Training - Upstream Economics and Management

EAM-EN-P

Face-to-face only

10 days

This training aims to provide participants with a clear view of the contractual and economic framework of Exploration & Production in order to apprehend the tools for decision making, financial management and auditing

Level

Knowledge

Public

Managers from the upstream sector who require a global picture of all the economic, financial and contractual aspects of exploration and production activities

Objectives

Attendees will be able to implement the following skills:

- Evaluate all aspects of taxation and the contracts used
- Build advanced economic models for the economic evaluation of projects
- Analyze the economic results and conduct sensitivity analysis
- Incorporate the geological risks and uncertainties in the economic evaluation of projects
- Analyze the main corporate financial statements (profit/loss and balance sheets) issued by oil companies

Pedagogical & technical resources

- Case studies simulated on computers
- Development of an oil field (under concession and production sharing agreements)
- Acceleration of a production project with or without EOR
- LNG plant project with specific financing
- Impact of “ringfencing” and the state participation in the decision making process
- Valuation of a decision to acquire information (seismic or drilling)
- Pricing of an exploration block
- Analysis and construction of balance sheets, income statements and key financial statements of an Oil & Gas company
- Examples of petroleum laws & fiscal regimes around the world (Northwestern Europe, North Africa, West Africa, Middle East, Asia-Pacific, etc.)

Assessment of achievements

- Trainees are assessed throughout the training through practical application phases and interactions with the trainer
- A final on-the-spot evaluation may also be carried out at the end of the course and/or at the end of each module using tests designed to verify the learners’ understanding and assimilation of the knowledge linked to the training objectives

Prerequisites

No prerequisites are necessary to follow this course

Responsable

IFP Training instructors, with expertise in the field and trained in modern teaching methods adapted to the specific needs of learners from the professional world

Program

MODULE 1: UPSTREAM PROJECT ECONOMICS (5 DAYS)

UPSTREAM ECONOMIC ENVIRONMENT

Economic development of the upstream sector.
Various actors in Exploration-Production and their strategies. Oil markets and prices.
Current Exploration and Production activities.
Levels of investment.
Examples of finding, development and production costs.

CONTRACTUAL & FISCAL ENVIRONMENT

General principles of oil tax systems.
Legal framework: concessions agreements, production sharing contracts, service contracts.
Impact of various contractual and technical parameters.
Sharing of the economic rent between the State and oil companies. Economic flexibility.
Legal aspects of joint ventures.
Main legal provisions in a Joint Operating Agreement (JOA).

ECONOMIC EVALUATION OF E&P PROJECTS

Cost of capital and discount rate, value creation.
Economic criteria for project evaluation: net present value (NPV), internal rate of return (IRR), payback period, etc.
Global profitability analysis, the impact of taxation and inflation on economic indicators.
Case studies: development of an oil field (under concession and production sharing agreements).

IMPACT OF FINANCING ON PROJECT ECONOMICS

Financing Oil & Gas projects, project finance and B.O.T. structures.
Various financing plans and debt repayment.
Analysis of equity cash flows, return on equity capital, financial leverage.
Case studies: development of an oil field under concession with specific financing.

RISK ANALYSIS OF E&P PROJECTS

Introduction to risk analysis and risk discount rate: sensitivity analysis, Spider and Tornado diagrams.
Probability of success, economic risk analysis in oil exploration.
Economic study of an exploration project using Min, Mode and Max scenarios.
Impact of “ringfencing” and the state participation in the decision-making process.
Case studies: valuation of a decision to acquire information (seismic or drilling) and pricing of an exploration block.

MODULE 2: UPSTREAM ACCOUNTING & FINANCE (5 DAYS)

FINANCIAL MANAGEMENT OBJECTIVES

Shareholder expectations.
The different aspects of financial management.
Reporting requirements.

GENERAL ACCOUNTING, THE FOUNDATION OF FINANCIAL MANAGEMENT

Accounting principles and standards.
Financial statements and consolidated accounts.

SPECIFICS OF UPSTREAM OIL ACCOUNTING

Mining rights, exploration, depreciation (UOP).
Impairment of assets, provision for decommissioning and site restoration.

ANALYSIS OF ORGANISATIONAL PERFORMANCE: FINANCIAL ANALYSIS

Financial analysis plan.
Analysis of margins, investments, Working Capital, financial structure and profitability.

DAY-TO-DAY FINANCIAL MANAGEMENT: COST ACCOUNTING

Objectives and methods. Cost allocation.
Management charts and variance analysis.

To French entities : IFP Training is referenced to DataDock ; you may contact your OPCO about potential funding.
Please contact our disabled persons referent to check the accessibility of this training program : referent.handicap@ifptraining.com