

# International upstream fiscal terms and contract negotiations



12–15 July 2010, London, UK

El member £2,585.00 inc VAT Non-member £2,820.00 inc VAT\*

\* includes complimentary Affiliate membership to the Energy Institute

The terms and structures of upstream licence agreements between companies and governments determine whether a specific oil and gas field can be developed on a commercial basis and how costs and profits will be divided over the field's life cycle. Global comparisons of the economic performance of production sharing contracts (PSCs), tax and royalty, service, risk and joint-venture contracts identify strengths, weaknesses, risks and opportunities associated with specific contracts.

The many issues, going beyond just the fiscal terms, that must be considered when negotiating licence agreements and these are identified during the course and reinforced through the use of examples and exercises.

The 4-day course will also focus on the fiscal, economic, negotiation and operational issues associated with a comprehensive range of the licence agreements encountered in the upstream oil and gas industry. Detailed explanations are provided of the key components (i.e. bonuses, royalty, cost oil, profit oil and various elements of taxation) of structurally different types of licence agreements and their implications for petroleum companies and governments.

## Topics covered include:

### Day one – Key features of upstream licence agreements

- Upstream licence agreements: definitions, objectives and concepts
- Contrasting host government and oil company perspectives
- Production Sharing Contracts (PSCs): origin, rationale and structure
- Title to resources and concepts of economic rent
- Contract term and relinquishment schedules
- Progressive and regressive taxation mechanisms
- Spectrum of taxation instruments applied
- Tax stability versus instability and asset appropriation
- Flexible drivers required for a range of E&P objectives: sliding scales
- Cost recovery mechanisms: cost oil, uplift and amortisation

### Day two – Establishing meaningful and workable contracts

- Competitive bidding, bonuses and licensing rounds: 'Winner's curse'
- Negotiating strategies to achieve workable terms
- Managing E&P licence agreements: accountability and control issues
- Authorising and budgeting for expenditure
- Authority for expenditure, cash calls and billing
- Allocating revenues and overheads
- Joint-venture operating and accounting principles
- Procurement and tendering issues
- Foreign currencies, accounting and cost allocation
- Limits on cost recovery, production allocations and tax allowances

- Ring fencing of costs and revenues
- Interface with operational and contractor agreements

### Day three – Managing and financing upstream contracts

- Operating and management committees and voting rights
- Integrating other contracts with upstream licensing terms
- Planning negotiations and setting agendas
- Options for financing field developments and contractual issues
- Loan interest tax treatments: deductions, allowances and credits
- Contractual risks and how to address them
- Clauses specific to gas, condensate and liquid petroleum gas (LPG)
- Oil price caps, local posted prices and domestic supply obligations
- Negotiating strategies and tactics

### Day four – Dealing with state involvement

- Carried interests and buy-back concepts
- State participation and back-in options
- Rights of assignment, farm-out and divestment issues
- Team negotiations
- Cultural issues impacting contract negotiations
- Sole risk and non-consent options
- Dispute resolution options and issues
- Approval of field developments and other work programme
- Safety, environment and decommissioning issues
- Documentation and learning from contractual experience

## Who should attend?

*This course is designed for a multi-disciplined audience with diverse commercial, technical, corporate, operations, planning, legal and risk management backgrounds from the oil and gas sector. Course content addresses issues and skills relevant to professionals working with or negotiating upstream petroleum contracts and licences, including: analysts, accountants, asset managers, bankers, contractors, economists, engineers, geologists, government regulators and representatives, financial controllers, insurers, investors, lawyers, national oil company and ministry personnel, negotiators, planners, portfolio managers, project managers, risk analysts, strategists and taxation administrators and advisors.*



# Registration form

To register, by post or fax, please complete this registration form in BLOCK CAPITALS and return it to the address below, together with payment of all fees.

Nick Wilkinson, EI Oil and Gas Training, Energy Institute, 61 New Cavendish Street, London W1G 7AR, UK  
 f: +44 (0)20 7255 1472

To register by email, please provide the same contact details (shown below), together with the relevant course details and send to: [nwilkinson@energyinst.org](mailto:nwilkinson@energyinst.org) To book online, visit: [www.energyinst.org](http://www.energyinst.org)

I am/my employer is a member of the EI and entitled to the EI member's rate. EI Membership Number: .....

