

# Energy Transition & Fiscal Systems For Oil & Gas

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Module 1: 2-Day Energy Transition

Module 2: 2.5 Day World Fiscal Systems for Oil & Gas



**Course Directors**

*Dr. Pedro Van Meurs*



**London Petro Academy**  
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Web: [www.londonpetroacademy.co.uk](http://www.londonpetroacademy.co.uk) | Tel: +44 (0) 1582 516247 | Email: [info@londonpetroacademy.co.uk](mailto:info@londonpetroacademy.co.uk) | 207 Regent Street, W1B 3HH, London, United Kingdom

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## Course Overview:

Run over 40 years now, these courses provide participants with an intimate knowledge of petroleum upstream fiscal systems. At the same time the rapid current developments in energy transition requires significant attention to this issue. Therefore, the course consists of 2 days – Energy Transition and 2.5 days – Oil and Gas Fiscal Systems. Participations can take either Energy Transition or Oil and Gas Fiscal System or both topics.

The aim of the course is to teach participants:

- Energy Transition – impact of renewable resources and hydrogen on the petroleum industry, and
- Energy Transition – structuring of new petroleum-energy arrangements
- The nature and details of all important fiscal features in the world
- The wide variety of fiscal systems based on concessions, production sharing contracts, joint ventures, service contracts and other arrangements
- The underlying economic characteristics of the various fiscal systems
- Advanced economic analysis based on Excel Spreadsheets
- Competitive world frameworks for investing in the petroleum sector
- Future trends in petroleum fiscal terms.

The courses are structured to be useful to a wide range of professions: geologists, petroleum engineers, bankers, accountants, negotiators, economists, and lawyers.

## Who will benefit?

- Government officials
- CEO's and CFO's
- Country managers
- Lawyers
- Economists and economic analysts
- Engineers, geologists and geophysicists
- Tax advisors
- Accountants
- Negotiators
- Regulators
- Contract and License administrators
- Commercial Advisors
- Economic and Fiscal Planners
- Policy makers
- Executive strategy and planning managers

## The course leader:

The course leader is Dr. Pedro van Meurs. He received his Ph.D. in economic geology (cum laude) in the University of Utrecht in the Netherlands in 1970. During the last 52 years he has worked on fiscal oil and gas issues for more than 90 governments and has recently specialised in energy transition. He was lead consultant in:

- Opening of the Newfoundland offshore for exploration and production
- Development of the first model contract for offshore China
- Production-sharing, SPT and tax terms in Trinidad and Tobago
- PSC's in Gabon and Bangladesh
- Creation of fiscal terms in Thailand and Pakistan
- Development of service contracts in Mexico and Kuwait
- New Alberta royalty system
- Nigeria Petroleum Industry Act



# Day 1 | Energy Transition |

## Morning

### Introduction

- General course overview

### Energy Transition:

#### Renewable Energy Developments

- Renewable energy economics.
- Current costs of solar and wind
- Anticipated solar energy developments
- Future costs of solar energy
- Concentrated Solar Power
- Anticipated onshore and offshore wind developments
- Future costs of wind energy
- Hydropower
- Geothermal energy
- Biomass
- Biofuels
- Conclusions on renewable energy economics
- Range of estimates of role of renewables in energy production.

#### Energy Storage

- Energy storage economics
- Large variety of energy storage methods
- Current energy storage costs
- Battery storage cost trends
- Future utility scale energy storage costs
- Estimates of future storage availability
- Impact of storage costs on electricity production and transport sector

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## Afternoon

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### Hydrogen

- Hydrogen basics
- Grey, blue and green hydrogen
- Costs of grey and blue hydrogen production
- Green hydrogen production methods
- Current costs of producing hydrogen
- Hydrogen production economics
- Low-cost countries
- Current projects
- Estimates of future hydrogen production costs
- Hydrogen storage
- Transport of hydrogen
- Hydrogen fuel cells
- Green hydrogen for electricity production
- Green ammonia
- Green hydrogen for the transport sector
- Green hydrogen to produce fuels
- Hydrogen to replace natural gas
- Forecasts of future green hydrogen production

### Carbon Capture and Storage

- Variety of measures of carbon capture and underground storage
- BioEnergy Carbon Capture and storage (BECCS)
- Biochar
- Direct Air Capture (DAC)

