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.
The Art of the Deal

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, at that time. 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.

The Art of the Deal

FOREWORD AND ACKNOWLEDGMENTS

By Tyler Priest, University of Houston

In memory of Jo Ann Mulske, our first Executive Director

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.

The AIPN’s 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 Boutis, George Burgher, Andrew Derman, John Elliott, Elisabeth...
The Art of the Deal

Negotiating History

Before the Beginning

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Spreading the News

Early Growth

An Independent Association

Hard Times in the Industry

An International Agenda

Building Fiscal Strength in a Tough Market

Model Contracts Take Root

European Connections

Model Contracts Bear Fruit

International Upheaval

Publishing Progress

The Association Abroad

The “Short Course” takes Flight

Hard times for the industry Again

Consolidation

The roaring 2000s

A global Association

Bringing the World of negotiators together

“A real company”

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

Long before there was such a thing as the Association of International Petroleum Negotiators, there were negotiators working international petroleum deals. And long before there were specialized international negotiators, there were those who learned the negotiating trade in various corners of the oil-producing world. Talk to a veteran negotiator, and you’re as likely to hear about the food in Algiers in the 1960s as you are about the commercial impact of deep-water drilling in the 1990s. The international negotiator’s role encompasses law, geology, engineering, psychology, diplomacy, and finance, with more than a little politics — corporate and governmental — thrown in besides. A good negotiator will have not only the mind to grasp these different subjects and move easily among them, but also the 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.

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The assignment called for travel to foreign places to see 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

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. —Norman Nadorff

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 Boulou

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
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 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

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BEFORE THE BEGINNING

What was interesting is wherever I went, with probably another petroleum engineer or whoever we were negotiating with, wherever we landed in Damascus or Cairo or Moscow or Venezuela, you check into the hotel and take care of your belongings and then go down into the bar and then try to have a drink before dinner, and you always meet pretty much the same people from the same oil company, and everyone knew what they were doing and why they were there.

Walter Mosgovoy

Hearing the stories of the founders and early members of the AIPN, you get the impression that among them they visited every country of the world and did everything there was to do in the petroleum business since World War II. Many early AIPN leaders served in the U.S. military during that war; after it was over, they added the American oil and gas industry’s expansion, whether in the oil patch of West Texas, the gas fields of Wyoming, or in areas overseas. Association members like Herb Hansen and Jack Rosshirt served their companies in Iran during the Shah’s reign, and several AIPN leaders, including Frank Mytinger and Al Boulos, did long turns of service in London when the British capital was still the center of the world’s oil business.

By the 1960s, future Association members were also negotiating regularly in the newly independent countries of Africa. Hansen, who chronicled his career in a hundred-page memoir, spent much of the 1960s headquartered in London, but carried out negotiations in Libya, Ethiopia, Tunisia, Spanish Sahara, Zaire, South Africa, Angola, Nigeria, and Equatorial Guinea. He described a 1967 negotiation in Zaire (now Congo), which aimed to save his employer, Gulf Oil, from an undue tax burden that would arise from a technicality in a new Zairean law. Hansen and his Gulf colleagues traveled to Zaire and negotiated a deal with a high ministerial meeting. Some of them touch on hostage negotiators:

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 negotiations’ 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 distinguishable 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 the 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 tags on his luggage and 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, 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 Americans 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 we read four or five members of the team, including Tesaco, Tenneco, and the U.N. guy. They landed, and they were working on a gold mining venture deal. They were looking to check out prospects of

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 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.

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gold for a particular deal above Amnara in Eritrea.

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

They shot up the plane and they think they set it on fire or at least they shot up the radius and all the communication, and then they marched the people off. They were headed north up to what? Until they got to 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 she couldn’t keep up so they shot her dead just out the trail a few yards.

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 hope to find 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 Khartoum University in the Sudan... Then when we finally found out who they really were, and that they really had the people, we found out what they really wanted... A number of prisoners who 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 wouldn’t 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 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

The Art of the Deal

Recovering from the Shocks of the 70’s

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 that had 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 operating environments for oil companies. Following a trend that started in the 1930s and picked up steam by the 1960s, oil nationalizations threatened the industry landscape under which international companies carried out operations. The search for new sources also led drillers into new geophysical landscapes, leading to the expansion 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 has been a subject of study for a small fraternity of international oil negotiators, often referred to as experts in the field. This group meets to discuss the latest trends, socialize, and network in a professional setting.

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 Pricilla Clark with Conoco, Bill Favor with Amoco, and Dan Bond with LA&E. Cities Service had Junice Lindsey and myself. 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 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 in the oil industry 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 returned home to his 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 stayed in touch with it. Cities Service transferred him to London in 1975.

The efforts of Mytinger and his friends in London eventually persuaded the U.K. European Negotiators Group, a sort of cousin to the AIPN, to set up a company of negotiators who could handle some of the Association’s concerns but preferred to operate more informally. Al Boulous, 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 the 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 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 this 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 Clifton Halderson and Mickey Ables of Cities Service. Through the end of 1981 and the beginning of 1982, the group met a half dozen times to lay the groundwork for the AIPN and to prepare the Association’s first slate of officers. Mytinger, who was the AIPN’s first president, and his fellow officer Frank 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 anything, the young AIPN had an advantage over its counterparts in the United States 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-some rooms. 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 doing 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 the meetings.

