Training - Practice of Exploration-Production Contracts Economic Modeling

PMC-EN-P

Face-to-face only

3 days

To provide a practical understanding of the economic modeling of Oil & 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

Level

Skilled

Public

Economists, engineers and executives involved in Exploration-Production activities who need to acquire a deep understanding of fiscal modeling for project evaluation

Objectives

Attendees will be able to implement the following skills:

- Build economic models for the economic evaluation of Exploration-Production projects
- Analyze the economic results and carry out sensitivity analysis
- Incorporate the geological risk and uncertainty in the economic evaluation of E&P projects

Pedagogical & technical resources

Case studies simulated on computers

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

CONTRACTUAL & 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 **2 days**

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.
Specific method to Exploration and Production: shadow interest.
Case studies: development of an oil field (under concession and production sharing agreements).
Equity profitability analysis.
Case studies: LNG project and gas pipeline project with specific financing.

RISK ANALYSIS OF EXPLORATION-PRODUCTION PROJECTS **0.5 day**

Introduction to risk analysis and risk discount rate: sensitivity analysis, Spider and Tornado diagrams.
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

Development of an oil field (under concession and production sharing agreements).
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 bloc.

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