### Misconceptions about Future Energy

- Misconceptions about future energy

# Day 2 | Energy Transition |

## Morning

### Worldwide Future Trends

- Anticipated world and petroleum industry developments
- Unconventional resources
- Long term fiscal trends

### Climate Change

- Oil and gas demand under climate change scenarios
- Net Zero by 2050 or 2060
- IEA roadmap 2050

### Forecasts of Energy, Oil and Gas Developments – 2050

- IEA Scenarios: STEPS, APS, NZE
- Forecast of world energy production
- Forecast of world oil production
- Forecast of world natural gas production and consumption
- Forecast of the crude oil price
- Forecast of the level of government take

### Energy Transition Process

- New structure of the petroleum industry
- Type of companies involved in energy transition
- Petroleum companies who are diversifying





# Day 2 | Energy Transition |

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## Afternoon

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### Energy Transition Process

- Petroleum industry restructuring
- Power industry restructuring
- Wind companies
- Solar companies
- Independent hydrogen producers
- New competitive environment

### Role of Government in Energy Transition

- Organization of Ministries
- Energy transition policies
- Elimination of subsidies
- Petroleum land management
- CBAM
- Natural gas development
- R&D

### Petroleum Energy Arrangements

- Narrow scope future petroleum energy arrangements
- Wide scope future petroleum energy arrangements
- Package deals on energy and petroleum

### End of Energy Transition Module



# Day 3 | Oil & Gas Fiscal Systems |

## Morning

### Oil and Gas Fiscal Systems: Introduction to Student Model

- Introduction to Excel based spreadsheet for “stand alone” analysis
- Review of profitability indicators, such as NPV, IRR, EMV and profitability ratios
- Price sensitivity and Divisible Income analysis
- Government take and government revenue analysis

### Royalties, Bonuses, Rentals

- Fixed and sliding scale royalties, royalties in kind and cash, Royalty concepts: Louisiana, Algeria, Nigeria, Colombia, US Gulf of Mexico,
- Price sensitive royalties: Alberta, Mexico
- Progressive, regressive and neutral royalty systems
- Signature bonuses through bidding, negotiation and directly determined by government: Brazil.
- Rentals and acreage management: Alberta and Cambodia

## Afternoon

### Corporate Income Tax

- Consolidation and Ring-fencing: UK and Pakistan
- Gross revenue determination
- Deduction of other payments to government:
- Deduction of operating costs and headquarter costs
- Alternative capital depreciation methods and MACRS
- Deduction of interest
- Loss carry forward and carry backward: Hungary, Russia, Brazil, USA, Canada.
- Refunds for tax value of exploration (Norway)
- Tax rates and globalization of corporate income tax
- Tax credits: USA and Canada
- Worldwide corporate income tax systems, tax credits,
- Tax treaties: the Netherlands, Cyprus

# Day 4 | Oil & Gas Fiscal Systems |

## Morning

### Production Sharing

- The original Indonesian concept
- Profit Oil and sliding scales: Philippines, Egypt, Vietnam, Nigeria, Malaysia
- Price Sensitive Profit Oil: Trinidad and Tobago, Brazil Pre-Salt.
- Cost Oil, cost oil limits and sliding scales: Vietnam, Syria, Oman, Nigeria, Egypt, Angola and Yemen
- Uplifts: Angola
- Special terms for gas: Malaysia and Indonesia
- Production sharing and royalties: Malaysia, Pakistan, Gabon, and Vietnam
- Production sharing and corporation income tax: Bangladesh, Indonesia, China, Malaysia and Nigeria

### Joint Ventures and Carried Interest

- Joint stock companies and joint operating agreements
- Joint stock companies: Venezuela, Saudi Arabia
- Participation from Day 1: Petoro – Norway
- Fixed rate carried interest: Colombia, Malaysia and China
- Special state company financing features: PNG and Gabon
- Carried interest and corporate income tax
- Carried interest and production sharing: China







## Afternoon

### Progressive and Special Taxes and Profit Shares

- Gross Revenue Taxes: USA, Pakistan, Colombia
- Surtaxes, Hydrocarbon Tax: Norway, Denmark,
- Special Taxes: UK, Brazil, the Netherlands
- IRR based taxes: PNG, Ghana and Australia
- IRR based profit oil and royalties: Russia-Sakhalin, Azerbaijan, Angola, Mexico
- R-factors: Peru, Azerbaijan, India and Thailand
- Combination scales: Libya