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 to the attendees... I believe I was telling them, ‘‘You know, I think we’re 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.
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 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, we didn't want 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, 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] or accelerators.” Ultimately the resistance of the companies was overcome, and most of them became enthusiastic supporters of the Association.

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

—Al Boulos on Mytinger

The late 1970s and early 1980s, Burgher reflects, was a time of “lunch club” — a term used often by founders and early members to refer to 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 risks 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 every lunch and then collections of presentations in a conference. It’s not really that unlike 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 working 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-shore 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 telegrams and mail. Return mail took several weeks. The Barrows library became extremely useful, and oil companies bought its publications. It 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 international 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 regulate any listener with fantastic tales told of experiences tracking developments in the international petroleum business, and he gave his time generously in helping establish an organization with a mission that he took to his heart.

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 what have you. Even at 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 Burgher 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 meetings 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'd have 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 thought that 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 a big company was going to meet 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 in membership,scope, and purpose. Its activities began a 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 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 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, tax, 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 Texaco, 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 a specialization.

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 that exchanged ideas. You know: “Hey, what’s the easiest way to get to Timbuktu? What type of outside counsel have 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.

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 his mother a domestic in the Army. As a young man, Burgher served during World War II. Burgher started working for his father; Burgher “would take leases and other documents around to get them signed up for us.”

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 met 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 was a good 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 my next job, and I 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 buy it 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 Rillito, Arizona. He returned 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 think 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 we thought would be successful 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 back 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. Locking back over some 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 around the North Sea.

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’s 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 could not. I mean, I think we went to the next day, I think we probably went two-thirds of the time 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 newsletter, 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 industry. 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. In 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 Menzer, 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 and the ways that emerging computer technology can be used to achieve management objectives.”

The AIPN Board believed it could 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 the meeting boasting a day-long program. More than forty members had a chance to compete in an afternoon golf tournament.

Although the pressure for new markets diminished over the subsequent years, Mosgovoy and Gulf nonetheless established contacts in Bulgaria, Czechoslovakia, Poland, Romania, 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. I was very close to Russia, and I was 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 saying, and then he came back to me at one stage and 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 Camchatska and Sakhalin, the borders of which were then with the Soviet Union. Like Jack Rossshirt, the President of Gulf, 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. Mosgovoy remembers the memory fondly, even though his stay in London initially created some frictions for his children.

Moscovy: I went with the challenge of really getting into international travel—and the family’s exposure to other countries. This was a true education for me. My children coming from California, you know... many days... 360 days [a year], we go to London and its 360 days of travel.

Interviewer: How did they adjust?

Moscovy: 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 baggage claim, 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 Gulf’s takeover of Transocean. Gulf moved to Houston in 1976. There, it built-up a legal team and hired several members for itself. 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 with a very good standard of living and quality of life. I’ve been lucky that I’ve always managed to manage my family with me and travel. It’s worked out great. I think the industry has been fantastic, from my point of view.

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 American Association of Petroleum Landmen (AAPL). Mytinger had talked about the AAPL’s lack of interest in the negotiators’ organizations when the AIPN was just getting off the ground; this time around, the reaction ran the other way, as Moscovoy 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 AAPL is not afraid of the complaints. 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 which were called for on the printed form.

The International Petroleum Negotiator
The Art of the Deal
— Mick Jarvis
The Association’s members seemed to be acutely aware of the importance of the “I” in AIPN and how this new entity differed 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 AIPN’s thirty-year history, the respect it commanded across the U.S. oil business, and the opportunity that ports of call [on tap] standing as a Certified Petroleum Landman, upon meeting the requisite criteria. “The AIPN membership, despite including more than a few folks with 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 ‘feedback’ from the individual members. We are glad to hear your officers and members, and we are very glad to get to see them as a family and get more personalized.

Conference, for example, and you get to meet the families ... very common for husbands and wives to come to the Spring 

There were no further restrictions in order to limit membership to those individuals who are or who have been directly involved in petroleum negotiations and working relating to the international petroleum industry. 

Members of the organization also enjoyed two major social events during Mosgovoy’s year in office. The first was 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 swallowed up” within the AAPL. 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. But, as I 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 and then 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 a startup Oil. 

Much of Masters’ legal work for Ashland involved negotiating with Ashland’s joint-venture partners about types of insurance coverage. Masters’ legal work also included negotiating the terms of an oil company’s purchase of an existing company 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 North Sea oil field venture.

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 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, this had been a long, hard struggle by a part of influential AIPNers to restrict membership to “pure” negotiators: “They didn’t want any lawyers. They didn’t want any people who didn’t have a position in the business. They just didn’t want us to know anything about it.” But the hard times of 1986, along with Masters’ own professional background as an attorney, led him to question this tendency.

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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 tough-mind 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 over an oil concession in Sharjah. 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 geologically and had production difficulties. 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 had contracts to drill for 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 called the President 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 up in a hotel room 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, the prime minister is coming and 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. The only thing you’ve got is your 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 very little value when you’re in a room like that. 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 plastered on the front.

Masters continued to work as a negotiator for Tenegro after that company bought Houston Oil in 1982, then left Tenegro in 1984 for private practice. During his years with Tenegro, 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 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 insistant that somehow we raise the marijuana to the attention of the out-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, 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 knew, for example, for the August newsletter. It was just to make sure the Association didn’t go broke... 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 secretarial 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 work when she was appointed to the position by Claude Masters in 1978. Claude continued to play that crucial role for several years in the late 1980s, until she handed over major administrative duties to Jo Anne Mulke.

