

PRODUCTION SHARING CONTRACTS *and* INTERNATIONAL PETROLEUM FISCAL SYSTEMS

- PRAGUE, CZECH REPUBLIC: 29 SEPTEMBER - 1 OCTOBER 2009 •
- MUSCAT, OMAN: 4-6 OCTOBER 2009 • INTERCONTINENTAL MUSCAT •
- SINGAPORE: 26-30 OCTOBER 2009 • RAFFLES HOTEL •
- HOUSTON, USA: 1-3 DECEMBER 2009, INTERCONTINENTAL HOUSTON •

COURSE DIRECTORS:

DANIEL JOHNSTON
DAVID JOHNSTON

At least one instructor per venue

A "MUST ATTEND" FOR:

- International & Government Negotiators • Corporate Planners • Policy Analysts
- Legal Advisors & In-House Counsel • Commercial Managers • Loan Officers
- Finance Directors and Managers • Tax & Finance Advisers • Production & Reservoir Managers • Business & Accounting Analysts • Project Economics Managers • Compliance Officers • Operations Managers • Geophysicists • VP/GM Exploration • Senior Petroleum Engineers • Petroleum & Mining Economists • National Oil Company Management • Business Development Managers

RECENT ACCOLADES FOR THE PSC COURSE INCLUDE:

"This course cover almost all the available fiscal systems in the markets"

"Balanced perspectives from both Government & Oil Company Positions"

"Experience and competence of instructor adds great depth & completion to the course"

"Ability to treat a difficult and complicated subject with clarity"

"Detailed, well-organised, well structured and informative!"



Organised by:



THE CONFERENCE CONNECTION INC.
Connecting Global Executives

Media Sponsor:

upstream
The Journal of the Oil & Gas Industry

PSC MODULE I:

**29 September -
1 October 2009**
Prague

4-6 October 2009
Muscat

26-28 October 2009
Singapore

1-3 December 2009
Houston
(3 days)

Update yourself on current PSC developments through a wide variety of economic, geological and fiscal scenarios that exist worldwide. A valuable examination of analytical and state-of-the-art techniques in fiscal system analysis and design. Extensive Course documentation – Over 500 Pages!

PSC MODULE II

29-30 October 2009
(Singapore Only)
(1½ days)

Back by popular demand only for PSC Singapore Venue – An additional 4th/5th day will cover Computer-Based Economic Modeling & Risk Analysis. See agenda page for details!

PSC 4½-DAY MODULE BEING HELD AGAIN IN SINGAPORE, BY POPULAR DEMAND

PSC MODULE I: (3 days)

29 SEPTEMBER - 1 OCTOBER 2009, PRAGUE • 4 - 6 OCTOBER 2009, MUSCAT
26 - 28 OCTOBER 2009, SINGAPORE • 1 - 3 DECEMBER 2009, HOUSTON

A VALUABLE EXAMINATION OF ANALYTICAL & STATE-OF-THE-ART TECHNIQUES IN FISCAL SYSTEMS

The modern day PSC has evolved into a complex contractual document governing risks and rewards inherent in oil exploration. With globalisation, mega mergers, volatile prices and changing geopolitical scenarios, it is vital to understand not only the changing terminology and semantics of the PSC but also how fiscal systems have evolved, their economic and financial impact. **A must for all senior managers in new ventures, exploration, corporate planning, geology as well as petroleum negotiators, oil company legal counsel, advisers, geologists and engineers.**

The course provides you with critical information to create the right commercial framework for successful PSC negotiations.

