PRODUCTION SHARING CONTRACTS and INTERNATIONAL PETROLEUM FISCAL SYSTEMS

WHO SHOULD ATTEND

- Top Mgmt - CEO/VP/MD/GM
- International & Govt Negotiators
- Corporate/Strategic Planners
- Policy/Economic/Financial/Business & Accounting Analysts
- Legal Advisors & In-House Counsel
- Commercial/Business Development/Marketing/ New Business/Joint Venture Mgrs
- LNG/Gas Supply Mgrs
- Finance Directors & Mgrs
- Accountants & Financial Controllers
- Tax & Finance Advisors
- Loan Officers
- Production & Reservoir Mgrs
- Project Economists Mgrs
- Compliance Officers/Contract Leads
- Operation/Scheduling & Shipping Mgrs
- Geophysicists/Geologists
- Senior Petroleum Engineers
- Petroleum & Mining Economists
- Software Technologists

KEY DRIVERS & TRENDS TO BE COVERED

MODULE 1

Singapore • 4-6 September 2017
London • 11-13 September 2017
Houston • 4-6 December 2017

- Theory of Economic Rent
- Taxation Theory related to the Petroleum Industry
- Calculating Contractor Take: The Common Denominator
- Negotiation of Commercial Terms: Key Aspects
- Concessionary (Royalty/Tax) Systems
- Production Sharing Contracts
- Variations of the PSC Theme
- Risk Service Contracts
- Rate of Return Contracts
- Joint Ventures
- Technical Assistance/EOR PSCs
- Threshold Field Size Analysis
- The Global Market For Exploration Acreage
- Worldwide Fiscal Systems

MODULE 2

Singapore • 7-8 September 2017
London • 14-15 September 2017
Houston • 7-8 December 2017

- Introduction to Petroleum Economics & Analysis
- Cash Flow Modelling & Analysis
- Expected Value Theory
- Exploration Threshold Field Size Analysis
- Development Threshold Field Size Analysis
- Exercises will include: - Value of Discovery Exercise - Value of Reserves-in-the-Ground Exercise - Dynamics of the Savings Index - Government Participation Analysis - Rate-of-Return Systems

COURSE DIRECTORS:

DANIEL JOHNSTON
President & Founder, Daniel Johnston & Co.

DAVID JOHNSTON
Managing Director, Daniel Johnston & Co.

(At least one course director per venue)

ATTEND THE WORLD’S BEST SELLING PSC COURSE

Held in Over 40 Cities Worldwide to Critical Acclaim!

SAVE UP TO US$500 FOR EARLY BIRD OR TEAM FEES (See back page for details)

ORGANISED BY:

www.cconnection.org/events/pscmodule1n2

Visit us at:

Email psc@cconnection.org for information & registration or visit our website at www.cconnection.org/events/pscmodule1n2
The Production Sharing Contracts (PSC) course provides critical information to create the right commercial framework for successful PSC negotiations. It examines state-of-the-art practice and techniques in fiscal system, analysis and design.

Any type of ‘extractive industry’ will come under the realm of the course including coal, gold & rock mining, geothermal, coal-bed methane, conventional oil & gas, shale oil & gas, deepwater, enhanced oil recovery, LNG & gas-fired power generation. And that is because the PSC course goes way beyond just PSCs. It covers:

- All types of fiscal/contractual arrangements that govern business relationships between oil companies and governments
- Strong fundamental elements of normal petroleum operations, production & revenue generation, cost recovery and division of profits
- Numerous variations on the basic themes such as royalty/tax, PSC and Service Agreements, Risk Service Contracts, rate of return systems & R-factors, ringfencing, relinquishment, bonuses & goldplating

The modern day PSC has evolved into a complex contractual document governing risks and rewards inherent in oil exploration. With 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. PSCs in over 45 countries will be examined. **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.**

**WHAT YOU WILL LEARN:**

**Detailed Assessment of Worldwide Fiscal Systems**

Get a detailed assessment of worldwide fiscal systems, industry metrics, trends and variations in:

- PSCs/PSAs, Royalty/Tax Systems, Service Agreements, Risk Service Contracts, EOR PSCs
- Negotiation & Commercial Terms
- Government & Contractor Take, Effective Royalty Rate
- Rate of Return Systems & R-Factors
- Ringfencing, Relinquishment, Bonuses, Goldplating
- Global Market for Exploration Acreage
- What are the biggest concerns of National Oil Companies?

