

5 Key Points to Consider When Navigating the Current Upcycle in the Offshore Drilling Market

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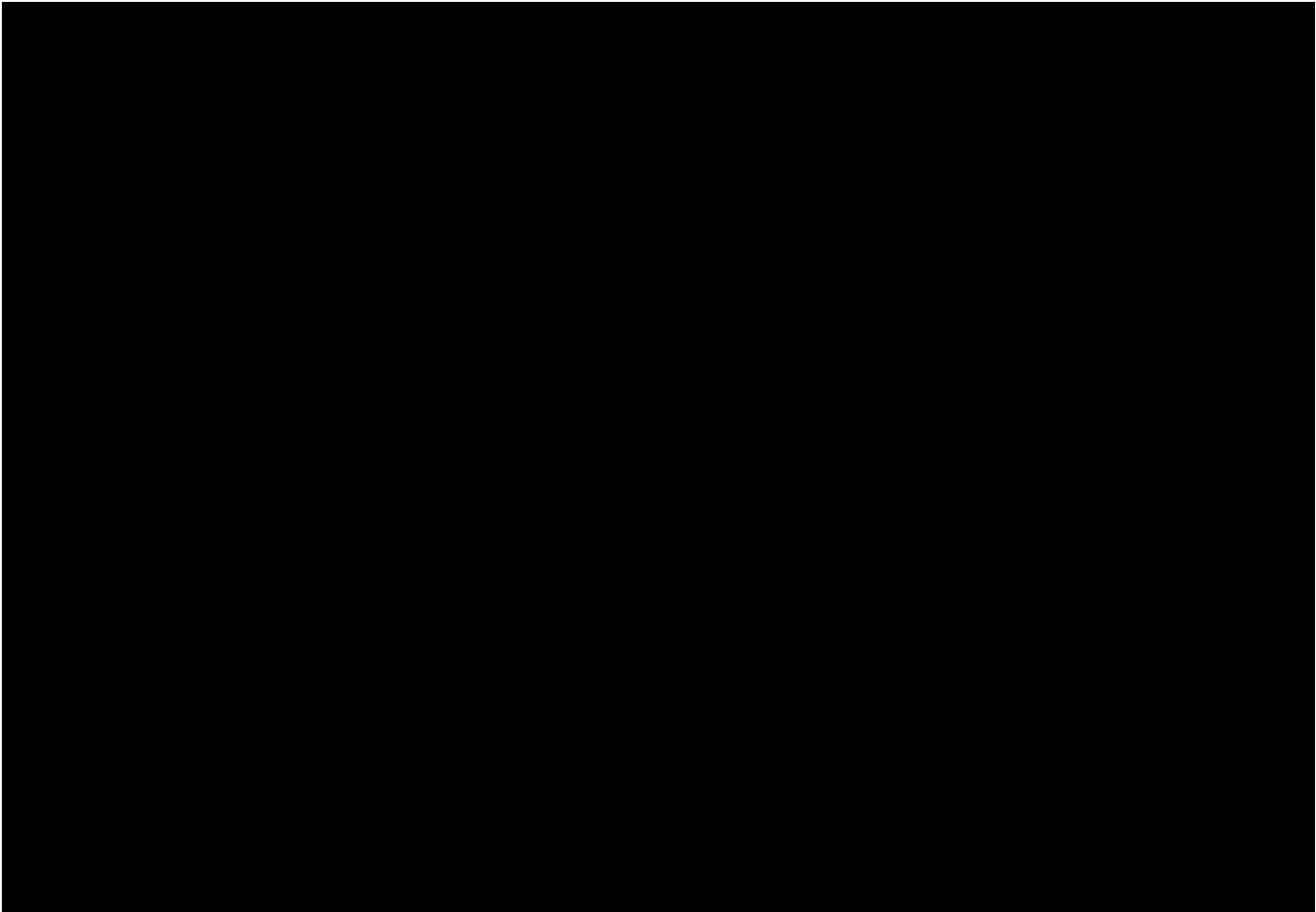
The drilling market is cyclical and characterized by boom-and-bust periods, which pose various challenges and opportunities for drilling contractors and operators.

In a recent talk at the IADC Contracts and Risk Management Conference in Houston, [Glenn Kangisser](#), the head of the energy team in Haynes Boone's London office, shared his insights on the current market trends and the key contractual issues that drilling contractors should be aware of and address in their negotiations and contracts.

The talk covered five main topics:

1. **The imbalance of contractual terms in the current upcycle**, where operators have imposed onerous and one-sided terms on contractors during the downturn, which continue to apply in present market conditions.
2. **The risk of late delivery in a rising market**, where contractors may face cancellation or non-acceptance of their rigs if they fail to meet the commencement window for their next contract.
3. **The need for payment assurance** and including appropriate remedies for late and non-payment under contracts, particularly in the context of increased day rates and operating costs.
4. **The ability to recover increased costs arising under longer-term contracts**, including from changes in locale, changes in law and day rate adjustment mechanisms.
5. **The prospect of market collapse** and the implications for force majeure and termination for convenience. This issue was illustrated with [a case study of Seadrill Ghana v Tullow Ghana](#), a case in which Kangisser led the team acting for the successful claimants in the case.

Following the talk, he spoke to Stephen Whitfield, senior editor at *Drilling Contractor Magazine*, and a video of their discussion is available here:



[Learn more from the *Drilling Contractor* here.](#)