WHAT YOU WILL LEARN:

- Why so many definitions of what constitutes "Resource Rent"?
- Why is the old Indonesian 85/15% split so famous though most people know it isn't really an 85/15% split? What's the true split? Do other countries have a similar statistic? Are statistics appropriate? When? Where? How? Why?
- What are the 4 main means by which Governments get a piece of the pie? How do they compare?
- What is the difference between Equity Split, After-Tax Equity-Split, Government Take, Government Marginal Take, Net Net, Tax Take, Financial Take and State Take?
- The 20% royalty in Columbia (pre-2000) sounds high. Is it? How high is it? What is typical? What are the ranges? What constitutes the realm of the cruel and unusual for such things as:
 - *Royalties
 - *Ringfencing
 - *Bonuses
 - *Abandonment
 - *Crypto Taxes
 - *Incentives
 - *Goldplating
 - *Entitlement
 - *Government Risk Free Carry "Back-Ins"
 - *Division of Profits ("Take")
 - *Effective Royalty Rates
 - *Cost Recovery Limits and Depreciation
 - *Work Commitments
 - *Base Production vs Incremental Production
 - *Maximum Efficient (Production) Rate
 - *Relinquishment
- What are the biggest concerns of National Oil Companies?

PSC MODULE II: (1½ days)

29 - 30 OCTOBER 2009 (Singapore Only)

For the PSC Singapore venue only, an additional session on the 4th/5th day of the course will feature practical computer-based basics of petroleum risk analysis and decision theory, progressing to the finer points of economic modeling in the international arena.

Exercises will include:

- (1) **Cash Flow Audit Exercise** which will provide insight into the inner workings of a basic economic model for exploration or for field development feasibility studies.
- (2) **Value of a Discovery Exercise** – depending on costs, prices and fiscal terms a discovery can hold a range of values. This exercise will bring this to life.
- (3) **Value of Reserves in-the-ground Exercise** – this important exercise will show the diversity of values that exist for reserves and/or "rights to extract".
- (4) **Dynamics of the Savings Index** – this important exercise will show how we can quantify the incentive for a company to keep costs down and the magnification of this incentive when time value of money is considered.
- (5) **Government Participation Analysis** – this is the source of too much controversy in the industry, this exercise will put this to rest.
- (6) **Rate-of-Return Systems** – do they really create a incentive to "gold plate"? One way to find out.

DELEGATES WILL BE REQUIRED TO BRING THEIR OWN LAPTOP.

A CD-rom & additional Workbook will be provided as part of the 4th/5th day curriculum.

The CD-Rom will contain spreadsheet modules for performing cash flow analysis for most of the mainstream types of fiscal system including:

- ❖ Systems with "R factors".
- ❖ Rate-of-Return (ROR) based systems.
- ❖ Production Sharing Agreements, as well as
- ❖ Royalty/Tax systems and Service Agreements.

A WORKING KNOWLEDGE OF EXCEL IS A REQUIREMENT FOR PARTICIPANTS ATTENDING THIS 4TH/5TH DAY SESSION FOR MODULE II.

Register at WWW.CCONNECTION.ORG or Email psc@cconnection.org

PRODUCTION SHARING CONTRACTS and INTERNATIONAL PETROLEUM FISCAL SYSTEMS

PSC MODULE I: (3 days)

29 September - 1 October 2009, Prague • 4 - 6 October 2009, Muscat
26 - 28 October 2009, Singapore • 1 - 3 December 2009, Houston

THEORY OF ECONOMIC RENT

- Starting with David Ricardo and Adam Smith
- Efficiency vs. Flexibility
- Acreage is a commodity

TAXATION THEORY RELATED TO THE PETROLEUM INDUSTRY

- Bonuses vs. Royalties vs Profit based levies, the differences and implications

CALCULATING CONTRACTOR TAKE: THE COMMON DENOMINATOR

- A quick-look technique and the long hand
- Commercial terms: Work commitments vs. fiscal terms

NEGOTIATION OF COMMERCIAL TERMS: KEY ASPECTS

- Families of systems – The issue of ownership Government Take vs State Take vs Tax Take
- “Booking” Reserves

CONCESSIONARY (ROYALTY / TAX) SYSTEMS

- Basic Elements
- Arithmetic step-by-step calculations
- Variations on the Concessionary Theme

