

## **Oil and gas arbitrations in the UK more than double**

A high oil price and global political unrest has led to a sharp spike in major oil and gas arbitration cases for settling complex multi-million pound legal disputes.

Research by legal firm Pinsent Masons found a leading arbitration body had received double the number of energy related cases in 2013 than in the previous year.

The number of oil and gas matters lodged last year with the London Court of International Arbitration (LCIA) jumped from 22 to 45, the highest figure in five years and surpassing a 2010 peak which saw a total of 40 referrals.

Parties from more than 27 different nations lodged claims in 2013, while broader energy and resources matters represented 8% of all 301 referrals, driving a general increase in the number of disputes.

Aberdeen-based dispute resolution expert at Pinsent Masons, Scott Johnston, said "These figures are indicative of the changing shape of the global energy market. Over a number of years in which we have experienced changing levels of demand, high crude prices and continued geopolitical uncertainty across a number of jurisdictions, this has resulted in volatility in the market, which ultimately drives a surge in complex disputes across all industry sectors.

"Political neutrality is critical for the oil and gas industry. Operations span the globe exposing the companies to a range of challenging legal and political environments. The UK'S reputation for providing confidential, impartial arbitration expertise has prompted the oil and gas and wider energy industry to increasingly turn to the LCIA, while the relatively new Scottish Arbitration Centre is also attracting energy-related disputes."

The LCIA is a 'private' court used to settle some of the world's largest disputes and is a vehicle favoured by international participants to avoid public legal wrangles.

Arbitration bodies around the world are often used to resolve disputes with sovereign states, as the rules of arbitration allow for greater confidentiality than public courts and there is less concern around potential for political interference.

Recent disputes to have been resolved using international arbitration include Spanish energy giant Repsol's \$5 billion compensation settlement from Argentina relating to the alleged misappropriation of its assets in the country and Dana Gas' interim award to force outstanding payments from the Kurdistan Regional Government relating to gas field contracts.

Pinsent Masons said the upsurge in referrals underline both the UK's status as one of the go-to destinations for energy companies seeking to settle complex commercial disputes, and highlight an increasing regularity of disputes in the sector.

The LCIA is in the process of amending its arbitration rules which will include guidelines on the conduct of counsel in arbitration. Pinsent Masons said new rules will be implemented as London faces greater competition from other jurisdictions seeking to host disputes including Paris, Stockholm and Singapore.

"LCIA is the first to implement such guidelines and in doing so, will distinguish itself from other institutions," said Johnston. "The new rules are designed to maintain London's pre-eminent position as a global hub for dispute resolution and we expect referrals to LCIA to continue to grow."

