

Gaffney
Cline

Arbitration, Expert Witness and Legal Support
Expertise



About GaffneyCline

GaffneyCline is a global consultancy that has been offering technical, commercial, and strategic advice to the oil and gas sector since 1962. GaffneyCline's reputation demonstrates that its advice, along with its insight, is high-quality, impartial, technically based, and commercially astute. GaffneyCline is often referred to as one of the leading Reserves consultants within the industry, but in reality, GaffneyCline offers a full range of upstream, midstream and downstream technical and commercial consultancy services. These range from seismic interpretation, static and dynamic reservoir modelling, field development planning, field engineering, gas monetisation, LNG/GTL, expert witness, mergers and acquisition, economics and project finance. GaffneyCline operates worldwide from three main offices in London, Houston and Singapore, and from regional offices located in Buenos Aires, Sydney and Dubai.

Expert Witness

GaffneyCline has provided expert witness reports and testimony in support of arbitration (ICSID, ICC, UNCITRAL) and litigation cases around the world. We are fully cognizant of the needs to present highly technical matters in a manner that is clear to tribunals. Our engagements have ranged in size from small disputes to international cases worth many billions of dollars each.

Many oil and gas disputes are based on GaffneyCline's core expertise in upstream oil and gas reserves and resources analysis, skills that are honed through year-round studies and the preparation of independent reserves reports, accepted by regulatory authorities worldwide. Our experts are engaged through membership of international industry forums, including the Society of Petroleum Engineers' Oil and Gas Reserves Committee, the group responsible for the global definitions that are used in many legal disputes. We are of course also familiar with the definitions promulgated by the Securities and Exchange Commission in the United States for US cases. Our senior staff provide training in these matters to technical specialists worldwide.

GaffneyCline's integrated technical teams provide expert opinion and guidance to lawyers and in-house legal teams, often advising on the arguments at an early stage to assist in the direction of the client's case. Our team includes a number of individuals who are highly experienced in expert work.

Disputes between parties arise for numerous reasons; price disagreements, definitional disagreements, contractual interpretation variations, estimation of losses or gains, valuation, or any such similar matter. Additionally, the range of business areas within which disputes develop is also extensive; from exploration through development, production, drilling, marketing, sales, pipelines and downstream. In our more than 50 years of business, GaffneyCline has acted either as a representative of one side of a dispute, as an independent advisor to an arbitrator, as the arbitrator itself, or as a constituent member of an arbitration panel. With a familiarity in all oil and gas disciplines, we are well-equipped to respond to single or complex matters of dispute.

GaffneyCline can work with clients on a broad range of issues, including:

- Asset valuation
- Price disagreements
- Definitional disagreements
- Contract interpretation
- Loss or gain estimation

GaffneyCline reviews the merits and weaknesses of complex technical and commercial arguments to condense impartial opinions into clear, cohesive submissions that may include expert witness testimony. GaffneyCline can also offer expert opinions to outside lawyers or in-house counsel at any stage of the legal process.



Our Experience

Asset Valuations

Dispute over PSC Valuation (AAA)

GaffneyCline was retained by a large independent oil company in a dispute with a major oil company over farm-in arrangements within an operation governed by a production sharing contract in Asia. The primary focus of GaffneyCline's testimony was in respect of the valuation of the contract area. GaffneyCline submitted multiple reports in addition to testimony under direct and cross-examination.

Dispute over Valuation of Petroleum Properties (Arbitration)

GaffneyCline was retained by a national oil company in a multi-billion dollar dispute to assess the fair market value of a large number of assets including oil and gas fields and exploration prospects, as well as tangible equipment such as rigs and boats.

Dispute over Valuation of Petroleum Properties (Mediation)

GaffneyCline was retained as an independent expert to support a national oil company in an effort to resolve a dispute with an international oil company over the valuation of its interests in certain oil and gas properties being commercialized via a large-scale LNG development.

Valuation of Petroleum Properties (UNCITRAL/ICSID)

GaffneyCline was retained by two international independent oil companies in their arbitration proceedings against the national oil company and government of an African country. GaffneyCline's role was in the development of reliable production forecasts for the venture. GaffneyCline submitted multiple reports in the proceedings which resulted in a settlement prior to hearings.