PRODUCTION SHARING CONTRACTS

- Basic elements
- PSC Arithmetic step-by-step calculations
- Cost recovery vs. deductions: What is the difference?
- Numerous examples – Egyptian type PSC's vs Peruvian type PSC's vs Indonesia type PSC's

VARIATIONS ON THE PSC THEME

- Understanding the nuances and why they evolved
- Trade-off between cost recovery limits, commerciality clauses and royalties
- Why some view the FTP as a Royalty and others view it as a cost recovery limit
- Uplifts, Investment Credits, Interest Cost Recovery

RISK SERVICE CONTRACTS

- RSCs. How do they compare to PSCs?
- How do they compare to R/Ts
- The Kuwait OSA
- The Iranian “Buy-Backs”

RATE OF RETURN CONTRACTS

- What do “R” factors and ROR contracts have in common?
 - Papua New Guinea to Equatoria Guinea
- Progressive vs. Regressive systems
 - Even progressive royalties are regressive! Why?
- Sliding scales (variations) worldwide

JOINT VENTURES

- What are these FSU Deals like? Why?

TECHNICAL ASSISTANCE / EOR PSCS

- What are the key features?
- Why are the terms so tough?
- Typical structures of EOR deals

THRESHOLD FIELD SIZE ANALYSIS

- Technical vs. Commercial success
- Exploration vs Development thresholds – Why is gas so different?

THE GLOBAL MARKET FOR EXPLORATION ACREAGE

- Trends in fiscal system design
- Reasonable terms vs. geological potential
- Comparing fiscal systems
- Political risk – Can it be quantified?
- Allocation Strategies and tactics
- Weaknesses of the Government Take Statistics
- Crypto Taxes

WORLDWIDE FISCAL SYSTEMS

- How the various countries systems compare
- Key analytical comparison techniques
 - Contractor and Government Take
 - Nature and Timing of Government Take
 - Direct and indirect limits on cost recovery
 - Percentage of gross revenues available for cost recovery
 - Comparison of incentives
 - Worldwide Regimes

PRODUCTION SHARING CONTRACT OUTLINE

- Contract language for the basic elements and key terms
- Key aspects of negotiations (problem areas and pitfalls)

DELEGATES WILL BE REQUIRED TO BRING A CALCULATOR.

PSC MODULE II: (1 ½ days)

29 - 30 October 2009 (Singapore Only)

DELEGATES WILL BE REQUIRED TO BRING THEIR OWN LAPTOP.

- Introduction to Petroleum Economics and Analysis
- Cash Flow Modeling and Analysis
- Expected Value Theory
- Exploration Threshold Field Size Analysis
- Development Threshold Field Size Analysis

EXERCISES WILL INCLUDE:

- Cash Flow Audit Exercise
- Value of a Discovery Exercise
- Value of reserves in-the-ground Exercise
- Dynamics of the Savings Index
- Government Participation Analysis
- Rate-of-return systems

SCHEDULE: Registration on Day 1 at 8:00am. Sessions start promptly at 9:00am and end at approximately 5:30pm. Lunch will be between 12:30pm and 2:00pm with mid morning and mid afternoon refreshments. Sessions on the 5th day will end at 1.00pm. Lunch will not be served.

PRODUCTION SHARING CONTRACTS AND INTERNATIONAL PETROLEUM FISCAL SYSTEMS

YOUR COURSE DIRECTORS



Daniel Johnston, President & Founder of Daniel Johnston & Co., is an independent financial consultant to the international petroleum industry. For the past 25 years he has worked in 44 countries working with both International Oil Companies (IOCs) and National Oil Companies (NOCs) on contract analysis and design, negotiations, disputes, and renegotiations.

He has a Bachelor of Science Degree in Geology from Northern Arizona University and an M.B.A. (Finance) from the University of Texas at Austin. Daniel founded Daniel Johnston & Co., Inc. in 1985. He writes a column for the Petroleum Accounting and Financial Management Journal (Institute of Petroleum Accounting – University of North Texas) and is author of a number of books including: **International Petroleum Fiscal Systems and Production Sharing Contracts** PennWell Books (1994) **Economic Modeling and Risk Analysis Handbook** University of Dundee (2002) **Maximum Efficient Production Rate** University of Dundee (2002) **International Exploration Economics, Risk and Contract Analysis** PennWell Books (2003). **Introduction to Oil Company Financial Analysis** PennWell Books (2006).

