting delivery from shipyards, but only four of these are actually expected to be delivered to their original buyer.

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<sup>&</sup>lt;sup>6</sup> https://deepwater.com/news/detail?ID=23976



#### ALTERNATIVE ARRANGEMENTS (CONTINUED)

Confronted with such challenges, a number of shipyards have demonstrated a willingness to explore alternative models to either divest themselves of such distressed assets, or at least reduce their losses from such assets. An example of such an alternative arrangement includes the shipyards offering new buyers attractive rates (and even substantial competitive loans) to allow a drilling unit to be completed and delivered by the shipyard to the new buyer. An alternative arrangement adopted by some shipyards has seen the shipyard retain ownership of the drilling unit after its completion and departure from the shipyard and the bareboat charter of the unit to a drilling contractor to allow the shipyard to recover some of its losses through the receipt of hire (the "Deepsea Yantai" currently working in the North Sea for Neptune Energy is a recent example of this latter arrangement).

Such alternative arrangements are not without risk to a shipyard as they extend the shipyard's exposure beyond the period of construction and into the operational life of the drilling unit, both in terms of the need to secure employment for the unit in a "challenging" market, but also concerns about the financial robustness of any potential charterer in the current market.

Whilst there have been some questions as to whether such alternative arrangements may demonstrate new models for drilling unit construction (the potential appeal to operators is clear), it seems more likely that such arrangements will remain largely confined to imaginative work-out solutions for shipyards left owning high-value and highly-specialised distressed assets.

#### **Drillships under construction**

Rig name	Manager/ Owner	Build shipyard	Gen	Water depth (ft)	Drilling depth (ft)	Station keeping	Next contract
West Draco	SHI	SHI	7th gen	12,000	37,500	DP	твс
West Dorado	SHI	SHI	7th gen	12,000	37,500	DP	твс
West Aquila	Seadrill	DSME	7th gen	12,000	37,400	DP	твс
West Libra	Seadrill	DSME	7th gen	12,000	37,400	DP	твс
Valaris DS-13	Valaris	DSME	7th gen	12,000	40,000	DP	твс
Valaris DS-14	Valaris	DSME	7th gen	12,000	40,000	DP	твс
Ocean Rig Santorini	SHI	SHI	7th gen	12,000	40,000	DP	ТВС
Ocean Rig Crete	SHI	SHI	7th gen	12,000	40,000	DP	ТВС
Pacific Zonda	SHI	SHI	7th gen	12,000	35,000	DP	твс
Guarapari	ETESCO	Jurong Aracruz	6th gen	10,000	40,000	DP	Contracted
Siri	Sembcorp	Jurong Aracruz	6th gen	10,000	40,000	DP	твс
Itaoca	Sembcorp	Jurong Aracruz	6th gen	10,000	40,000	DP	ТВС
Deepwater Titan	Transocean	Jurong	7th gen - 20k	12,000	40,000	DP	Contracted
Deepwater Atlas	Transocean	Jurong	7th gen - 20k	12,000	40,000	DP	Contract TBC
Arpoador	ETESCO	Jurong Aracruz	6th gen	10,000	35,000	DP	Contracted
Camburi	Sembcorp	Jurong Aracruz	6th gen	10,000	40,000	DP	твс
Itaunas	Sembcorp	Jurong Aracruz	6th gen	10,000	40,000	DP	ТВС
Can Do	Keppel O&M	Keppel O&M	6th gen	12,000	40,000	DP	твс
Sahy	Sembcorp	Jurong Aracruz	6th gen	10,000	40,000	DP	ТВС
Opus Tiger 2	Sino-Ocean	Shanghai CSSC	6th gen	5,000	32,800	Moored	ТВС
Opus Tiger 3	Sino-Ocean	Shanghai CSSC	6th gen	5,000	32,800	Moored	ТВС
Opus Tiger 4	Sino-Ocean	Shanghai CSSC	6th gen	5,000	32,800	Moored	ТВС
West Cobalt	DSME	DSME	7th gen	12,000	40,000	DP	ТВС

SHI: Samsung Heavy Industries

DSME: Daewoo Shipbuilding & Marine Engineering Co. Ltd

#### ADDITIONAL SCRAPPING MAY BE REQUIRED

On the demand side, the growing momentum behind the transition to renewable energies and the COVID-19 pandemic is resulting in oil and gas companies increasingly looking to rebrand themselves as more diversified energy companies. The market has already seen increased capital being funnelled into projects with a lower carbon footprint. If the energy transition accelerates (fostered in no small part by government level policies and public opinion), yet-to-be sanctioned projects will be increasingly at risk as oil and gas companies' investment priorities shift to low-carbon energy sources.