**Plus Exercises on**

- Calculating government take
- Effective royalty rates
- Cash flow audits
- Value of reserves
- Savings index
- Government participation
- Lifting entitlement (‘booking barrels’)
- Sliding scales
- Government Participation Analysis – this is the source of too much controversy in the industry, this exercise will put this to rest

**MODULE 1**

<table>
<thead>
<tr>
<th>Location</th>
<th>Dates</th>
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<tr>
<td>Singapore</td>
<td>4-6 September 2017</td>
</tr>
<tr>
<td>London</td>
<td>11-13 September 2017</td>
</tr>
<tr>
<td>Houston</td>
<td>4-6 December 2017</td>
</tr>
</tbody>
</table>

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 modelling in the international arena.

**Exercise 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 an incentive to “gold plate”? One way to find out

**DELEGATES WILL BE REQUIRED TO BRING THEIR OWN LAPTOP**

An additional Workbook will be provided as part of the 4th/5th day curriculum.

A spreadsheet containing modules for performing cash flow analysis for most of the mainstream types of fiscal systems including:

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

will be provided.

**A WORKING KNOWLEDGE OF EXCEL IS A REQUIREMENT FOR PARTICIPANTS ATTENDING THE 4TH/5TH DAY SESSIONS FOR MODULE 2**

Two Tier Pricing Available for Module I & II – See back page
COURSE OUTLINES

1. THEORY OF ECONOMIC RENT
   - Starting with David Ricardo and Adam Smith
   - Efficiency vs. Flexibility
   - Acreage is a commodity

2. TAXATION THEORY RELATED TO THE PETROLEUM INDUSTRY
   - Bonuses vs. Royalties vs Profit based levies, the differences and implications

3. CALCULATING CONTRACTOR TAKE: THE COMMON DENOMINATOR
   - Quick-look techniques that provide insight
   - Commercial terms: risk side vs reward side

4. NEGOTIATION OF COMMERCIAL TERMS: KEY ASPECTS
   - Families of systems – The issue of ownership, Government Take vs State Take vs Tax Take
   - “Booking” Reserves

5. CONCESSIONARY (ROYALTY / TAX) SYSTEMS
   - Basic Elements
   - PSC Arithmetic step-by-step calculations
   - Variations on the Concessionary Theme

6. 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

7. VARIATIONS ON THE PSC THEME
   - Understanding the nuances and why they evolved
   - Cost recovery methods/trade-offs
   - Limits, rehabilitation periods & royalties
   - Why some view the FTP as a royalty and others view it as a cost recovery limit
   - Uplifts, Investment Credits, Interest Cost Recovery Allowances, Gross Production Splits: Indonesia, Peru, Mexico, India

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

9. 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

10. JOINT VENTURES
    - What are these PSU deals like?

11. TECHNICAL ASSISTANCE / EOR PSCS
    - What are the key features?
    - Why are the terms so tough?
    - Typical structures of EOR deals

12. THRESHOLD FIELD SIZE ANALYSIS
    - Technical vs. Commercial success
    - Exploration vs Development thresholds – Why is gas so different?

13. 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

14. 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

15. PRODUCTION SHARING CONTRACT OUTLINE
    - Contract language for the basic elements and key terms
    - Key aspects of negotiations (problem areas and pitfalls)

MODULE 1 STUDY AIDS:
EXTENSIVE DOCUMENTATION AND RESEARCH MATERIALS CONSISTING OF:
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.
4. Maximum Efficient Production Rate (University of Dundee).

MODULE 2 STUDY AIDS:
EXTENSIVE DOCUMENTATION AND RESEARCH MATERIALS
1. An additional workbook covering the Computer-based exercises will be handed out to participants signing up for the 4th/5th day sessions.
2. A spreadsheet module 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 sessions.
3. Delegates must bring a laptop for the 4th/5th day computer-based exercise sessions. If you would like a laptop to be arranged for you, separate rental fees will apply – Contact The PSC Secretariat for details.

REGISTRATION: 8.00AM LUNCH: 12.30PM TO 2.00PM SESSIONS: 9.00AM TO 5.30PM FOR ALL DAYS
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 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:


David Johnston is Managing 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, New York.

A GLOBAL COURSE FOR STATE-OF-THE-ART THEORY, PRACTICE & TECHNIQUES IN FISCAL SYSTEM ANALYSIS & DESIGN

Held in More Than 40 Countries Across the Globe with Anchor Venues In Singapore, Houston & London

The PSC Course started life 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 examining state-of-the-art practice and techniques in worldwide fiscal system, analysis and design, encompassing more than 45 variations of PSCs, Risk Service Contracts, PSAs, Petroleum Concession Agreements, EOR PSCs and other permutations. Having been held in more than 40 cities across the globe, with Singapore, London and Houston as anchor venues annually, it has trained over 2500 upstream executives, negotiators, finance and legal managers, the world over and consistently retained its status and renown as the world’s best-selling and most authoritative course on the subject of production sharing contracts.