During Claude Masters’ tenure as president, the AIPN continued to develop its educational offerings. In November 1986, the AIPN announced a new seminar called “The Future of International Exploration and Production” — the first of many autumn courses that it would offer over the years. Additionally, the AIPN inaugurated the “golf, tennis, and sedentary activities” for socializing at the Westcountry 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 shall find ourselves confronting a more knowledgeable and skilled adversary on the government side of the table — a more formidable “Joe.” And that’s not all bad. It would 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 1988, during the upcoming spring meeting, he made the point that AIPN events need not always be held in Houston. “Although the [spring] seminar is going to 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 represent its own ranks as well and in 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 of the efforts of the 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.
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 howsoever defined 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, oil and gas 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 within 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 pined with Scotch with him to get to agree to take on the job. Boulos got that 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 Petroleum Negotiator Group, U.K. Negotiators Group, which welcomed 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, Leon Bon, 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 sponsors 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 lunches and conferences to make the AIPN’s activities accessible to the widest possible audience. Even in tough 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 seminar 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 require 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 wow? All of us in negotiation 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 exclusive one of providing a means of cooperation and exchange of views? Shall we be something sentimental, perhaps even nostalgic. This is hard to do. I don’t look at AIPN in a sentimental way. My thrust is 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.

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 his impressive polyester factory 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 can carry out education on and related activities, through luncheons and professional seminars.

Third, AIPN confirms that a career in negotiations is an honorable profession, a profession that has contributed 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 further action 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 need to prepare a message for our quarterly newsletter — 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 in the past year or so.

When John Elliott wrote those words in May as AIPN president, times were still tough — and there was little relief 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

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AIPN enjoyed a banner year, improving its finances, expanding the scope of its membership, and launching a major public relations initiative 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 solicit increased membership in the Association’s administrative setup. — that he had helped launch two years before 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 AIPN’s previous year with the 1981 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 Mulkey, who served as AIPN secretary Roland Penteleo 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, Tepco, and Texas Eastern. In subsequent issues, Elliott thanked new sponsors such as Total and Union Texas. Many of these sponsors attended 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. “The 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 wrought on 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 willed over much of the year, and in the forecasters and stricter exploration and development budgets, saying nothing of what was done to the official forecaster’s ego…

Then too, we lost players who have been with us for a while. To paraphrase former President Richard Nixon, “You won’t have Tenneco to kick around anymore.” Thus, our petroleum forecasters and stricter exploration and development budgets, saying nothing of what was done to the official forecaster’s ego…”

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 land him an interview with Geophysical Oil, which put him to work as a geologist, first in the Sacramento Valley and later in the Los Angeles Basin. In the 1960s, he transferred to Esso Australia, where he supervised the geology for 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 always had the 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 1981, when he struck out on his own as a petroleum 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 would increase as a result of the announcement.” Among many other new members, two men who would help to shape the organization’s future joined during Elliott’s term. The first was Andrew Derman 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]hey were some people very genetic with their time and their abilities, and that’s a special gift that AIPN can have — something that would be almost impossible to find tomorrow, let alone somewhere else.” 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 said, “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 like saying “I’m going to turn this company around” 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 project was the in 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 made of 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 Myttinger 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 noticed 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 often much less 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 procedures and processes. And the international piece seemed totally disorganized to me. No one brought discipline to the exercise to organize it to a way that made sense. So people were negotiating operating agreements—with 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

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 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 were threatened with the idea that others might see these proprietary contracts as an important competitive advantage. According to Murphy, big companies were threatened with the idea that others might recognize a disparity between their joint operating agreements and the more complex confidentiality agreement, limiting their use of whatever data about a deal with someone else, you will get them to sign an operating agreement. Before you will share information of when or where they are undertaken.

According to Murphy, big companies were threatened with the idea that others might recognize a disparity between their joint operating agreements and the more complex confidentiality agreement, limiting their use of whatever data about a deal with someone else, you will get them to sign an operating agreement. Before you will share information of when or where they are undertaken.

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—such as those deals with fundamental business issues that apply to all projects in petroleum exploration and production, regardless of where or when they are undertaken.

There is always a natural tension between the operators of a venture and any non-operators. In dealing with such issues, there are 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 harden 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

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After the first Model Contracts were published in 1990, it took little time for the industry to large to embrace them. Many users agreed with Derman’s initial assessment of the efficiency promised by the Model Contracts, 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 committee 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 high/low 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 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 Myttinger 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...
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 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 continued to slide to 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 as a director 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 addition to facilitating an interchange of views, AIPN affords the opportunity for an organization of increasing scope and sophistication.

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. The International newsletter, June 1989

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. 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 (whose Mulske later described as “laid back” and “very pleasant”) announced that the board had approved her to take over from Cynthia Masters, who was 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 business 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 Boulou 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 in the unique position of signing her own membership certificate. Jarvis and many others had put in long hours hammering out the two Model Contracts prior to their publication. When the second model contract would be published, the confidentiality agreement, took shape through the work of a committee chaired by Rod McAlister of Conoco. The second model contract was 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 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 insight into how they might improve future versions of the model.

