

PRACTICE OF EXPLORATION-PRODUCTION CONTRACTS ECONOMIC MODELING

INFORMATION AND MANAGEMENT
Upstream Economics

E-074

OBJECTIVES

To provide a practical understanding of the economic modeling of oil and gas field development project as well as exploration projects.

A number of computer case studies will be treated all along the course to apply the principles that are presented succinctly, which makes this course a very practical one.

On completion of the course, the participants will have:

- improved their knowledge of different tax systems and contractual frameworks,
- understood and practised the use of all the tools of investment profitability analysis in EP projects,
- built complex computer models for cash flow analysis in EP projects.

COURSE CONTENT

CONTRACTUAL AND FISCAL FRAMEWORK OF EXPLORATION-PRODUCTION 0.5 day

Overview of E&P activities, exploration, development and production costs
General principles of oil taxation
Concession contracts, production sharing contracts and service contracts
Principles of rent sharing between States and oil companies
Case studies : examples of contracts

OIL CONTRACT MODELING 3 days

Financial environment, capital cost and discount rate, value creation
Reviews of economic criteria for investment project evaluation
Global profitability analysis, impact of fiscal terms and inflation on economic criteria
Equity analysis, specific method for exploration-production: BTWACC method
Introduction to risk analysis, risk and discount rate
Sensitivity analysis, Spider and Tornado diagrams

RISK ANALYSIS OF EXPLORATION-PRODUCTION PROJECTS 0.5 day

Probability of success, methodology of decision tree analysis
Analysis of economic risk in exploration
Typical problems with uncertainties:

- Impact of ringfencing and State participation on the exploration decision process
- Farm in/ Farm out, cost and value of information

CASE STUDIES*

Concession and production sharing contracts modeling with sliding scale royalties, tax linked to profitability, profit oil linked to R Ratio, etc.
Pipeline projects modeling
Production acceleration and value creation
Decision-making process for delineation

▲ Who should attend?

Managers and executives involved in exploration-production activities who need to acquire a deep understanding of fiscal modeling for project evaluation.

▲ Duration

4 days

▲ Dates & Location

November 24-27, 2009
Rueil-Malmaison (Paris)

French sessions: F-074

▲ Registration

Fees: € 1,950

Contact:
eco.rueil@ifptraining.com
Fax: (+33) 1 47 52 71 09

▲ Course Coordinator

Ref. EG / PCM

*Excel modes are provided.
Participants need to be comfortable with the use of Microsoft Excel.