Operator vs. National Government

GaffneyCline provided an independent written report on the value of an asset in West Africa, in support of a claim to the ICC in Paris by the operator of the asset following the refusal by the government to renew the production license for the asset. The license was subsequently renewed.

Technical Assessments

ExxonMobil vs. Petroleos de Venezuela, Government of Venezuela (ICC, ICSID)

GaffneyCline was retained by ExxonMobil in its arbitration proceedings against the national oil company and government of Venezuela. GaffneyCline's role was in the development of reliable production and associated capital and operating costs forecasts for the integrated operations of the Cerro Negro project. GaffneyCline submitted multiple reports in the multi-year proceedings in addition to testimony under both direct and cross-examination.

US Independent vs. National Oil Company (Arbitration, Paris)

GaffneyCline was engaged by a US independent in a dispute with a national oil company about non-approval of development plan for a PSC. This involved opining on the appropriateness of several plans of development submitted by the operator to the government, which were not approved, preventing the operator from monetizing the fields.

Australian Fund vs. Indonesian Oil and Gas Company (Litigation, Singapore High Court)

GaffneyCline was engaged by the Claimant in an alleged misrepresentation over an agreement for an investment in a block, with a key element involving interpretation of the PRMS reserves classification system. Testified in the Singapore High Court for the plaintiff. After an appeal, the court ruled in favor of GaffneyCline's client.

Confidential (Arbitration, Australia)

Involved the assessment of exploration and development expenditures for an Australian government department for Coal Seam Gas assets. GaffneyCline was identified as the expert to appear in the arbitration hearings or "hot tub" sessions. The case was eventually settled prior to any official hearings taking place.

UK Onshore Oil Field Dispute

GaffneyCline acted in the role of subsurface technical expert during a dispute concerning directional drilling onshore UK. Analyzed and interpreted historical field data and information and reviewed the field development over time (including two changes of ownership and operatorship). Searched public domain databases to establish the public availability of selected technical data. Provided witness statement summarizing the findings for the High Court and was cross-examined during the proceedings.

PSC License Agreement

Expert witness in provision of guidance on industry best practices related to recognized petroleum industry standards and interpretation of these in the context of a PSC license agreement. Covered the interpretation of these related to both conventional and unconventional resources.

Methodology and Mechanism of Defining Joint Development (Arbitration)

The East Timor government was in dispute with the Australian government over the methodology and mechanism of defining the joint development area offshore between the two countries. One of the matters under investigation was the analysis of future hydrocarbon discovery potential within the Timor Sea region along with the likelihood of development. GaffneyCline prepared an analysis from published geological and statistical analyses on the potential for future hydrocarbon discoveries, expected field size, fluid composition and options for development and submitted report to the panel of arbitration. Not required to provide testimony or rebuttal and a settlement between the two parties was achieved.

Our Experience

Disputes Involving National Oil Companies

International IOC Consortium vs. National Oil Company

GaffneyCline was retained by a consortium of international independent oil companies in their arbitration proceedings against an African national oil company for failure to grant a PSC. GaffneyCline provided an independent opinion about the plan(s) of development and ultimate recovery for the fields and prospects that could not be developed because the PSC was not granted.

ConocoPhillips vs. Venezuela (ICSID)

GaffneyCline was retained by ConocoPhillips in its arbitration proceeding against the government of Venezuela. GaffneyCline's role was in providing comprehensive technical (reservoir engineering and geoscience) support to ConocoPhillips' testifying expert in the damages phase of the arbitration.

Dispute over Withdrawal from PSC (ICC)

GaffneyCline was retained by a consortium of independent oil companies in a dispute with a Middle Eastern government that alleged that the consortium had improperly withdrawn from a PSC, failed to maintain its facilities and generally violated standards of good oilfield practice in the way in which it transferred the operations to the state company. Submitted reports in addition to testimony under direct and cross-examination.

Confidential

GaffneyCline was appointed as expert witness for an international oil company in a dispute with a state oil company regarding compliance with a gas sales agreement. The client billed the Middle East gas-receiving facility as agreed in a gas purchase agreement then completed the facilities but did not deliver the gas as per the agreement. Worked on confirming the cost of the gas bought by the client plus the costs in revenue incurred by the gas sales breach. Provided verbal testimony in the Permanent Court of Arbitration in The Hague.

