

Contractual Stabilization Clauses: Oil Firms Navigate Price-Related Changes of Law

The oil price crashes of the 1970s led to a wave of nationalization and changes to petroleum legislation by oil-producing states. Contractual stabilization clauses could help international oil companies (IOCs) protect their interests should the same occur again, reports Pinsent Masons in its Out-Law.com blog.

“Stabilisation clauses can be an effective tool to improve an IOC’s negotiating position when dealing with a change in law affecting the terms of an upstream petroleum contract. It is important to have the right approach to negotiating stabilisation clauses to achieve a mutually beneficial position for the IOC and the host state,” write George Booth, Niazi Kabalan and Leo Shaw for the firm.

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