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 importance of the proceedings.

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

—Norman Nadorff

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INTERNATIONAL UPHALEAD

The Gulf War ended quickly, but the bigger international issues facing the oil business were slow to sour around. 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 profitability despite the slow depletion of old 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 his 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 APIA’s membership included key deals that 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 the Association’s foreign oilmen and oilmen’s adversaries. Countless memorable moments occurred during and between negotiations, including moonlit swims in the warm waters of the Persian Gulf, the Black Sea, 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 Tomate 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 Nadoff

Boulos, Fry, and Nadoff 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 aggression. Meanwhile, oil prices spiked: after spending much of the spring and summer of 1990 around $18 per barrel, oil crested above $35 by October. But the surge proved 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. But 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

EXCEPT in extreme cases like this, the utility of the APIA’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 APIA right away, but not before she began using APIA Model Contracts in her work.

When I joined APIA in 1991, there had been already quite a bit of work done on international contracts… For example, there already was an operating agreement that APIA 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 if you were in Houston, 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 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 APIA 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 sensitive to the hatred of minorities and the different cultures. I think it just made me more tolerant. And at the time, I remember thinking, all of this is just so stupid. There is a reason for all of this, 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 based on national pride, company arrogance, company pride, and yet you know that there is a balanced solution. So you find yourself knowing that there are compromises that 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 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 APIA’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 to begin a career as Shell’s U.S. outfit, Pec ten. One of his senior colleagues, Hank Thomsen, had been a member of the steering committee that founded the APIA, and Foley became a member of the Association’s Board of Directors. That year he was elected to serve as president. At the time, Shell was not particularly eager for its employees to fraternize with peers from other companies, even though Foley and Pec ten 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 in one project in Cameroon, but he stayed in Houston while more senior negotiators carried out the field work there. His first personal experience with the real deal — “the first big 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 a 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.
He stayed with ARCO throughout the 1990s before going into business for himself as a consultant. By the time he joined the 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, J. A. Grant Corp., and Maciel Norman & Associates, but it also contained many household names of the petroleum business, including Exxon, Mobil, Pennzoil, and Unocal. Funds from these sponsors allowed the Association to expand its programs and build its treasury while holding dues for members at a reasonable 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 ever 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 about industry opportunities and still bring them talk. And we had a program in Dallas, at the Galleria. We had 360 or -65 attendees, which is triple of what we typically would get. That, to me, was a milestone. From a lunch break 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 the AIPN’s Model Contracts, and a committee of AIPN members worked on the Accounting Procedures document because, in the words of Andrew Derman, “We didn’t have the wherewithal to do it. Mick Jarvis had not only the wherewithal and the financing were available, but also he 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

The number of players and the number of places started increasing over time. The number of participants 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 valuable 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

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—Mick Jarvis

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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 Phillips Co., and Maciel Norman & Associates, but it also contained many household names of the petroleum business, including Exxon, Mobil, Pennzoil, 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.

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International Conference Locations
2001 - 2009

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

2. Paris, France
   October 13 - 16, 2002
   Intercontinental Hotel

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

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

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

6. Moscow, Russia
   September 18 - 21, 2005
   Marriott Grand Hotel

7. Marrakesh, Morocco
   October 21 - 24, 2007
   Sofitel Hotel

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

9. Perth, Australia
   October 15 - 18, 2006
   Sheraton Hotel Perth
much hand-to-mouth and the corporate contributions kept the organization alive. The other problem 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 downsized 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 was held every year in inhabited countries. The success of the conference meant that, even in a year when oil prices dipped to less than $15 per barrel, the Association could boost its 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, 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 credit 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 much of the business.

—Andrew Derman

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 and they’d say, “You can do it and it’s inevitably going to work, 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 an international work. ‘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 states 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 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-1990s and the mid-1980s, when 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 Victory, 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] 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 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 upscalded 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 Mulskie described Campion as “a fireball” and summumized that the AIPN needed a president by saying, “[He] 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 first 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 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 reviewed the second version of the model joint operating agreement (JOA). Asmus had first become involved with the Association in 1980, when the drafting committee for the original JOA was 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 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 increase your 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 Coiffieff 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 between two companies. We were opening the Pandora’s box. The host government; 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 professionalism, sophistication, and internationalization, it was about to welcome its first female president.

EMBRACING HOST COUNTRIES

I mean to say, 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, 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 for her entry-level 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 appointed 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 don’t think this is a good idea.” 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.

— Mick Jarvis

We did have . . . a measurable and significant percentage of our members who were from state oil companies or ministries. We did encourage their colleagues 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 there were more state oil companies 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 daily 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.

— Marty Forte

The Art of the Deal

41
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, told Olson that for being willing to take on the risk of holding such a big event so far beyond the Association’s traditional geographic reach.

“I was 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 entity 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 many 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

When 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 turned out to be 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 attendances 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 beach party 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, Chinese, and Indian 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 had 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 caused out of 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 package on Kuala Lumpur—the hotel, the cost, and everything. We had a 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 being stuffed into the system that could have been used against us. And that made 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 $20 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 redeployed 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. 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 in international negotiations while also serving as general counsel for two independent companies and 20 percent on behalf of host countries.

