

ADR's Place in Joint Venture, Facilities and Marketing Issues

A quick solution for the introduction to this section would be to instruct the Joint Venture reader to read the introductions to all the other areas (Land, Accounting, Regulatory and JP 90/95 Issues) in this chapter of the C2C Handbook (and you are encouraged to do just that). The role of the joint venture professional is a unique one in that it truly crosses all the boundaries of expertise in our industry. The Petroleum Joint Venture Association (PJVA) is a multi disciplinary association (with Joint Venture Representatives, Joint Venture Administrators, Engineers, Lawyers, Land Negotiators, Land Administrators, Auditors and Accountants of all types comprising the membership). In the same way, regardless of the JV professional's original skill set, he/she needs to understand and deal with concerns from all of these disciplines that are necessary to a successful oil and gas company.

Understanding how an issue will affect the people and departments within their own company will increase JV practitioner's ability to negotiate a solution that makes sense for both companies. This solution will then have a greater likelihood of working dispute-free long into the future. If two people/companies negotiate a deal without understanding its effect on their accountants in particular (it may be nearly impossible to administer), the deal is doomed to fail (no matter how much fun it was to negotiate).

Due to Joint Venture's distinctive set of skills, ADR's place in Joint Venture and Facilities Issues is of particular importance. Joint Venture practitioners, of course, need to learn and use the skills that C2C has compiled and that the associations have endorsed. Many already use these skills instinctively (with or without interest based training) with excellent results both for their companies and for the companies they negotiate with.

It is often the people in Joint Venture who work with the other departments and search out the interests of the affected people in those departments. In doing so, JV can also model the desired behaviors that C2C is promoting. Helping a Joint Interest accountant to make a telephone call to the other company before net billing (or not paying) or arranging for the operations engineer to sit down with the production accountant to discuss an audit issue will help resolve problems before they get too big and unwieldy.

Joint Venture, like Land, relies on good model agreements to keep many problems from ever surfacing because they are already dealt with in our agreements by using accepted industry standards. To this end, C2C has proposed to PJVA that once the new CAPL Dispute Resolution Article in the draft CAPL 2004 agreement is accepted by the industry, amendments will be then proposed for PJVA's agreements to include a version of this Article. The Article and its annotations make for excellent reading of how to incorporate the continuum of ADR into our day to day dealings.

To quote Jim MacLean, Chair of the C2C Contractual Provisions Team:

“While the efficiency of the ADR processes and the delivery of appropriate business outcomes are obviously very important, it's easy not to emphasize sufficiently the

importance of the ongoing relationships between both the organizations and individuals involved in a dispute.

Underestimating the importance of relationships is unfortunate, as relationships matter. They matter before there's a dispute. They matter during a dispute. And they particularly matter after a dispute.

The CAPL Dispute Resolution Article is designed to emphasize relationships by reinforcing desired behaviours in the context of three major objectives. These are:

- To encourage the right people to communicate in the right way at the right time;
- To encourage parties to solve their own disputes more effectively; and
- To mitigate the potential for disputes to impact long term business relationships adversely.

These themes are ultimately the common threads that apply throughout the work conducted under the C2C Project as a whole."

In addition to our agreements, JV staff often spend a great deal of time calculating, negotiating, justifying, debating or protesting facility fees. C2C has made advances on this front as well. The Regulatory Alignment Team made recommendations to the EUB to change the way they do their business based on the responses from interviews with 31 companies that have been through the EUB ADR process in the last couple of years. So if the issue that has brought you to the C2C Handbook is regulated by the EUB, the information in the Regulatory Issues and Compliance area (Area D) of this chapter will guide you on how best to approach that problem.

One of the Regulatory Alignment Team's recommendations was for the stewards of the JP-90/95 documents (PJVA, SEPAC, CAPP, EUB and now CGPA) to create another joint industry task force to review the JP 90/95 task force reports and see if further changes are required in order to persuade more companies to use it in the manner it was designed for. This committee has been set up and we look forward to future reports from this most important committee. There is further information on JP 90/95 including analysis of another scenario in Area E of this Chapter (JP 90/95 Issues Resolution Guide).

So regardless of the issues that confront the Joint Venture practitioner, there is help and insight to be gained from this Handbook. Attempting to resolve through negotiation is always the recommended way. Knowing when to call in third party assistance can also be part of the correct solution.