



Norwegian Conditions for Purchase 2016

Norwegian Conditions for Purchase 2016 (NIB 2016) is a new standard contract for use on the Norwegian Continental Shelf (NCS), intended for use between contractors and subcontractors. NIB 2016 was developed as a part of a standardisation project for contracts commonly used on the NCS that is unique internationally.

During 2015, the Federation of Norwegian Industries (Norsk Industri) and the Norwegian Oil and Gas Association (NOROG) completed negotiations for various standard contracts that may be used by E&P companies and contractors in projects on the NCS: The Norwegian Fabrication Contract (NF 15) and different versions of the Norwegian Total Contract (NTK 15 and NTK 15 Mod).

NIB 2016 seeks to extend the area of application for the principles underpinning NF 15 and NTK 15/NTK 15 Mod throughout the supply chain, so as to allow for a transparent and predictable allocation of risk. NIB 2016 aims at increasing the effectiveness of and the cutting of costs in projects on the NCS. It facilitates more correct pricing, reduction of costs related to contract negotiations, improved project management and less disputes. NIB 16 is recommended used for procurement of equipment components where the main contract between the E&P company and contractor is a pure NF/NTK contract and where the E&P company enters into framework agreements with subcontractors whose deliveries may be required for use under any such main contract.

NIB 2016 reflects NF 15/NTK 15, however, it is somewhat downscaled. Important elements to note are the strict deadlines that apply; the Variation Order-system (in particular art 16.2 on Disputed Variation Orders); the commercial flexibility allowed by the contract(s); and the dispute resolution mechanism.

Arntzen de Besche has one of Norway's strongest team of lawyers within the oil and energy sector. We draw on more than 40 years' of experience cooperating with oil companies, contractors and petroleum authorities, and we handle all legal matters related to the oil, gas and energy sectors. We are regularly involved in development projects on the NCS.



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