Family name: ..... Mr/Mrs/Miss/Ms/Dr/Other: .....

Given name(s): ..... Name to be used on badge: .....

Job title or present position: .....

Company/Organisation: .....

Name and address against which an invoice should be raised: .....

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t: ..... f: .....

e: .....

Mailing address for joining instructions (if different to invoice address above): .....

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Please indicate if you have any particular dietary requirements: .....

I confirm that I have read and agree to the conditions of registration as specified in the General Information section.

Signature: ..... Date: .....

**Under UK Excise Regulations, delegates from all countries are required to pay VAT on any course taking place in the UK.**

Course Title: .....

Course date: ..... Cost of course: £ .....

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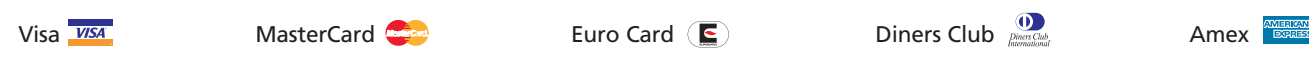
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# General information

## Payment

Full payment must be received before a place can be guaranteed. Under UK Excise Regulations, delegates from all countries are required to pay VAT on any event taking place in the UK. Please note that VAT may be liable to amendment. All prices are correct at the time of going to press, but may be subject to change without prior notice.

## Acknowledgement of registration

Confirmation of registration and a VAT receipt will be sent to all delegates. Joining instructions will be sent out prior to the start date of the course. If you have not received your acknowledgement seven days prior to the start date of the course, please contact EI Oil and Gas Training at the Energy Institute to confirm your booking.

## Language and course materials

All presentations, course materials and supporting documentation will be presented in English.

## Cancellation

In the event of a delegate cancelling, a refund of the registration fee less a 20% administration charge will be made provided that notice is received in writing at least 28 days before the date of the course. No refunds will be paid after that date. However, course papers, as supplied to attendees, will be provided after the event.

## Substitution

If you are unable to attend, a substitute delegate may attend in your place, provided that EI Oil and Gas Training is notified in advance.

## Enquiries

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London W1G 7AR, UK  
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e: [nwilkinson@energyinst.org](mailto:nwilkinson@energyinst.org)  
[www.energyinst.org](http://www.energyinst.org)

## About the course provider

The Energy Institute (EI) is the leading professional body for the energy industries, representing almost 12,000 professionals both nationally and internationally.

A Royal Charter membership organisation, the Energy Institute serves society with independence, professionalism and a wealth of expertise in energy matters, creating a home for energy professionals and a scientific and technical reservoir for industry. It is licensed by the Engineering Council (UK) to offer Chartered, Incorporated and Engineering Technician status to engineers.

The Energy Institute (EI) cannot accept any liability for any loss, cost or expense suffered or incurred by

any person arising from reason of war, including threat of war, riots and civil strife, terrorism or threats thereof, natural disaster, weather, fire, flood, drought, technical, mechanical or electrical breakdown within any premises visited by delegates in connection with the course, non provision of services provided by hotel companies or transport operators, industrial disputes, governmental action, regulations, or technical problems which may affect the services provided in connection with the event. The right to exclude any delegate, guest or substitution and to reject any application for registration is reserved. The Institute reserves the right to make any changes to the courses as considered necessary.

## DATA PROTECTION ACT

The EI will hold your personal data on its computer database. This information may be accessed, retrieved and used by the EI and its associates for normal administrative purposes. If you are based outside the European Economic Area (the 'EEA'), information about you may be transferred outside the EEA. The EI may also periodically send you information on membership, training courses, events, conferences and publications in which you may be interested. If you do not wish to receive such information, please tick this box

The EI would also like to share your personal information with carefully selected third parties in order to provide you with information on other events and benefits that may be of interest to you. Your data may be managed by a third party in the capacity of a list processor only and the data owner will at all times be the EI. If you are happy for your details to be used in this way, please tick this box