PAST VENUES FOR PSC COURSES

- Abu Dhabi • Auckland • Amsterdam • Bahamas • Bahrain • Bali • Brunei • Bangkok • Buenos Aires • Calgary • Cairo • Cape Town • Dubai • Doha • Ghana • Houston • Ho Chi Minh City • Houston • Istanbul • Jakarta • Kuala Lumpur • Kuwait • Langkawi Island • Lisbon • London • Melbourne • Moscow • Muscat • Mumbai • Nice • New Delhi • Oman • Oslo • Paris • Perth • Phuket • Prague • Rio • Rome • Singapore • Trinidad & Tobago • Vietnam
PAST PARTICIPATING COMPANIES OVER THE YEARS

- Addax Petroleum
- Afren Resources
- Agip KCO
- Anadarko
- Apache Corporation
- Autoridade National do Petroleo
- Adnoc
- Attorney General’s Chambers
- BF International
- BG Exploration
- BHP Billiton
- Beach Energy
- Bounty Developments
- BPMIGAS
- Brunei National Petroleum
- Bureau of Ocean Energy Management
- Cairn Energy
- California Resources Corporation
- Chevron
- Clifford Chance
- Continental Energy
- CH Mutiara Petroleum
- ConocoPhillips
- CLJOC
- Daleel Petroleum
- Dana Petroleum
- Department of Public Enterprises
- DNO International
- Dolphin Energy
- Directorate General of Hydrocarbons
- Eni
- Exxon Mobil
- GCM Global Energy
- Genting Oil & Gas
- Genting Oil Natuna
- Genting Sanyen
- Griffiths Energy
- Hess Corporation
- Hoang Long Hoan Vu Joint Operating Co
- Japan Vietnam Petroleum Co
- JP Morgan
- JX Nippon Oil & Gas Consulting Services
- Japan Petroleum Exploration Co
- Inpex Corporation
- Korea Gas Corporation
- Krisenergy
- Kuwait Foreign Petroleum Exploration Co
- Kuwait Petroleum Corporation
- Korea National Oil Corporation
- Lundin
- Mubadala
- Madrid School of Mines and Energy
- Malaysia-Thailand Joint Authority
- Maersk Oil & Gas
- Ministry of Mines & Energy
- Mitsubishi Corporation
- Mitsui E&P
- Mobil
- MontD’Or Petroleum
- MRPL E&P
- Mubadala Petroleum
- Murphy Oil Corporation
- McKinsey & Co
- Murphy Sarawak Oil Co
- Noble Energy
- North Caspian Operating Co
- Nexen CNOOC
- Nexen Inc. / Nexen Energy
- Nippon Oil Exploration
- Occidental Oil & Gas
- Ocean Pakistan
- Office of Auditor General Norway
- Oman LNG
- Oman Oil Co Exploration - Production
- Oxy Oil & Gas
- Petrofac
- Petroleum Brunei
- Petronas
- Petronas Carigali
- Petrovietnam Exploration Production Corporation
- Pitkin Petroleum
- Premier Oil
- Shell
- Qatar Petroleum
- The Philodrill Corporation
- Talos Energy
- Agip KCO
- Eni
- Exxon Mobil
- GCM Global Energy
- Genting Oil & Gas
- Genting Oil Natuna
- Genting Sanyen
- Griffiths Energy
- Hess Corporation
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- Japan Vietnam Petroleum Co
- JP Morgan
- JX Nippon Oil & Gas Consulting Services
- Japan Petroleum Exploration Co
- Inpex Corporation
- Korea Gas Corporation
- Krisenergy
- Kuwait Foreign Petroleum Exploration Co
- Kuwait Petroleum Corporation
- Korea National Oil Corporation
- Lundin
- Mubadala
- Madrid School of Mines and Energy
- Malaysia-Thailand Joint Authority
- Maersk Oil & Gas
- Ministry of Mines & Energy
- Mitsubishi Corporation
- Mitsui E&P
- Mobil
- MontD’Or Petroleum
- MRPL E&P
- Mubadala Petroleum
- Murphy Oil Corporation
- McKinsey & Co
- Murphy Sarawak Oil Co
- Noble Energy
- North Caspian Operating Co
- Nexen CNOOC
- Nexen Inc. / Nexen Energy
- Nippon Oil Exploration
- Occidental Oil & Gas
- Ocean Pakistan
- Office of Auditor General Norway
- Oman LNG
- Oman Oil Co Exploration - Production
- Oxy Oil & Gas
- Petrofac
- Petroleum Brunei
- Petronas
- Petronas Carigali
- Petrovietnam Exploration Production Corporation
- Pitkin Petroleum
- Premier Oil
- Shell
- Qatar Petroleum
- The Philodrill Corporation
- Talos Energy