Natural Gas and LNG

Natural Gas Market Expert (ICC, ICSID, UNCITRAL, CRCICA)

GaffneyCline was engaged as an expert in multiple proceedings between investors in a gas export project and the government and state companies of an African country. Submitted reports concerning a wide variety of aspects and issues related to the functioning of natural gas markets and their management.

LNG Sales Agreement (UNCITRAL)

GaffneyCline was engaged by external counsel for a large US company in a multi-year arbitration proceeding over an alleged breach of contract in certain LNG sales and other related agreements. GaffneyCline's role as expert included testimony in respect of the full value chain including upstream valuation, midstream and LNG plant capacity assessment, as well as evaluation of European and US gas markets.

Intercompany Disputes

Dispute Between Two Major Oil Companies

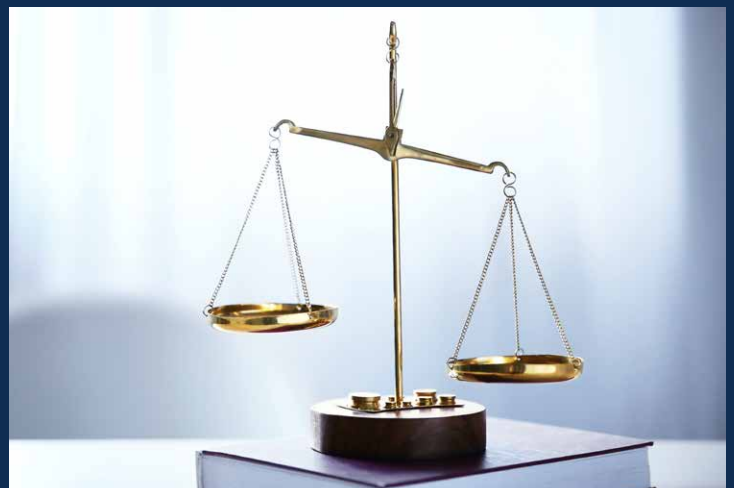
GaffneyCline was retained by a major oil company to defend it in a European court against charges brought by a large European oil company that, by virtue of a venture that it had entered into with the national oil company of a Latin American country, it had tortuously interfered in the European company's affairs and seriously compromised its ability to compete in the international E&P marketplace. The case was settled prior to hearings.

Publicly Listed Australian Company vs. Private Oil and Gas Company (Litigation, Singapore)

GaffneyCline was engaged by a legal firm in an arbitration case in Singapore to assist its client, a listed Australian company, in a dispute involving an asset in Thailand, a payment of US\$13 million, and a Reserves report conducted by a third party which allegedly did not take into account all of the relevant information. Written testimony was provided. The case was settled out of court, in favor of GaffneyCline's client.

Partners vs. Operator

GaffneyCline was engaged as an expert witness on behalf of the partners in an exploration license in East Africa, who were suing the operator over a decision not to drill a second exploration well after the first was a dry hole, thereby incurring a monetary penalty and forfeiting the license. Provided written testimony and was prepared to provide oral testimony, but the case was settled prior to going to trial.



Our Experience

Contract Disputes

Middle East EPC Contract (Arbitration, London)

GaffneyCline was appointed as the expert witness in a case involving the failure of an EPC contract for a gas development project in the Middle East. The Client contracted for engineering, procurement and construction services and there were a series of delays in delivery and approval of key engineering documents, which meant that the contract failed before significant work could be started. Verbal testimony was given at the International Dispute Resolution Centre in London.

Gas Sales Agreement (Arbitration, London)

GaffneyCline was appointed as the expert in a case involving the failure of a gas pipeline construction contract in North Africa. The Client contracted for construction of a major 42-inch gas transport pipeline and several control stations. The dispute concerned significant failures of quality assurance and leaks under testing. Verbal testimony was given at the International Dispute Resolution Centre in London.

Compliance with Gas Sales Agreement

GaffneyCline was appointed as the expert witness for an international oil company in a dispute with a state oil company regarding compliance with a gas sales agreement. The Client billed the gas receiving facility in the Middle East as agreed in a gas purchase agreement with a state oil company and completed the facilities but did not deliver the gas as per the agreement. Worked on confirming the cost of the gas bought by the client plus the costs in revenue incurred by the gas sales breach.





For more information about GaffneyCline's integrated services, please contact your regional GaffneyCline office.

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