



**Oil & Gas (E&P) Cost Recovery Mechanism in
PSC & SC Operations Workshop
Module 1 & 2
CEM01**



**Oil & Gas
Consultancy Services & Technical Training Providers**

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Oil & Gas (E&P) Cost Recovery Mechanism in PSC & SC Operations Workshop Module 1 & 2 CEM01

Course Description:

This course is intended for both national oil companies and the exploration & producing companies, with a view to enable them understand the detailed analysis of the economics of both PSC and operations based on Service Contract.

Similarly they will be taken through how to ensure understanding in the processes and technicalities of cost recovery with or without the presence of cost recovery limits in their contract terms. The major highlights of the five-day program are as follows:

1. To highlight the various contract types & the fiscal systems governing them.
2. To bring out the key issues in the JOA, PPTA, MOU & PSA that are related to cost recovery.
3. To highlight cost allocation mechanism and JOA Annex C issues relating to cost recovery.
4. To bring audit and cost recovery issues together.
5. To enhance understanding in the implications of volume determination for either royalty or for tax computation purposes.
6. To enhance our understanding of the key areas of conflict in cost recovery with a view to shedding light on the how best to resolve them.
7. To enable a better understanding of resource rent and the economics of cost recovery.
8. To highlight the impact of cost recovery on cash flow.
9. To broaden understanding of cost recovery model.

Module 1

Course Content:

1. Overview of O&G (E&P) Contract Types (including PSC & Service Contract)
2. Cost Recovery Mechanism & Modelling in PSC & SC
 - Funding O&G (E&P) Operations
 - Host Government Cash Calling & Loan Funding Compared
 - Terms & Conditions of Carried Interest
3. Petroleum Revenue & Cost Recovery Mechanism
4. Cost Recovery & Tax Regimes and Implications for:
 - Profit & Govt. Revenue Tax
 - Profitability Measurement Factors
 - Reserve Booking & Implications.
 - Capital Allowances & Investment Tax Allowances / Investment Tax Credits Treatment.
5. Common Cost Allocation: Between Operated & Non-Operated Assets (including a PSC Operation Possibly Operated Alongside Another Field on a Concessionary (JV) by same IOC/Contractor.
6. Leasing Vs. Purchasing and Its Impact for Cost Recovery (Fixed Asset vs. P+L A/CS).
7. Class / Group Exercises & Discussions

Module 2

Course Content:

1. Lifting vs. Production: Sources of Differences in Entitlement Crude Oil Volume.
2. Timing of Cost Recovery & Implications for Host Government & IOC (Contractor)
3. Accounting & Audit Considerations for Effective Cost Recovery Monitoring
4. Typical Cost Recovery Accounting Reports (Excel Sheet Samples)
5. Cost Recovery Mechanism – the Challenges
6. Emerging Issues in PSC / SC Economics, Accounts & Cost Recovery
 - Recovered /Unrecovered Costs which are still disputed by Govt. &/or Contractor.
 - Two Separate Treatments of a Particular (Single) Cost.
 - Ambiguous Provisions of the Accounting Procedure in the PSA.
7. Class / Group Exercises & Discussions

Venue:

Please visit our website or contact us for details.

Tuition:

Module 1 £3,150 +VAT

Module 2 £3,250 +VAT

5 day program each

**5 easy ways to
register or to
make an enquiry:**

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