On the supply side, offshore oil faces strong competition from shale oil, which has demonstrated strong resilience and an ability to rapidly adjust to market demand.

The factors above could work together to keep floating drilling unit market utilisation well below the key 80%. rather possibly in the range of the 55-65%. This would inevitably lead to substantial further financial challenges for companies servicing the offshore drilling market (with the ongoing business viability of many such companies at serious risk) and further fleet rationalisations (including units' recycling). The recycling of drilling units which are unlikely to ever be viable commercial options for re-activation (due to age, technology, period stacked, or other causes) will allow release of some residual asset value (as a result of the recovery value of the drilling unit's steel and other materials) and also remove potentially significant ongoing overheads that arise even from keeping a drilling unit in cold stack. This may well be considered a more advantageous position than the owner/operators of offshore production assets (such as FPSOs) can find themselves in, where the build-up of hazardous materials (particularly NORM) in the production of onboard systems can mean that at the end of the production asset's usable life, the owner/operator has to actually pay specialist recycling facilities substantial amounts to properly deal with such hazardous materials.

On the demand side, the growing momentum behind the transition to renewable energies and the COVID-19 pandemic is resulting in oil and gas companies increasingly looking to rebrand themselves as more diversified energy companies.

#### AN ALTERNATIVE TO RECYCLING: DIVERSIFICATION

Where the opportunity exists, a more radical and less destructive option is worth considering. This involves taking advantage of certain specialised characteristics of drilling units by transforming the units into platforms or vessels that can competitively service alternative and more attractive markets. An example of one such market is the offshore wind sector which is growing year-on-year at more than 10%, a growth rate that the offshore oil and gas industry had seen in the period between 2000 and 2010, and which at that time led directly to the floating drilling unit construction boom that has so manifestly contributed to the current over-supply situation.

The ongoing conversion of the drillship "GSF Jack Ryan" into the crane vessel "Bokalift 2" to service the offshore wind sector (including transporting and installing jackets for wind turbines) is a recent example of how a drilling unit finds a new life servicing a renewable energy sector. Other more headline grabbing conversion projects include the planned Allseas conversion of the drillship "Vitoria 10000" into a deepsea mining vessel for DeepGreen, or the recent sale of the "Valaris 8500" and "Valaris 8501" semi-submersible units for conversion into offshore space rocket-launching facilities. Conversion projects capture the public imagination when it comes to opportunities to extend the life of drilling units (and in the context of offshore wind projects, a "greener" second life for drilling units). Conversion projects become viable when new owners can exploit specific characteristics of a particular drilling unit (e.g., dynamic positioning, potential topside space, stability, harsh environment design, etc.) at a second-hand purchase price at a level that the economic benefits of acquiring and converting a second-hand unit outweigh the potential risks such a conversion may entail, in comparison to a designed-for-purpose newbuild.

From a risk allocation perspective, conversion projects can be considerably more complex than a "turnkey" newbuild project, particularly when considering matters such as interface risk (i.e., the extent the conversion yard will take responsibility for issues in the interface between "old" and "new" materials), scope of post-conversion warranties (and related shipyard liability caps) and in extreme scenarios (such as shipyard insolvency), risks of the owner losing its entire investment or being left owning an incomplete conversion and only an option to negotiate, from a position of weakness, with a new shipyard to complete the conversion works.

# CONCLUSION - WHERE ARE WE AND WHAT HAPPENS NEXT?

The offshore drilling industry continues to be under tremendous pressure from a variety of external and internal factors as has been highlighted in this publication.

Market conditions are likely to remain challenging, although we are seeing some regional bright spots which are gaining momentum. However, continued market discipline and action is needed to counter the oversupplied, fragmented and stagnant market.

The unprecedented challenges of the COVID-19 pandemic have further eroded crude oil prices and compounded with the energy transition towards renewable sources, increased the stress on the offshore drilling industry, impacting on market utilisation and price recovery.

