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## Oil & Gas Transportation Service Agreements: Key Issues & Considerations

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## Transportation Service Agreements



### *Why do we care?*

- The value of the produced hydrocarbons is of little value, if they cannot be transported to market.
- Marketing is a fundamental and an invaluable component of the hydrocarbon value chain.

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## *What does “midstream” mean?*

- **Upstream:** Exploration and production
- **Midstream:**

Gathering	Processing
Compression	Fractionation
<b>Transportation</b>	Storage
Treating	Purchase and sale
- **Downstream:**

Finished products	Refining
Marketing and distribution	

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## *Oil vs. Gas*

- **Oil:**
  - A viscous liquid
  - Aggregated via storage tanks or central tank batteries
- **Gas:**
  - Gaseous
  - Aggregated via points of interconnection with larger pipeline networks
  - Compressed, treated, and/or processed within, or within close proximity to, the field

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## *Gathering vs. Transportation*

- **Gathering:** The process of individually collecting oil, gas, and water from one or more wellheads and their relatively short movement to various points where they are independently aggregated
- **Transportation:** The movement of independently aggregated quantities of oil, gas, and water out of the field

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## *Service-Level Commitments*

- **Firm:** Performance may not be interrupted, unless and to the extent excused by force majeure
- **Interruptible:** Performance may be interrupted at any time, for any reason or for no reason, without liability
- **Issues & Considerations:**
  - Short- / long-term transportation needs and operational constraints
  - Alternative transportation pathways

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## Title search: Oil & Gas Transportation Service Agreements: Key Issues & Considerations

Also available as part of the eCourse

[Answer Bar: Oil, Gas and Energy Agreements and Contracting Essentials](#)

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"A Primer on Oil and Gas Transportation Agreements: Key Issues & Considerations"