ELUWA TOCHUKWU DIVINE

17/ENG07/010

PETROLEUM ENGINEERING

ENGINEERING LAW CLASS TEST

**QUESTION**

DESCRIBE TWO SCENARIO WHERE FORCE MAJURE CLAUSES CAN BE APPLICABLE TO CONTRACT IN YOUR DISCIPLINE

**ANSWER**

1. A very common and obvious scenario is this corona virus outbreak. Let us imagine in the contract, SHELL NIGERIA was supposed to rent a drilling rig from 3rd of January 2020 to 4th of august 2020. Now, this corona virus was declared a pandemic in February 2020. It was also stated in the contract that they would pay half for the rig when collecting it and would pay the other half when they have produced oil and probably gained enough profit. This outbreak has made a lot of companies stop functional operation. This has also made shell Nigeria not productive over the past months therefore they haven’t been able to pay up for the drilling rig as it is not their fault that there was complete lockdown. Force majeure can be applied to this case whereby freeing shell Nigeria from their obligation or both parties coming to a mutual agreement that would probably favor both parties.
2. For another scenario, let us assume during on-land drilling operations done by EXXONMOBIL, an earthquake occurs and disrupts their drilling process and also kills some of the workers. Now this unfortunate event has caused them not to be able to reach their stipulated agreement in the contract they had signed to deliver oil. Then other party in the contract can now apply force majeur by coming to suitable agreement of extending the contract.