David Johnston, is a Director with Daniel Johnston & Co., working with Governments and oil companies on upstream exploration, development, Enhanced Oil Recovery, and marginal field development contracts worldwide. His work includes contract design, economic/financial analysis, negotiations, and expert witness work. David teaches courses in “**Economic Modeling and Risk Analysis**”, and “**International Petroleum Fiscal System Analysis and Design**” at the University of Dundee and has published two books through the University, “**Economic Modeling and Risk Analysis Handbook**”, and “**Maximum Efficient Production Rate**”. He has also published “**Introduction to Oil Company Financial Analysis**” (2006) a ‘best seller’ with PennWell Books, and has written a number of articles on the subjects of energy and technology.



He holds a Bachelor of Science degree in Electrical Engineering from the University of Rochester, Rochester, New York.

A GLOBAL COURSE FOR GLOBAL EXPLORATION ACREAGE

The **Production Sharing Contracts and International Petroleum Fiscal Systems Course**, was first launched in the early 1990’s, as a two-day course on Risk Analysis. Nearly two decades later, it has morphed into a five-day expose encompassing more than forty five variations of the PSC, Risk Service Contracts, OSA’s, Petroleum Concession Agreements and other permutations.

Having been held in thirty two cities across the globe, with **Dubai, Singapore and Houston** as anchor course venues annually, it has consistently retained its status and renown as the world’s best-selling and the most authoritative course on the subject.



Participants attending the Production Sharing Contracts course in Singapore.

PAST VENUES OF THE PRODUCTION SHARING CONTRACTS COURSE

- Abu Dhabi • Auckland • Bahamas • Bahrain • Bali
- Brunei • Bangkok • Buenos Aires • Calgary • Cairo
- Cape Town • Dubai • Doha • Houston • Istanbul • Jakarta
- Kuala Lumpur • Langkawi Island • Lisbon • London
- Melbourne • Moscow • Muscat • Mumbai • Nice
- New Delhi • Paris • Perth • Phuket • Prague
- Qatar • Rome • Singapore • Trinidad & Tobago •

RAVE REVIEWS BY PAST ATTENDEES

“Presents direct application to current issues”

“Extensive knowledge on subject matter & history
of the industry”

“Clarity & simplicity in addressing core concepts”

“Ability to treat a difficult and complicated subject
in an interesting and eloquent way”

“Excellent Course, good broad based/well researched
and organised.”

“Good course materials and clear visual aids”

“Solid job on a complex subject”

“Clear & precise, very knowledgeable”

“This course covers almost all of the available fiscal
systems in the markets”

“Detailed, well-organised, well structured and
informative!”

“He appears to have an encyclopedic knowledge
of the subject.”

“He would be hard to ever beat. He was enjoyable,
entertaining, and kept the interest level high for 3
days”

“100% relevant to those involved in the petroleum
industry”

“This is the second time I have attended the course.
I learned a lot the first time and gained more
knowledge on this occasion. NOT a waste of time.”

“One of the best courses I have taken – good
materials, good presentation”

“Excellent starting point for a study of the field”

“Explains very clearly and in addition, gives us many
examples & graphs to ensure we understand every
subject and allows for open discussion”

“A good collection/coverage of the contents and
pillars of fiscal systems”

“Excellent learning and development experience”

“Excellent organisation of material, engaging
information”

“Strong illustrations and good exercises”

STUDY AIDS: EXTENSIVE DOCUMENTATION AND RESEARCH MATERIALS

PSC MODULE I (3 Days):

