Finance and Accounting for the Oil and Gas Industry Training

Description

Intorduction

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This programme will provide you with a solid foundation in the financial aspects of oil and gas exploration and production (E&P). It will have immediate and practical application back at your workplace since all activities have financial implications for the assets, departments and ultimately the company for which you conduct your specialist activities. This five-day programme has been designed specifically for non-finance specialists in the oil and gas industries who need to understand the financial implications of the work they do. You will learn how to:

- Understand how your activities and decisions are reflected in your company’s reporting to shareholders and other stakeholders
- Find out what happens to financial and economic data that is provided by you and your departmental colleagues
- Raise your level of confidence in working with financial information and interactions with commercial colleagues
- Prepare yourself for increased responsibility and a more strategic role in the management of your company

Objectives

- appreciate the financial impact of your day-to-day decisions and actions
- work more confidently and effectively with colleagues on financial matters
- improve the quality of information you receive from and provide to Finance
- increase the success rate of requests for authorisation of expenditure and make more effective use of funds allocated
- use departmental budgets and monthly management reports to help you exercise financialcontrol of your area of operations
- understand the financial information disclosed in your company's annual report and accounts
- Learning throughout the programme will be reinforced by case studies, worked examples, and illustrative extracts from oil and gas company annual reports

Day One

The E&P Business and Project Economics

- The Business Environment
  - Business objectives
  - Stakeholders
  - Corporate governance
- The E&P Business
  - Risk and reward
  - Commercial arrangements
  - The field life cycle
- Project Economics
  - Project cash flows
  - The time value of money
  - Discounting and the cost of capital
  - Project economic models
  - Decision criteria

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Day Two

Accounting, Exploration and Development Costs

- The Accounting System
  - Capturing and recording data
  - Cash and accruals
  - The balance sheet
  - The income statement and profit measurement
  - Accounting principles and standards
- Capital and Operating Expenditure
  - Matching costs and benefits
  - Assets and expenses
- Exploration and Appraisal Costs
  - Full cost and successful efforts
  - Intangible assets
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Development costs
- Commitments
- Tangible assets

Day Three

Reserves, Production and Cost of Sales

- Reserves of Oil & Gas
  - Classification of reserves
  - Reserve quantity disclosures
- Production Costs
  - Lifting costs
  - Maintenance costs
  - Royalties
- Depreciation, Depletion and Amortisation (DD&A)
  - Unit of Production (UOP) method
  - Changes in costs and reserves
- Ceiling or Impairment Tests
  - Test requirement and process
  - Accounting for test results
- Decommissioning, Removal and Restoration
  - Obligations to remove and restore
  - Reporting of decommissioning liabilities and costs

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Day Four

Risk and Cost Sharing Arrangements

- Joint Ventures
  - Cash calls
  - Billing statements
  - Entitlements and liftings
- Transfers of interests or risks
  - Farm outs
  - Carried interests
- Production sharing contracts
  - Cash flow implications
  - Reserve implications
- Long-term gas contracts
  - Pricing mechanisms
  - Take or pay

Day Five

Financial Analysis, Budgets and Management Reports

Analysis of Financial statements

- Profitability, liquidity and solvency
- Investment measures
- Budgets
    - Authorisation of expenditure
    - The budget process
- Management reports
    - Responsibility reporting
    - Analaysis of variances

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