

# EXPLORATION & PRODUCTION ACCOUNTING, FINANCIAL REPORTING & BUSINESS FUNDAMENTALS

2 - 4 Sept 2015 / Jakarta, Indonesia

This three-day course is for those who would like to understand finance and finance related issues, policies and practices specific to the oil and gas exploration and production (E&P) industry.

It will provide you with a sound understanding of the nature, purpose and use of E&P companies' accounting and financial reporting along with the linkages to reserves, operational activities and the market place. It will have immediate application back at your workplace as you appreciate how your company/department's activities, and the activities of all of the companies/departments with which you interact, are reflected in E&P companies' financial reports.



## WHO SHOULD ATTEND

This course has been developed for accounting and finance staff at all levels and also those with a non-industry or finance background.

### Suggested attendees include:

Finance Directors / Managers • Chief / Senior Accountants • Financial Controllers • Treasury Officers • Joint Venture / Management Accountants • JV / Internal / External Auditors • Government Regulators • Financial Analysts • Economists • Bankers • Commercial Managers • Senior Management

## KEY ISSUES TO BE COVERED

- Oil and gas reserves
- Production sharing contracts(PSCs)
- Concession and Service Contracts
- Joint Ventures
- Accounting for drilling, exploration, development and production costs
- Depreciation of capitalised costs
- Accounting for sales revenue
- Impairment of assets
- Accounting for removal and restoration costs
- Financing and borrowing costs
- Changes in oil and gas interests
- Risk analysis
- Economic Analysis
- Stage Gate Management
- Net Asset Value (NAV) Calculations
- Investment Appraisal
- Post Investment Appraisal
- Project Financing

- **Appreciate** the significance, and therefore the relevance and reliability, of the information prepared by a company for use in financial reports, economic analyses and decision making.
- Be more **effective** in communicating with colleagues in other companies/disciplines when discussing issues and data requests leading to information for financial purposes.
- **Develop** confidence in your ability to analyse and interpret the information disclosed in the financial statements of an E&P company, its co-venturers and its competitors.
- Be **familiar** with the essential fact as to what makes an oil and gas company's assets different to other industries.
- **Understand** how and why E&P companies make crucial investment decisions.
- **Know** why some E&P projects do not achieve their financial objectives while others exceed expectations.

## On completion of this course you will:

- **Appreciate** the variety of **industry-specific issues** that arise in accounting for E&P activities
- **Understand** the **US GAAP** and International Financial Reporting Standards (**IFRS**) adopted in financial reporting by E&P companies
- Have **knowledge** of the **technical** aspects of hydrocarbons, reserves, geology, drilling, rigs and facilities
- **Know** how effective **corporate policies** and processes produce well-informed decision making
- Have a greater **awareness** of the risks that impact **investment decisions** and how operational events affect financial reporting and **shareholder value**
- Have **developed** your potential for increased responsibility and career progression

FEE	1 PAX	2 PAX OR MORE
Per Person	USD 2995.00	USD 2795.00
Pay Online with Credit Card by 28 <sup>th</sup> February to <b>SAVE USD 200.00 per person</b>		



**FOR ENQUIRIES**  
**GAMAR CARLESATER**  
 EMAIL: [gamar@cmtsp.com.sg](mailto:gamar@cmtsp.com.sg)  
 TEL: +65 9186 7757 | FAX: +6563455928  
[www.cmtevents.com](http://www.cmtevents.com)

I would like to register as a

- Delegate     Sponsor

Name \_\_\_\_\_  
 Position \_\_\_\_\_  
 Company \_\_\_\_\_  
 Email \_\_\_\_\_  
 Address \_\_\_\_\_  
 Tel \_\_\_\_\_ Fax \_\_\_\_\_

# EXPLORATION & PRODUCTION ACCOUNTING, FINANCIAL REPORTING & BUSINESS FUNDAMENTALS

2 - 4 Sept 2015 / Jakarta, Indonesia

## COURSE AGENDA

### DAY 1

- **Introduction overview - worldwide oil and gas industry**
- **Technical and Physical Characteristics**
  - Defining the Upstream, Midstream and Downstream
  - Essential Health, Safety & Environment principles
  - Field life cycle
  - Geology and Geophysics
    - *Formation*
    - *Seismic*
  - Drilling – Theory, Types, Depths, Rigs
- **Gaining Mineral Rights**
- **Resources and Reserves**
  - Conventional
  - Unconventional
- **Risks and Opportunities**
  - Top 10 Risks
  - Top 10 Opportunities
- **Petroleum Fiscal Contracts**
  - Concession Contracts – Royalty/Tax
  - Production Sharing Contracts
    - *Structure, Cost Oil, Profit Oil, Economic Rent*
    - *Progressive versus Regressive*
- **Technical / Risk Service Contracts**
- **Joint Ventures**
  - Advantages of being an Operator
  - Joint Operating Agreements and Accounting Procedures
  - Cash Calls/Funding, Billing statements
  - Overheads – allocation / PCO etc.
  - Accounting for inventory
- **Joint Venture Audits and Internal Audits**
  - How JV audits are conducted
  - Areas of focus
  - Main areas of contention
- **Development & Production Technical Characteristics**
- **Stage Gate Process**
  - Create/Assess/Select/Define/Execute/ Operate
  - Assurance roadmap, Scalability and Front-End Loading,
  - Action Tracking
- **Decommissioning & Abandonment Technical Characteristics**