29 September - 1 October 2009, Prague

4 - 6 October 2009, Muscat

26 - 28 October 2009, Singapore

1 - 3 December 2009, Houston

1. **A workbook (420+ pages) with nearly 30 exercises** with numerous problems that teach the practical application of petroleum fiscal system analysis. Over 200 pages of additional information and one-page summaries of the commercial terms for an additional 14 countries not found in the book. Answers to the problems and exercises are also provided.
2. **A free copy of the PennWell book** on “International Petroleum Fiscal Systems and Production Sharing Contracts” by Daniel Johnston will also be provided as part of the course materials.
3. **Delegates must bring a calculator.**
This 3-day workshop is designed to maximise interaction and participation of all participants. Participants are encouraged to join discussions and ask questions to ensure a thorough understanding of the material presented.

PSC MODULE II (1½ days):

29-30 October 2009 (Singapore Only)

1. **An additional workbook** covering the Computer-based exercises will be handed out to participants signing up for the 4th/5th day session (details of spreadsheet and exercises on Page 2 of this brochure)
2. **A CDROM including spreadsheet modules** for performing cash flow analysis for most of the mainstream types of fiscal system will also be included as part of the course materials for the 4th/5th day session.
3. **Delegates must bring a laptop for the 4th/5th day** computer-based exercise session. If you would like a laptop to be arranged for you, separate rental fees will apply – Contact The PSC Secretariat for details.



CERTIFICATE OF ATTENDANCE

All participants who successfully complete
the PSC course will be given a
Certificate of Attendance.

Email psc@cconnection.org for information & registration or
visit our website at www.cconnection.org/PSCHome/htm

ABOUT THE ORGANISERS



CONFERENCE CONNECTION is dedicated to the provision of global business information through high-profile, premier & sector-focused business events, including: international conferences, corporate events, and symposia, for the oil, gas & energy industries and other business sectors internationally. Dedicated to providing an independent platform for interaction and discussion for the latest business & industry strategies, it strives to combine excellence and professionalism through linkage with inter-governmental, professional and industry groups worldwide.

5 EASY WAYS TO REGISTER

MAIL

The Conference Connection Inc.
P O Box 1736 Raffles City, Singapore 911758

PHONE

Singapore
(65) 6338-0064

FAX

Singapore
(65) 6338-4090

EMAIL

psc@cconnection.org

WEBSITE

www.cconnection.org

Prague, 29 September - 1 October 2009

Venue to be confirmed

Muscat, 4 - 6 October 2009

InterContinental Muscat, PO Box 398, Muscat, PC
114 Muttrah, Sultanate of Oman.

Tel: +968 24680000, Fax: +968 24694037

Singapore, 26 - 30 October 2009

Raffles Hotel, 1 Beach Road, Singapore 189673
Tel: +65 63371886, Fax: +65 63397650

Houston, 1 - 3 December 2009

InterContinental Houston, 2222 West Loop South,
Houston TX 77027

Tel: +1 713 8502828, Fax: +1 713 9610545

Enquiries & Registrations to:

PSC Secretariat at 135 Middle Road #05-01
Singapore 188975 Tel: (65) 6338-0064
Fax: (65) 6338-4090 Email: psc@cconnection.org
Website: www.cconnection.org

Registration Conditions:

- All registrations must be on the prescribed form and/or in writing.
- The organisers reserve the right not to accept prior and on-site registrations without payment.
- Delegates whose payments are not received before the event, are required to furnish proof of payment on-site.

Hotel Accommodation:

Delegates will be responsible for their own hotel and visa arrangements. Special rates have been secured at the respective venue hotels for all confirmed delegates. Please request for a hotel reservation form.