Affected by such distressed market conditions, offshore drilling contractors will have to continue their consolidation efforts, reduce the number of players with a view to regain pricing power and better position the offshore drilling industry to enable new investments and newbuild projects to be a viable business case. Aggressive and decisive measures are required. Contractors need to rationalise their fleets, reducing capacity by scrapping or conversion of existing units and overhaul of their operating models before their cash reserves are exhausted. Affected by such distressed market conditions, offshore drilling contractors will have to continue their consolidation efforts. As we have highlighted, shipyards, especially in South Korea, are currently flooded with cancellations by their counterparties who walked away from their contracts due to shipyard construction delays, matters related to their restructuring process, or due to failure to secure employment for their newbuild assets. In their efforts to minimise their financial exposure and the number of disputes over cancellations and defaults, shipyards have sought to explore alternative delivery arrangements and/or agreed with their counterparties to defer deliveries. However, these measures are not sustainable long-term commercial solutions.

In the ever-evolving energy transition landscape, technology will be instrumental in transforming the offshore drilling market. Industry players who are willing to affect fundamental and bold change in the way they conduct their business by making the best use of technologies are more likely to emerge in a strong and sustainable position when the storm is finally over.

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# ABOUT THE COMPANIES

## **ABOUT SPINERGIE**

Spinergie is the leading offshore marine platform that transforms vessel positions into industry insights and operational efficiencies. The platform enables end users to identify new business opportunities, optimise vessel performance and reduce their emissions. Spinergie extensively covers the offshore drilling market, offshore wind market, the subsea construction and support vessel market. Spinergie has a growing team of industry professionals, data scientists and developers that continue to deliver a bespoke and varied service to its customers. Spinergie provides market insights to some of the biggest energy players across Europe and North America and has ambitious plans to expand in South America, the Middle East and South East Asia to continue serving its diverse portfolio of clients. Spinergie extensively covers the offshore drilling market, offshore wind market, the subsea construction and support vessel market.

#### **ABOUT HAYNES AND BOONE**

Haynes and Boone, LLP is an international corporate law firm with offices in Texas, New York, California, Charlotte, Chicago, Denver, Washington, D.C., London, Mexico City and Shanghai, providing a full spectrum of legal services in energy, technology, financial services and private equity. With more than 600 lawyers, Haynes and Boone is ranked among the largest U.S.-based firms by The National Law Journal, The American Lawyer and The Lawyer. It also was recognised across the board for excellence in the BTI Consulting Group's 2020 "A-Team" report, which identifies the law firms that in-house counsel commend for providing superior client service.

Our lawyers have decades of experience advising leading companies in the offshore oil and gas industry. We advise drilling contractors, oilfields services and equipment suppliers, transportation providers and shipyards on a wide variety of matters and issues that arise in the "life cycle" of a drilling unit – from the design and construction phase through operations and maintenance, to recycling, disposition or decommissioning. Our lawyers have decades of experience advising leading companies in the offshore oil and gas industry.



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GLENN KANGISSER Partner T +44 (020) 8734 2814 glenn.kangisser@haynesboone.com

Glenn Kangisser handles both projects and disputes for clients in the offshore oil and gas and shipping industries, with a focus on upstream exploration and production and the transportation of oil and gas. A leader in the offshore drilling sector, Glenn brings substantial depth of experience and market knowledge to his projects. Clients appreciate his ability to be involved in all aspects in the life cycle of a drilling unit, from the design and construction phase through operations and maintenance, to disposition, conversion or recycling.

Adept at both negotiating contracts and handling disputes, Glenn helps clients find commercial solutions either to minimise the risk of potential disputes or, where these can't be avoided, to help them achieve the best possible commercial outcome. He regularly advises clients on disputes in the English High Court, as well as in arbitrations under the LCIA, LMAA and ICC rules. With a truly international practice, Glenn has also negotiated contracts for the

construction, sale, operation and employment of drilling units in the UKCS, U.S. Gulf of Mexico, West Africa, Brazil, the Middle East and the Far East.