### DAY 2

- **Accounting Standards**
  - GAAP in the E&P Industry
  - US GAAP versus IFRS
  - Main Accounting Principles
  - Specific Oil and Gas Standards
  - Statement of Recommended Practice
  - SEC Regulations
  - Successful Efforts versus Full Cost
- **Revenue**
  - Recognition,
  - Long-term gas contracts,
  - Entitlements and liftings
  - Hedging
- **Pre-development Costs**
  - License acquisition
  - Geological and Geophysical,
  - Exploration and Evaluation Drilling
- **Development costs**
  - Pre- Development transfers
  - Cost estimation
- **Midstream and Downstream Technical Characteristics**
  - LNG
  - Processing
- **Sources of Capital**
  - Equity, Bonds, Debt, Project Finance
- **Operating costs**
  - Cost of Sales, Taxes, Royalties
- **Depreciation of Oil and Gas Assets**
  - Upstream - Unit of production method
  - Adjustments to the DD&A base
  - Other DD&A practices
- **Impairment of Oil and Gas Assets**
  - Indications of impairment, timing of reviews
  - Impairment - Exploration and Evaluation
  - Accounting for impairment
- **Asset Retirement Obligations**
  - Provisions – Type and Measurement
  - Accounting for Asset Retirement Obligations
  - Effect on Cash flow

### DAY 3

- **Changes in Oil and Gas Interests**
    - Purchases, Sales, Swaps, Over-riding Royalty etc.
    - Farm-Ins/Outs and Carried Interests
  - **Commitments, Contingent Liabilities and Provisions**
  - **Reserves in the Annual Report and Accounts**
  - **Valuations and Benchmarking**
    - SEC reporting
    - Sources of data
    - NAV calculations
  - **Capital Governance**
    - Company Standards Policies and Processes
    - Committees – Terms of Reference
    - Investment Appraisal and Post Investment Appraisal
      - *Review of risks, Financials*
      - *Project approval process and Assurance*
      - *Post project review and lessons learnt*
    - Financial Authorities
      - *Investment approval, Treasury transactions, Contracts and Legal, Commodity/ Commercial/ Expenditure/ Unbudgeted/ Enhanced Delegations*
    - Economic evaluation
      - *Key Economic data and KPIs, Net Cashflow, Sensitivities, Waterfall charts, Project Screening Values, NPVs and Rates of Return, Hurdle rates*
  - **Commercial Structures**
    - **Wrap-up Exercises**
      - Exercises for consolidation and reinforcement of all learnings
- Course Structure:**
- Your lecturer will relate the subject matters to practical, real-life examples and personal experiences
  - To reinforce and consolidate the subject matter the learning experience is enhanced with videos, quizzes and team exercises
  - Questions are encouraged

# EXPLORATION & PRODUCTION ACCOUNTING, FINANCIAL REPORTING & BUSINESS FUNDAMENTALS

2 - 4 Sept 2015 / Jakarta, Indonesia



## ABOUT THE TRAINER



### **Terry Follen**

Terry is an oil and gas consultant specialising in oil and gas business, corporate and financial matters. In an oil and gas career of over 30 years he has lived and worked in the UK, Trinidad, India and the Yemen leading, managing and developing multi-cultural and cross-functional teams.

His industry experience includes Business Development, Investment Appraisal, Accounting, Financial Reporting, Corporate Governance, Joint Venture Audit, Economic Analysis, Business Analysis, Commercial Agreements, Stage Gate Assurance and negotiation of Production Sharing Contracts / Joint Operating Agreements.

Past roles include Vice President Finance, Atlantic LNG Trinidad; Finance Director, BG India; Finance Manager, BHP Moscow; Country Manager, BHP Yemen; Financial Controller, BHP UK; and Financial Controller, Hamilton Oil.

Terry is a Fellow of the Chartered Institute of Management Accountants, a Chartered Global Management Accountant and a member of the Association of International Petroleum Negotiators.



**FOR ENQUIRIES**  
GAMAR CARLESATER  
EMAIL: [gamar@cmtsp.com.sg](mailto:gamar@cmtsp.com.sg)  
TEL: +65 9186 7757 | FAX: +6563455928  
[www.cmtevents.com](http://www.cmtevents.com)

