

E-074

▲ 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

▲ Sessions in English

July 05-08, 2010  
Rueil-Malmaison (Paris)

French sessions: F-074

▲ Registration

Fees: € 2,010

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▲ Course Coordinator

Ref. EG / PCM

# PRACTICE OF EXPLORATION-PRODUCTION CONTRACTS ECONOMIC MODELING

## 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.

Upon completion of the course, 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
- Portfolio management for E&P projects

### 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

\*Excel modes are provided.

Participants need to be comfortable with the use of Microsoft Excel.