Yet even on both sides of the host-government fence, and notwithstanding two years of hard work by his committee, Alexander could not overcome the objections of the host government. 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 go into the research and 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 in. And more importantly, some oil companies involved with the AIPN feared that the model would give the host governments too many ideas. The worst host government contract in the world, with everything best, such that, in Mick Jarvis’s words, “you end up with the model would give the host governments too many ideas. The political and financial aspects of such a model were simply too sensitive for the project to carry on.

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 created 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 Law 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 the 1999 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 Andrew Derman. Dr. Cameron’s students and others came along over the next few years, and the Association continued to grow with new projects, 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 Humble Oil and Gulf for $10 billion to form ExxonMobil.

In the midst of these upheavals, the AIPN chose its second female president, Belle Toren of Triton Energy. Like past presidents, Toren had her own background. 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 leader 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 tutelage of Professor Charles Daniels, 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 in which the U.S. Internal Revenue Service had brought against it and the other U.S. companies that had been partners in Aracoma. That experienceimmersed her in the intricacies of international crude oil sales.

Toren joined the AIPN in 1991, as the Texaco litigation was winding down. She became involved 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 joined the AIPN conference in the United States. There, when she remained when she led the arrangements for the Association’s conference in Kuala Lumpur in 1997. And at the end of 1998, she flew off to Southeast Asia, where she 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 Mulike 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. When the time came around, Toren 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 from Shell. Bob and Roberta Bass of 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 on a new Model Contract. One committee, chaired by Chris Tynanic 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 and Walter costs, launched 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 provide new services that 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 that 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 me 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 deal of personal professionalism in the efforts put forth by the Association. And by the by, it’s just done really nicely 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

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...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 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 13 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 overseas to Egypt, and then to Bergen, Texas, a small Panhandle town near a huge natural gas field. In 1988, he moved to Bartlesville, Oklahoma to work in the 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 Lindemark, who also later became an AIPN president and who convinced Fry to participate in the Association to build up his network of industry contacts. Fry’s later projects took him to Algeria, 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 colleagues’ house and see how they live on a day-to-day life. That was always the ultimate treat and the ultimate benefit of doing international business.”

Fry joined the Association in 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 meet people in a 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 ran for 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 late 1990s, and of course the AIPN had been friendly with the 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, Tadic Nausif, 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 event. We called 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 day as it was... We held our first meeting 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 U.S. 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 Osiros Madera issued the second version of the model Accounting Procedures. Also that year, former President Al Moulton handed off the role of Chairman to the Roselawn Referral Service to former president Marty Forte after twelve years of handling that job. The Association faced 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 she was presented with a crystal vase and an honorarium.

Luisa Neher and Jo Ann Mulske

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 who knew that time that she gave were 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, earned his law degree from a Yale-trained geophysicist for Petroleum. 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) 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 thirty years.

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-loan failures, 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 the industry, but interestingly, because by then all the [deals] had been worked out and all the problems had been solved and no one had anything they wanted to do yet. Those were very 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 finding joint-venture partners for upstream exploration and production projects. Asmus first became involved with drafting the committee for the Association’s first joint operating agreement (JOA)—a committee that eventually became a member of the AIPN. He later headed the second JOA committee, then held various officer and board posts before finding that he again needed time to 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 day as it was... —David Asmus

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 then 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 comprising of Pablo Alliani of Estrado Bruzoni, 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, Caracas, Porto-Prince, and Bogota. The later events were held under the leadership of Regional Director Elsijther Eljuiri of Maciel Dixon in Caracas.
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, during the AIPN’s annual meeting in New York, 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 added to it. This arrangement had 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 London, 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 Model 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, in the leadership of Philip Weems. According to him, the process of revising that ModelJOA, this time under the chairmanship of Philip Weems, was a notion that he sought to dispel.

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 designing 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 version, people said that 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.

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, 2001. . . . We opened the hotel gym working out, as were several other people from the conference, and someone came rushing in and said, “Turn the TV to CNN!” The first plane had hit the World Trade Center. We flipped the TV 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?”

Pennzoil litigated all the time and we were told 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 such all-capitalized words out 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

September 11, 2001

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, the industry 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 Tim Sands.

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

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— Nolan Rempel

INTRODUCTION

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 ever met someone 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 expanding 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 1972, 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 company, 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, he was moved to 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. He
The Art of the Deal

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 to request 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 Weimaker 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 Dook 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.

The Art of the Deal

Dee Simpson

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 is no time for anything, and anything could happen at any time. You have to be ready and flexible to do things.”

That year, the Model Contracts Workshop moved from Vail, Colorado to Banff, Alberta for the first of two years. Tim Martin co-chaired the Workshop both years, first with Paul Feldman of Anadarko, then with Richard Shoyolev 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 we had it in Vail then Banff and then Arimoso. 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 Chairman Elf was buying Tenneco and buyers 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 workshop.
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 Hirschmann, a Canadian whom he had known from Jakarta. While he was living in Australia, Hirschmann took on the dual challenges of organizing the Australian-Asia-Pacific Regional Chapter of the AIPN and serving as a 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 Obaidah 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, called the update “an absolute godsend.”

The directory is the great thing. It’s kept current and 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 said, “Well, then how much would it cost me as an individual to become a member of the AIPNs?”

I said, “It’s a hundred dollars a year.”

“Since I’ve already paid 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 serious and 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 successful, and I mentioned to him, “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 severance or unit operating agreement”

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.”