Glenn is regularly involved in cases of exceptional size and significance. Recently, he led his team in the largest arbitration ever handled by Haynes and Boone, obtaining a London arbitration award worth in excess of US\$400 million for a drilling contractor client in proceedings against a shipyard. This arose out of the disputed termination of a drilling rig construction contract. Glenn was also involved in a major force majeure case under English law, securing for Seadrill Ghana Operations Ltd., an English High Court judgment worth in excess of US\$270 million, plus interest and expenses. The case related a drilling contract for alleged force majeure. Glenn has also been involved in some of the largest and most significant offshore drilling projects over the last decade.

Glenn is recommended by *The Legal 500 (2021 edition)*, which describes him as accessible and "a pleasant chap with a great legal mind" who is "very thorough and always delivers solid advice which has been thought through."

Glenn is an active member of the International Association of Drilling Contractors (IADC) and is currently helping the IADC update their offshore daywork drilling contract.

Professional Recognition Legal 500 UK 2021



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Mark Johnson has more than 20 years of experience in the maritime and legal fields, including time as a captain of a ship. Mark advises clients including, oil majors, shipowners, managers, banks, lessors, and shipyards in the negotiation and documentation of large scale and complex maritime and offshore projects as well as advising on the construction, sale and purchase, financing, management, operation and ownership of all types of vessels, including offshore units and supervachts.

Most recently, Mark has handled a broad range of matters, including negotiating sale and leaseback arrangements, advising companies in connection with building, acquiring, and disposing of vessels and rigs in the offshore oil and gas sector as well as negotiating the workout and restructuring of shipbuilding contracts. Mark is a recommended lawyer In The Legal 500, Legalease, the international directory of law firms. Legal 500 2021 reports that Mark Johnson is "cooperative and proactive in his advice."

Mark has used the teamwork and management skills of his naval experience to develop a practice in which he is known for working closely with his clients' other external advisors and in-house personnel to successfully achieve the client goals in a timely and effective manner.

#### **Professional Recognition**

 London Super Lawyers Rising Stars, Thomson Reuters, 2014
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# Carl Minikes is the Vice-President<br/>of Sales for the Drilling division<br/>at Spinergie and is responsible<br/>for the development of SpinRig,<br/>the rig product at Spinergie.different types of offshore rigs.<br/>Carl has also been involved in<br/>leading and negotiating key<br/>drilling contracts with varied<br/>companies including major

Carl has a multidisciplined experience in the oil and gas industry and started his career in Paris, France as a trader in oil-related products for a French bank, he then joined the upstream oil and gas in the offshore drilling segment and held various positions at Transocean and Stena Drilling, with activity spanning internationally but mainly in Europe (UK & Norway), the USA, West Africa, South East Asia and Australia both in technical projects and in commercial and rig marketing roles. Carl has been involved in delivering complex major shipyard-projects upgrading, modifying and recertifying offshore drilling assets across varied regions of operation and thus has enabled him to develop his technical knowledge of the

Carl has also been involved in leading and negotiating key drilling contracts with varied companies including major oil & gas operators but also with regional and independent oil & gas players. Carl's broad understanding of the oil & gas markets and expertise specifically focused on offshore drilling has given Spinergie a unique perspective to continue assisting their client base and taking informed decisions. Carl holds a Master of Science from IÉSEG School of Management (Paris, France).



**JEAN CRISTOFARI** CEO and Co-Founder T +33 (0)6 28 84 87 46 Jean.cristofari@spinergie.com

# Jean Cristofari is the CEO & co-Founder of Spinergie with over 15 years' experience in the offshore sector.

Jean started his career in the industry in R&D for Schlumberger and then joined Schlumberger's consulting arm called Schlumberger Business Consulting (SBC) in 2006 where he worked on topics related to operational optimisation, strategy and due diligence. He has led projects for numerous large energy players across Europe, North America and Africa. During his projects, data has always been at the heart of value creation. In 2016, he co-founded Spineraie with Louis Jozon with the conviction that a wave of new data sources will radically change the offshore energy industry. By combining a host of data such as, AIS, GIS layouts, weather, web and social media traffic. Jean and Louis realised that they could meld them together to evolve the industry, making it more sustainable and efficient.

Today, Spinergie has been adopted by some of the biggest energy players in the world. It includes operators, developers, drilling contractors, service companies, equipment manufacturers and vessel managers who operate across multiple offshore energy markets. Jean graduated from École Polytechnique (Paris, France) and obtained a Master of Science from Stanford University (USA).

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