

IFP Training

➤ IFP Training is a subsidiary of IFP Energies nouvelles and since 1975 it has been providing skill development & training for professionals in the oil, gas, petrochemical, chemical and engine industries, from top managers to site operators. With 90 full-time instructors and a network of 600 consultants, IFP Training offers services in three main areas, in France and also overseas:

- Training courses for professionals, ranging from short courses of a few days to longer integrated courses of several months. IFP Training gives over 1,200 courses a year to over 15,000 participants from some 80 countries.

- Master Degree or Graduate Diploma programs outside France in partnership with the IFP School.

- Training engineering and consulting for the Ministries of Energy, and international/national oil & gas companies, or international institutions, thanks to a multidisciplinary team, combining technical experts and professionals in education with instructional design.



Economics and Management Division

➤ Every year, more than 2,000 professionals take the opportunity offered by IFP Training to acquire or develop skills in economics and financial management of the petroleum industry through a wide range of training programs (public and in-house) related to some fifty different topics that cover all parts of the oil and gas chain: energy economics, upstream economics, downstream economics, trading and shipping, management and finance.

Upstream Economics and Management

➤ For any additional information, please contact us:



232 avenue Napoléon Bonaparte
92852 Rueil-Malmaison Cedex France
Tél. : + 33 1 41 39 12 12
E-mail : eco@ifptraining.com

www.ifptraining.com

IFP Training © Photos: CDF, Comstock, Corbis, ENSPM, Gettyimages, IFP, Jérôme Villa/Contextes, P. Bessard, Shell International Ltd, L. Zylberman, Production MOGP

Contractual and economic framework of oil and gas
Exploration-Production projects



Upstream,

Acquire an expertise in economics and management

By articulating several parts of the EP value chain, this 4-week program is a unique opportunity to get a grasp of all the contractual, accounting and economic mechanisms of exploration-production activities and thus comprehend the management tools for decision-making, finance and auditing.

> Who should attend?

Experienced managers from oil companies, ministries and national agencies in charge of hydrocarbons whose responsibilities have evolved towards managing and/or controlling oil and gas upstream projects from all contractual, fiscal and economic angles.



> Objectives

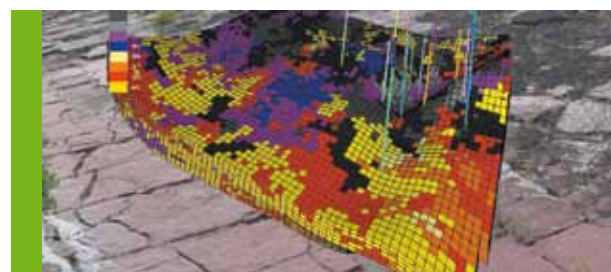
- To get a clear understanding of all E&P contractual and fiscal mechanisms,
- To understand EP projects dynamics in the framework of association agreements,
- To comprehend International Oil Companies decision making-process in the EP chain,
- To learn how to model and analyze project economics and risk,
- To understand the use of financial management and control tools,
- To analyze the search for a balanced relationship between State and Oil Companies.

> Training approach

This training is directed by prestigious lecturers with a long teaching experience with IFP Training. Through their lectures, debates and case studies, they are able to pass on their inestimable professional experience in the fields of oil contracts negotiation, economic evaluation and financial management of exploration-production projects.

A perfect command of the economic, financial and contractual aspects of the EP value chain will result from the notions laid out during the lectures and in a substantial documentation as well as from several phases where concepts are put into practice. Numerous industry-based exercises and case studies; including computer-based modelling of various oil contracts, are offered all along the training.

Everything is thus implemented to reach the final goal of the training: **acquire a practical expertise in upstream economics and management that the participants can use right away to carry out their missions.**



Course content

> Upstream economic and fiscal environment

(5days)

Main physical and financial oil markets
Definition of 1P, 2P and 3P reserves, different technical and economic criteria
Investments and risks in EP, role of national oil companies
Concession and Production-sharing contracts: principles, examples of tax regimes
Risk-service contracts, and technical assistance contracts
Objectives of a flexible and progressive tax system
General structure of patrimonial contracts
Exploration phase: duration, commitments, surrender
Appraisal phase: work programme, commerciality, etc.
Development phase: financing, State participation, budgets and development plans, unitisation, etc.
Production phase: work conduct and supervision, audit and accounting, financing, taxation, hydrocarbon price determination, etc.
General terms & conditions: title transfer, force majeure, governing law and dispute resolution
Main legal provisions in Joint Operating Agreement, and Farm in/Farm out agreement

> Economic analysis of E&P projects

(5days)

Financing oil and gas projects, cost of capital and discount rate
Economic criteria for investment project evaluations
Global profitability analysis, value creation
Introduction to risk analysis, risk and discount rate, sensitivity analysis
Probability of success, analysis of risk exploration
Decision tree analysis, value of information
Asset aggregation and portfolio optimization

> Upstream accounting and financial management

(5days)

Statements of accounts for an oil and gas company, upstream specificities
Exploration: full cost, successful efforts
Reserves accounting: rules, control
Consolidation and Joint Venture accounting
Accounting for Concessions and PSCs
Norms: asset amortization, asset retirement obligations, value impairment test, etc.
Reporting: purpose, obligations,
Cost management and control
Audit: general, fiscal, partners
Tax audit: recoverable costs, common costs, sole costs