—Philip Weems
suitable object for a model contract. Martin was not dissuaded, however, and turned to two old hands in the model contracting world—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 business development. The role 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, led 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 producing the Model Contract, prepared a number of model August of 2006, the drafting committee had, besides exhibits, including AIPN's first model decommissioning 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 record number of options and alternatives for users — over minimize confusion generated by tiers of options and 3

When we started the process, we were an ambitious drafting group: the end, the drafting group was so exhausted that the general sentiment was ‘Let someone else do it!’ “

Toffic 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 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. 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. Baker Botts asked 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 belonging to AIPN. 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. He later put it this way: “Overnight, I 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 dream that they would have that position in Algeria at one point in time.” Since the projects were conceived based on three different corporate strategies, managing the portfolio became a challenge. Nassif and his other colleagues worked to 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 Yassin.

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. He 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 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 this it, 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.”

—Toffic 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 Nadoff. 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 imposed on him with a strained muscle, so Nadoff went about his sightseeing, not knowing that he had suffered a serious heart attack. When he still felt ill later that night, “I called the hospital, where they immediately conducted full-blown angioplasty.”

In the spirit of an international negotiator who’s seen everything, Nadoff was philosophical about the experience in retrospect:

Since I speak Spanish I was never in the dark about what was going on. And for all the heart attack stuff, as far as I’m 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. I went on to become 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 Nadoff

Regional chapter leaders Pablo Allianzi 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 toll 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’re doing on the other side of the table. It’s beautiful cooperation from all the different board members, chair people, and committee members. It takes a lot of different people to put it together and 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 Weiss, 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 the picturesque 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

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 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 helping in spreading the word and talking about . . . the globalization of AIPN.

—Luisa Neher

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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.

—Toufic Nassif

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 business around the world. In the domestic Canadian industry, he negotiated some of the biggest, from desert conditions to the arctic to the Beaufort Sea.” He did this work even after he earned his law degree. He worked on a record number of Model Contracts, including a Gas Sales and Purchase Agreement (French and Russian versions followed later), and several new models, such as a Liquid Natural Gas Sales and Purchase Agreement.

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 oil 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 Deman 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 deriving 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 Bishop 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.

I’m not sure 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 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 Bolongo 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.

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2006 AIPN Negotiation Skills Workshop in Doha, Qatar.

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As the minister, Nassif has been known to refuse to meet with negotiators teams for failing to show him adequate respect. The point is not to frustrate the students, but, in Jarvis’s words, “to raise their level of awareness.” Jarvis added that, “we try and teach them that there is a cultural element of the thing as well. What may be acceptable in one culture is going to be disastrous in another.”

Unlike the Short Course and the Model Contracts Workshop, which are oriented more toward the legal elements of negotiations and contracts, the Negotiation Skills Workshop focuses on commercial and cultural issues and other matters that affect how negotiators practice their craft on the ground in countries where the course has already been held in various petroleum centers around the world, including Houston, Qatar, London, Miami, and Singapore.

As in earlier years, Regional Chapter activities continued to expand in 2005, with events in all corners of the world including Bogotá, Denver, Doha, Jakarta, Lagos, Marrakech, and Singapore. These were capped by the International Conference in Moscow — a conference that focused especially on oil and gas issues across the former Soviet Union. The event also had been president when proposals for the 2005 conference were being made, cited the Moscow meeting as another instance when an individual AIPN member — in this case, Jennifer Josefson of White and Case — got a program up and running through individual initiative and dedication. “Now we have a Chapter that’s very active in Moscow,” Weems said in 2007. “It took one person who was an uphill battle. It’s not going to scare away by it. And everybody rallied around it.”

By the end of 2005, the Association had 1,700 members spread across 75 countries, and its annual budget was nearly $900,000. To harness that growth and better prepare the AIPN to face the future, Deborah Resley and Rick Goenner spearheaded the creation of a five-year strategic business plan. To accommodate its growth, the Association also moved its headquarters to bigger offices in Houston — a move that coincided with the hiring of new Executive Director Valerie van Lelyveld-Eyckmans.

For a couple of years before hiring van Lelyveld-Eyckmans, the organization had struggled to find a good replacement for Luisa Neher, who had moved to Ecuador when her husband was transferred there. The first two people brought into the role did not last, but Van Lelyveld-Eyckmans did. She brought to the role the kind of international background that the AIPN needed. She spoke multiple languages — that Neher had, along with a similar ability to stay on top of the countless facets of the executive director’s job.

Van Lelyveld-Eyckmans grew up in the Dutch-speaking part of Belgium. She studied modern languages, economics, and communications, then worked in Belgium and the Netherlands for several multinational corporations including Godiva, 20th Century Fox, and Shell. She moved to Houston with her husband, a lawyer and AIPN member, when Shell transferred him there. It was her husband who saw the advertisement for the AIPN position, not in an Association publication but in the Houston Chronicle. Since her hire, the AIPN professional staff has grown in both numbers and the scope of its duties as it serves an ever-larger international membership. In the middle of the roaring 2000s, the Association continued to consolidate its successes and develop for the future.

“A REAL COMPANY”

Valerie van Lelyveld-Eyckmans later praised Goenner’s “integrity and trustworthiness.” She credited him with being “one of those few people who has got the ability to look at a problem . . . from all the possible angles.” Goenner himself reinforced these moves by formulating a five-year business plan, and later by appointing a Vice President of Planning to oversee the execution of that plan.

