

# NEGOTIATING AND DRAFTING LONG TERM LNG SALES AND PURCHASE AGREEMENTS

Led by: **Ms. Susan H. Farmer**, Partner, Fulbright & Jaworski International LLP, London  
& **Mr. Ben Smith**, Senior Associate, Fulbright & Jaworski LLP, Hong Kong

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INDIVIDUALLY  
PRICED AND  
BOOKABLE  
SEPARATELY

**Negotiating and drafting** long term LNG sales contracts which **address and allocate** the risks of the “well-head to burner-tip” chain in a commercially balanced and “finance-able” manner is a challenge in today’s evolving LNG market.

The last decade has seen **unprecedented growth** in the international LNG trade, the opening of a variety of new import markets, the development of a number of new commercial models in the LNG trade and substantial changes to the **terms upon which LNG has until recently traditionally been sold**. The first nine years of the 21st century have seen **moves towards a truly global gas market and the rapid conversion of the 2002/3 buyer’s market to the 2005-8 seller’s market to today’s global recession demand-constrained over-supplied spot market**. Although significant new Asian liquefaction capacity appears able to proceed to FID in the next 12 to 18 months, delays to the progress of many of these projects are likely. Indications in 2007/8 that a major shift in the US gas market from under to over-supply as a result of the development of shale gas and CBM appear to have been confirmed. The high prices for petroleum and petroleum service materials/contractors that had prevailed for the last several years have moderated somewhat but almost certainly not enough to allow new liquefaction projects to substantially alter the prevailing seller position on long term oil-linked LNG pricing.

In this workshop **you will learn about the key issues facing LNG buyers and sellers** today and explore **different approaches** to dealing with these issues, including looking at specific drafting on some of the key SPA provisions. The workshop will focus on **long term LNG sales contracts from both a commercial and legal perspective**, drawing on the presenter’s broad experience **advising participants in LNG sales negotiations** involving both **greenfield and expansion project** sellers and buyers purchasing LNG for import into the U.S., Europe, China, India and other markets.

## THE LNG SALES AND PURCHASE AGREEMENTS WORKSHOP WILL COVER:

- Structuring issues: a discussion of different commercial structures and business models and the issues that arise
- The role and influence of “host” governments and other third parties on negotiations
- How the identity of the seller and buyer influence the SPA terms
- Atlantic and Pacific Basin Trades: differences and convergence
- Shipping considerations
- Detailed analysis of key SPA terms
- Quantities (flexibility, make up, take or pay)
- Take or pay or liquidated damages; pros and cons of different liability regimes
- Scheduling
- Pricing mechanisms, regional preferences, future trends?
- Price review clauses and SPA duration
- Seller’s liability for late/non-delivery
- Destination restrictions/flexibility, cargo diversions and profit sharing mechanisms
- Termination
- Force Majeure
- Conditions Precedent
- Enhancement of Buyer’s Creditworthiness
- Issues to consider if the seller is an aggregator or buyer will source LNG from more than one project or deliver to more than one destination
- Issues associated with buying LNG derived from coal bed methane
- Practicalities of Concurrent Negotiation of Contracts in the Gas “Chain”: The Role of the SPA

The workshop will consist of presentations by the workshop leaders, with time for questions and answers and an interactive review and discussion of sample clauses covering some of the more topical SPA issues from a hypothetical buyer’s and seller’s perspective. **The cost is US\$995 per person plus 10% discount if you wish to attend both the conference and workshop.**

## ABOUT YOUR WORKSHOP LEADERS

**Susan H. Farmer** is a Partner in the Energy and Infrastructure Group in Fulbright & Jaworski’s London office. In addition to her private practice experience Susan has over 15 years experience as a lawyer working in the legal departments of Texaco Inc., Amoco Corp. and British Gas, located in the US, Norway, Egypt and England. In the past ten years she has specialised in advising clients on international oil and gas and electricity projects, particularly LNG projects, including the negotiation of long term and spot sales and purchase agreements, terminal use agreements, ship charter and other arrangements for clients active in the Pacific and Atlantic basin LNG markets. Susan has been listed in the International Who’s Who of Oil and Gas Lawyers since 2004. She obtained her J.D. degree from U.C.L.A. Law School in Los Angeles, California and is admitted to the bar in the states of California and Texas.

**Ben Smith** is a senior associate in Fulbright & Jaworski’s Energy team based in Hong Kong. He has focused his practice on LNG related transactions since 2003 and has practiced in London, Tokyo and Hong Kong. Ben has also worked in the legal departments of Mitsubishi Corporation and BP on LNG related matters. Ben has advised on LNG terminal acquisitions, developments and commissioning, LNG spot trading, acquiring capacity at LNG terminals, long term LNG sale and purchases, terminal use arrangements, and sale and purchases of regasified LNG. Ben is an English solicitor and obtained his degree from the University of London.



**CERTIFICATE OF ATTENDANCE – All participants who successfully complete the workshop will be given a Certificate of Attendance.**

**MAXIMUM FLEXIBILITY: Companies may nominate different participants to attend the Conference & Courses and still benefit from the JA discounts.**