4. Staff at the event will request a credit card guarantee without proof of payment.

5. The organizers reserve the right to impose conditions of entry for walk in delegates.

COURSE FEES:

Includes attendance at seminar sessions, daily luncheons & coffee breaks and course documentation (Workbook + Pennwell book on "International Petroleum Fiscal Systems and Production Sharing Contracts by Daniel Johnston)

PSC Module I: (3 days only)

29 September - 1 October 2009, Prague

4 - 6 October 2009, Muscat

26 - 28 October 2009, Singapore

1 - 3 December 2009, Houston

Full Fee : US\$2990 per person

Team Fee : US\$2690 per person for the 2nd & subsequent delegate from the same company and billing address

PSC Module I+II: (4½ days)

26 - 30 October 2009, Singapore

Full Fee : US\$4500 per person (includes additional Workbook & CDROM)

Team Fee : US\$4050 per person for the 2nd & subsequent delegate from the same company and billing address

Payments:

- All payments must be in US Dollars by Inter-Bank transfers within fourteen days of receipt of invoice. (Bank details will be provided upon receipt of registration.)
- Please quote (event name and code invoice number) and delegate name for bank transfers.
- Please instruct your bank to remit the full amount, nett of bank charges.

Cancellations, Substitutions:

- Cancellations notified in writing, received before the **FIRST CUTOFF DATE**, will be levied an administrative fee of 5% for paid cancellations and 10% for unpaid cancellations.

Venue	1st Cancellation Cut Off Date	2nd Cancellation Cut Off Date (50% Refund plus Workbook)
Prague	8 September 2009	15 September 2009
Muscat	20 September 2009	27 September 2009
Singapore	5 October 2009	12 October 2009
Houston	10 November 2009	17 November 2009

- Paid cancellations notified **between the FIRST and SECOND CUT OFF DATE** will be given a 50% refund and a set of the presentation materials.
- No refund for paid cancellations received **after the SECOND CUT OFF DATE** but delegates can be substituted if the organizers receive prior notification.
- For registrations invoiced and unpaid but cancelled **after the SECOND CUT OFF DATE**, 50% of the fees will be charged and one set of the presentation materials will be given.

DISCLAIMER – The organisers will not accept liability for non-approval of visas, individual transport delays and transport disruption, and in such circumstances, our normal cancellation rules will apply. Where matters beyond the reasonable control of the organisers impair or prevent the organisers from being able to perform their obligation under this event, the client releases the organizers from any liability, incidental or consequential, to such matters.



PRODUCTION SHARING CONTRACTS REGISTRATION FORM



Please complete and return to: PO Box 1736 Raffles City, Singapore 911758.
Tel: (65) 6338-0064, Fax: (65) 6338-4090, Email: psc@cconnection.org

ALL REGISTRATIONS MUST BE ACCOMPANIED BY PAYMENT

CC 3137/3140/3141/3142 WB

Yes! Please register me for the PSC course in:

- Prague, 29 September - 1 October 2009
- Muscat, 4 - 6 October 2009
- Houston, 1 - 3 December 2009
- Singapore
 - Module 1: 26 - 28 October 2009 (3 days)
 - Module 1 + 2: 26 - 30 October 2009 (4½ days)

Title: Dr/Mr/Ms/Others

Name (please print name desired on name tag)

Company/Affiliation

Job Title

Address

Zip Code

Country

Phone

Fax

Email Address

Name and Title of Approving Manager

Your Company's Main Activity in the Oil/Gas Business

THIS CONTAINS YOUR UNIQUE REGISTRATION REFERENCE
PLEASE DO NOT REMOVE MAILING LABEL

YES! Please register me/us for: (Please tick ✓ accordingly)

1. Registration Fees – Module 1 (3 days)

- Prague, 29 September - 1 October 2009
- Muscat, 4 - 6 October 2009
- Singapore, 26 - 28 October 2009
- Houston, 1 - 3 December 2009
 - Full Fee: US\$2990
 - Team Fee: US\$2690

2. Registration Fees – Module 1 + 2 (4½ days)

- Singapore, 26 - 30 October 2009
 - Full Fee: US\$4500
 - Team Fee: US\$4050

3. Payment

- I am sending payment by telegraphic transfer. Please send full details.
- I will need an original invoice.

4. Accommodation

- Please send me a hotel/visa form.

5. In-house Training

- Please send me further information on in-house training programmes.

PLEASE PHOTOCOPY FOR ADDITIONAL DELEGATES.