Goenner was raised on a wheat farm in Kansas, where he drove trucks and combines for his summer jobs, and he never saw the ocean until he was a teenager. An interest in international business led him to law school; he took internships in corporate and criminal law, but enjoyed neither. Then Shell Oil came to his law school to recruit. “They were talking about being a land man,” he recalled. “The big jobs are going into international and international business. I thought it was a good move, and I was making a big decision to be internationally oriented. I was scared away by it. And everybody rallied around it.”

We have grown so much in the last few years . . . that we have to start looking, acting, and behaving like a real company. And I think in the past, we . . . were doing a great job but we weren’t really at the forefront of being a real company. . . . I think we have had to recognize that we are at that point where we need to look and act like one.

—Rick Goenner

The mid-2000s saw a long run-up in the price of oil — to levels never before seen. For most of 2003, a barrel of oil cost in the lower $30s. By October 2004, the price breached the $50 barrier, and from 2005 to 2008, it seemed to break new ground every week. At the same time, the AIPN enjoyed a surge in its own fortunes. Partly this stemmed from the general prosperity that high oil prices brought to the industry; more than that, though, the Association continued to build on the foundation of value that it brought to its members, at the same time it increased the professionalism with which it handled its own finances.

One of the key actors in this movement was Rick Goenner, who became president in 2006, but who had served a two-year stint as the Association’s treasurer in 2003 and 2004. While he was treasurer, Goenner worked with a Houston accountant to implement a new accounting system that included regular external review of the Association’s books. Goenner also worked with a committee of outside financial consultant to advise the organization on how to invest its funds. These steps helped the AIPN establish a sizeable reserve, which it managed along conservative lines, to tide it through market downturns. What Association reinforced these moves by formulating a five-year business plan, and later by appointing a Vice President of Planning to oversee the execution of that plan.

We, even today, have people that are trying to make that jump from long-time domestic work — maybe twenty years in domestic negotiations — trying to go into international. It just doesn’t always work. And I think a lot of it is just personality and people skills and being able to adapt to a lot of unknowns. For example, one of my best friends can’t believe how I am willing just to pack up and go to a country I have never been to before and just go and start meeting new people, setting up kinds of advanced planning and everything you normally would do. And that is what our business is all about — overnight you may be called to go across the sea to some other country. And you just pack your bags and go.

—Rick Goenner

It was a r eal company

“With the high demands of being president, he added that “It is a sacrifice but I will never regret it. It has been the highlight of my career.”

We have faced the future, Deborah Resley and Rick Goenner spearheaded the creation of a five-year strategic business plan. To accommodate its growth, the Association also moved its headquarters to bigger offices in Houston — a move that coincided with the hiring of new Executive Director Valerie van Lelyveld-Eyckmans.

For a couple of years before hiring van Lelyveld-Eyckmans, the organization had struggled to find a good replacement for Luisa Neher, who had moved to Ecuador when her husband was transferred there. The first two people brought into the role did not last, but van Lelyveld-Eyckmans did. She brought to the role the kind of international background that the AIPN needed. She spoke multiple languages — that Neher had, along with a similar ability to stay on top of the countless facets of the executive director’s job.

Van Lelyveld-Eyckmans grew up in the Dutch-speaking part of Belgium. She studied modern languages, economics, and communications, then worked in Belgium and the Netherlands for several multinational corporations including Godiva, 20th Century Fox, and Shell. She moved to Houston with her husband, a lawyer and AIPN member, when Shell transferred him there. It was her husband who saw the advertisement for the AIPN position, not in an Association

Valerie van Lelyveld-Eyckmans later praised Goenner’s “integrity and trustworthiness.” She credited him with being “one of those few people who has got the ability to look at a problem . . . from all the possible angles.” Goenner himself said that his own experience across several officer positions

is indicative of the enthusiasm that the Association’s dedicated members share: “I think once you volunteer and you see what comes out of it, you want to do more.” As for the high demands of being president, he added that “It is a sacrifice but I will never regret it. It has been the highlight of my career.”

At the same time that Goenner and others were improving the group’s financial practices, the Association was taking in more money from every sponsorship — a testament to its growing presence in the industry.

I’ve been involved in the sponsorship program for four of the last five conferences [as of 2007], and we’ve collected between one hundred and two hundred thousand dollars in sponsorship money for each of those conferences. That, I think, is saying that the oil companies and the law firms that are providing the sponsorship money see value in their money and they think it is worthwhile thing to do, to have their firm up there in front of everybody.

—Terry Todd

During 2006, the AIPN once again broke new ground with its International Conference, this time by convening in Perth, Australia. Only a few years before, the AIPN had counted few Australians among its members; by 2006, however, Australia had a thriving membership and played host to the entire Association.

That year, scarcely four years after the end of decades of Angola’s devastating armed struggle, AIPN members helped with the establishment of a full-fledged, internationally staffed Master of Oil and Gas Law (LL.M.) Program at Angola’s only public law school, at Agostinho Neto University. In its short history, the Program has graduated 27 Angolans (it enrolled 35 more in 2009), sponsored various oil industry seminars, hosted professors from top law schools (Dundee, Houston, Aberdeen, Oklahoma, Southern Methodist, and U.R. Brazil), conducted an ICC mock arbitration, and forged strong networks among Angola’s oil and gas lawers, negotiators, and other professionals.