Click on www.cconnection.org/events/pscmodule1n2 for further details

ATTENDANCE 2008 - 2015

BY REGION

- Europe & Central Asia
- Middle East & Africa
- North/South Asia
- Americas

BY INDUSTRY

- Upstream E & P
- Gas & Downstream
- Others
- Legal/Audit/ Tax Consultants
- Govts & NOCs
- Others

TESTIMONIALS

- “Comprehensive course plus a good instructor who makes everything so simple” – Philodrill Corporation, Lawyer
- “Managed to cover a lot of fiscal terms which I was not too comfortable with before” – Petroleum Brunei, Legal Manager
- “Outstanding comprehensive expertise” – ENI, Head of Legal
- “Excellent teaching style and wealth of experience around the globe” – Chevron, Manager
- “Good balance of high level & depth, plus providing useful “rule of thumb” principles and industry statistics” – New Business Commercial, Petronas, Head
- “The course was impressive and exceeded my expectations” – Kuwait Energy Company, Portfolio Analyst
- “The Course Director is very good at delivering the concepts and making sure you understand” – Mubadala Petroleum, Analyst, M & As
- “Speakers are very credible. They have experience to back up their arguments and can address queries easily. Calculations help to understand concepts better” – Shell Exploration, PSC Accountant
- “Course is excellent, no suggestions” – Chevron, Commercial Advisor
- “Very good on discovery of PSC’s & especially simplifying them” – Ryder Scott Co., Senior Petroleum Engineer
- “Broad exposure to help bring up pertinent questions” – Anadarko Petroleum, Commercial Engineer, International Business Services
- (Module 2) “Only through the computer can you put all the pieces together and get an understanding of the impact of the time value of money” – Mubadala Petroleum, Asset Manager
- (Module 2) “Including computer-based petroleum risk analysis breaks up the day into listening and applying immediately into modeling” – Shell, Senior Economist
- (Module 2) “It gave a very good comparison basis for different models” – Reliance Industries Ltd, Business Analyst
- “It is an excellent complement to my existing experience of fiscal systems” – Chevron, Decision Analysis Co-ordinator
- “Allowed you to look at the situation from a macroeconomic level, to understand what is behind the authorities’ decision” – Agip KCO, Tax & Insurance Manager
PAYMENT

Early Bird Payment
- 5 days

Module/Venues
Full Fees
Team Fees
Early Bird Fees

Houston, 4-6 December 2017
US$5,000
US$4,500
US$4,500

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

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.

VISA APPLICATION & PROCEDURES
Please check with your travel agents or with the relevant embassy in your country of residence. If required, delegates may request for a letter of invitation for their visa application.

Please do not send visa applications to the organisers.

DATA PROTECTION
Any client information (name, address and contact details) obtained during your registration/order will be added to our database and may be used by Conference Connection to provide you with further information on its products and services. Conference Connection may make this information available to associated partners for marketing purposes. To restrict or update your particulars please contact database@cconnection.org

REGISTRATION CONDITIONS
1. All registrations must be on the prescribed form and/or in writing.
2. The organisers reserve the right not to accept prior and on-site registrations without payment.
3. Delegates whose payments are not received before the event, are required to furnish proof of payment on-site.
4. Staff at the event will request a credit card guarantee without proof of payment.
5. The organisers reserve the right to impose conditions of entry for walk in delegates.

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.

DELEGATES
- Cancellations notified in writing by letter or fax before the first cut-off date will be given a full refund.
- Cancellations notified after the first cut-off date but before the 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 organisers 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 (post-event).

All refund requests must be made in writing.

REGISTRATION FORM

Yes! Please register me for:

- PSC MODULE 1
- PSC MODULE 1+2

Please check all that apply:
- Early Bird Payment
- Late Payment

Please send me further information on in-house training programmes

Please print in block letters and return to:

Conference Connection Pte Ltd
135 Middle Road #05-01, Bylands Building Singapore 188975
Tel: (65) 6338 0064 Fax: (65) 6338 4090
Website: www.cconnection.org/events/pscmodule1n2

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Country ____________________________

Please Do Not Remove Mailing Label.

Tel __________________________Fax __________________

Email __________________________

Name & Title of Approving Manager __________________________

Email of Approving Manager __________________________

Main Business Activity __________________________

Please tick (□) accordingly:

1. REGISTRATION FEES

□ PSC MODULE 1

<table>
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<th>Full Fees</th>
<th>Team Fees</th>
<th>Early Bird Fees</th>
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<tr>
<td>Module 1 - 3 days Singapore: 4-6 September Houston: 4-8 December</td>
<td>US$3,190</td>
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2. PAYMENT
- I am sending payment by telegraphic transfer. Please send full details.
- I will need an original invoice

3. ACCOMMODATION
- Please send me a hotel/visa form

4. IN-HOUSE TRAINING
- Please send me further information on in-house training programmes

5. EASY WAYS TO REGISTER

MAIL
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