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# Hughes Hubbard & Reed

## Hughes Hubbard Obtains Order Compelling Arbitration in Rig Design Dispute

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Hughes Hubbard & Reed won a victory for Australian oil, gas and resource services company WorleyParsons when a New York judge dismissed a lawsuit brought by an ExxonMobil affiliate and ordered it to arbitrate its claims against WorleyParsons.

On June 4, 2014, New York Supreme Court Justice Charles Ramos said in a bench ruling that a provision in a parent guarantee that gave the New York courts jurisdiction over the guarantee did not trump a broad arbitration clause in the underlying engineering agreement between Exxon and a WorleyParsons affiliate.

Justice Ramos explained that the guarantee formed part of the engineering agreement and a precedence clause in the agreement gave precedence to its terms and conditions (which included the arbitration clause) if any inconsistency existed between that agreement and the guarantee. Justice Ramos found that the jurisdiction clause in the guarantee was in conflict with the arbitration clause.

"Unless someone can tell me that there wasn't an agreement that the engineering services agreement controls, this sounds like a slam dunk," Judge Ramos said.

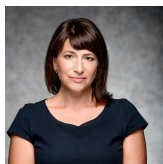
At the June 4 hearing, Exxon argued that WorleyParsons had signed a binding guarantee in which it had agreed that Exxon could litigate disputes in the New York courts. But Chris Paparella countered that every court that has addressed similar situations, even where guarantees had even broader forum selection clauses, had sent the disputes to arbitration.

In addition to Paparella, John Fellas, Hagit Elul, Webster McBride, and Andreas Baum represent WorleyParsons.

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