The Program, which is unique among developing countries, would not have been possible without the formidable administrative skills of Law Dean and Professor José Octavio Van-Dunem, the financial and technical support of her husband, a lawyer and AIPN member, when Shell transferred him there. It was her husband who saw the advertisement for the AIPN position, not in an Association...
of BP, and the dedication of various AIPN members from around the globe. Norman Nadoff (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 Marilida 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 aimed the Program by supplying learning materials, by granting permission to use AIPN lectures, and more recently by inviting Nadoff to introduce the Program at the 2009 AIPN Spring Conference in New Orleans. (Nadoff 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 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 ICC Court of Arbitration in 2009, and in 2010, with the Singapore International Arbitration Centre, in Singapore. 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 significant exposure to international oil and gas projects as well as international ventures, including projects in Portugal and Argentina. In the mid-1970s, the company 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 Camponig and Pat Allison, and Bob Cummings, Ben Welmaker, Bob La Ria, 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.

That hiring boom in the late 1970s would later have profound effects on the demographics of the petroleum industry. A flood of people joined the industry then, but hiring nearly froze — and layoffs became common — during the mid-1980s, such that careers beginning then (former AIPN president Eric Fry’s is an example) were the exception rather than the rule. After that came the price doldrums of the 1990s, which Al Boulos described as “a morbid period, a depressed period for the oil industry” when “people didn’t know whether they could survive.” Hiring picked up again in the 2000s, especially in the era of $50 and $70 and $100 oil, but by then there was a large generational hole to be filled — at just the time when many of the professionals who came on in the 1970s were approaching retirement. These trends were clear to veteran members of the Association, who expressed concern about the graying of the petroleum industry.

I’m worried about the demographics now, as I think everybody is. We’re an aging industry, our average age is forty-nine, which compares to other industries of our technological ilk, where it’s about thirty-two, thirty-four. Twenty-five percent of our workforce is probably going to retire by 2010. And we haven’t done a very good job in recruiting and bringing young people in. . . . Look over our shoulders now and there is nobody between the ages of about thirty-five and forty-five in this industry — the coming senior management cadre is not there. So we’ve probably got to keep some people around longer, which means early retirement is no longer an option. Or we’ve got to bump some younger people up and see how that works. But there is always a risk then that they overstretch themselves.

—Mick Jarvis

Reflecting on the upheavals in the industry, Tim West later said, “There was no comparison between the 1970s and the 1990s. The 1970s were very exciting, and the 1990s were very 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 Cullis, 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 Marrakech.
As the AIPN has grown to include more than 2500 members spread across seven chapters worldwide. Less than 1,000 of these 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**

The program has worked, on several fronts. The AIPN members had been writing excellent papers about the legal and commercial aspects of the business side-by-side. The Journal of World Energy Law & Business has quickly established itself as an 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 of 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 for 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.

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 and complete their 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 recollected 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 showed various parts of the industry, what we do 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 traveling to high-risk countries. . . . 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, the University of Calgary, and the University of Texas, Southern Methodist University, and the University of 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 attorneys saved 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 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 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. The Journal was established by the Oxford University Press, and former AIPN president Tim Martin worked with Professor Thomas Wilde 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, Wilde died late in 2008, during the first year of the journal’s publication. Eric Fry

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 a central depository and ensures that knowledge created by AIPN members and the institutions and advisors that work with them can be shared 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.

"Because of this, the AIPN members tried to intrigue students in the profession, and to encourage them to stay in touch with 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."
James Barnes and Gary 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 Joint Operating Agreement for the first AMI Agreement (Frank Alexander and Michael Josephson, Minimum Exploration Commitments. The Government Petroleum Contract Handbook regarding 2004 Accounting Procedure was translated into Spanish.

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At things evolve, we continue to bring new proposals to the table, because what we want to do is make sure that 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 economic downturn had much more impact on the oil and gas business. The worldwide financial crisis created a new climate of uncertainty. The global recession caused a drop in energy prices, which led to reduced exploration and production activity. This, in turn, affected the overall health of the industry. The accounting profession was highly impacted by the crisis, as many companies were forced to restructure their finances. The AIPN had to adapt to these changing conditions.

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 Nadoff, Andrew Dereman, and Harry Sullivan.

The Core 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 this every year to AIPN. That’s what you find with AIPN — 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
THE ART OF THE DEAL

Philip Weems

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

—Philip Weems

TODAY'S DEMOCRACY

by Robert LeFlore

The growth of the AIPN has been not just in terms of membership, but also in the number of its conferences, courses, and workshops. The Short Course that sells out every autumn in Houston is THE course to go to.

—Terry Todd

OUR WORLD ON FIRE

by John Dugan

The Art of the Deal

You know, AIPN, I think, used to be looked at as being kind of a parochial organization. Most of the members were based in Houston, but that's pretty much the center of the oil business. I mean, I can't imagine anyone coming from all over the world, really. The majorities of them were based in Texas.

—Rick Goenner

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.

—Marty Forte

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.

—Tim West

These educational efforts have helped Association members keep pace with the evolution of the global petroleum industry, especially in regions where the industry itself has become more globalized.

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 Malaysia, 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. The AIPN has become a truly 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 vibrant and autonomous 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 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 example, has 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