# Tullow Oil asserts force majeure on Guinea exploration

Tom Moore - 14 March, 2014

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**London-headquartered oil explorer Tullow Oil has asserted force majeure on its offshore prospect in Guinea, West Africa, after US regulators launched an investigation into project partner Hyperdynamics.**

Houston-based **Hyperdynamics**, which holds a 37% stake in the Fatala oil well, is being investigated by the **US Securities Exchange Commission** and **Department of Justice** over alleged bribery violations in Guinea. Tullow Oil owns a 40% stake and **Dana Petroleum** holds a 23% share in the prospect.

The investigation into the New York Stock Exchange listed company began in October 2013 and, despite a public statement from Hyperdynamics chief executive **Ray Leonard** that the exploration would not be affected, the project has ground to a halt. The consortium had planned to drill in the next three months.

A spokesperson for London Stock Exchange listed Tullow Oil tells *CDR*: "It's in our interests to declare force majeure because of the US investigation. We're not pulling out. It's just one well out of 40 we'll drill this year."

Hyperdynamics signed a deal with the Guinean government in December 2008 under a production sharing contract that would split future profits with the country. The company sold a 40% interest in the concession to Tullow Oil in December 2012.

The DoJ is investigating whether Hyperdynamics violated the US Foreign Corrupt Practices Act or US anti-money laundering statutes to win the concession rights or in its relationships with charitable organisations operating in Guinea.

Hyperdynamics said in a statement: "Tullow states in its notice that the asserted force majeure event prevents Tullow from performing its contractual obligations under the production sharing contract. Hyperdynamics is unable to predict the outcome or timing of the results of Tullow's assertion of the Force Majeure."

A second class action lawsuit was filed against Hyperdynamics in Texas following Tullow Oil's declaration of force majeure. The claimants allege that the company made false and misleading statements about its legal controls. "As developments continue to be uncovered about the wrongful acts, the company's share price has plummeted, harming its investors," boutique Boston law firm **Block & Leviton LLP** said in a statement.

Securities litigator **Steven Harte** is spearheading the claim and tells *CDR*: "Investors purchased shares in Hyperdynamics based on the fact they believed the company had adequate internal controls and that the statements it put forward were true and accurate. "A company will not come forward and say it has shoddy controls. But if a company believes there are weaknesses then it is obligated to put forward a request for an extension to look into their controls. If they file that statement they are saying their controls are accurate."

Shares in Hyperdynamics, which sold for more than USD 60.00 in early 2011, dropped below USD 2.00 following Tullow Oil's declaration of force majeure.

A separate class action, based on investor losses following the announcement of the investigation by the SEC and DoJ, is being handled by New York law firm **Wohl & Fruchter**.