### Flexible Gross Revenue Splits

- Special Sessions on Indonesian Gross Split Contract

### General Taxes and Duties

- Value added taxes, credits, refunds: Mexico
- Value added tax problems: Russia, China, Brazil
- Import duties, Export duties: Russia, Argentina
- Property taxes
- Carbon Taxes

### Service contracts

- Iraq 1996 single fee model
- Iraq 2018 – 5<sup>th</sup> bidding round TSC

### Profit Sharing Contracts

- Bolivia

### Abandonment, Booking of Reserves

- Abandonment issues, Booking of Reserves



# Day 5 | Oil & Gas Fiscal Systems |

## Morning

### Incremental analysis

- Incremental analysis: corporate income tax

### Differential analysis

- Incremental analysis: production sharing and carried interest, IRR and R-factor based features
- Analysis of gold-plating: PNG and India

### Classification of fiscal systems

- Legal and Economic classification
- Concessions, PSCs, JOAs

### Country review of fiscal systems

- Alberta, Norway, Egypt, China

### Nature of Government Take

- Sharing of divisible income: progressive, neutral, regressive and hybrid systems
- Fiscal health: cost and price efficiency, maximum economic recovery
- Fiscal structure policies: Front end and back end loading, Geological risk and government take

### Level of Government Take

- Determination of level of government take
- Fiscal Stability

### Government Policies

- Risk sharing
- Resource policies
- Economic policies
- Administrative policies

### Future Petroleum Fiscal Terms

- Fiscal systems for energy transition
- Long term global tax developments
- Importance of price progressivity
- Importance of reducing front end loading

*End of the Course*

## Course Director - Dr Pedro Van Meurs

During the last 40 years Pedro has worked on fiscal oil and gas issues with more than 80 governments around the world.

**Education:** 1970 PhD (Cum Laude) Economic Geology  
State University, Utrecht, The Netherlands

**Languages:** English, French, Dutch, Spanish and some German and Russian  
Professional Associations: Royal Geological and Mining Society of the Netherlands  
Canadian Institute of Mining and Metallurgy, Petroleum Section

### **Employment History:**

1974 - to date, President of Van Meurs & Associates Limited and subsequently, Van Meurs Corporation

1970 - 1973, Chief, International Petroleum Developments Division, Department of Energy, Mines and Resources, Federal Government of Canada

1967 - 1970, Assistant Professor, State University, Utrecht The Netherlands

### **Honorary Appointment:**

Honorary Lecturer with the University of Dundee Centre for Energy, Petroleum and Mineral Law and Policy

### **Books:**

1971, "Petroleum Economics and Offshore Mining Legislation"

1981, "Modern Petroleum Economics"

### **Publications:**

Most recent publication: "World Fiscal Systems for Oil" - 2002

### **Training Courses:**

Provides yearly a course in London and Singapore for London Petro Academy in World Fiscal Systems for Oil and Gas. Also provides yearly in-house courses for Shell and Statoil. Conference Organization:

Organized and co-authored publications for several conferences:

"Natural Gas Clauses in Petroleum Arrangements", UNCTC 1985, Bangkok, Thailand

"Fiscal and Administrative Strategies for Petroleum Exploration and Development", UNCTC, 1991, Kuala Lumpur, Malaysia

### **Major Accomplishments:**

- Negotiated terms and conditions of the provincial offshore leases of Newfoundland (1974-80) and is currently assisting in developing new fiscal terms for gas
- Negotiated Inuvialuit Final Agreement (1976 - 84), one of Canada's largest aboriginal land claims settlements
- Was key advisor to the Chinese National Offshore Oil Corporation (CNOOC) (1980 - 84), in preparation of model contract and organization of bidding rounds.
- Was main author of the first comprehensive Canadian energy policy document "An Energy Policy for Canada", 1974
- Was main consultant in Thailand for the redrafting of the Thai petroleum law and fiscal system (1979 - 1987)
- Was chief consultant on the reorganization of the petroleum sector in Guatemala (1975 - 80)
- Was key contributor to the petroleum diagnostic study for Gabon (1991 - 1993)
- Was advisor with respect to the drafting of the Law on Concessions and Production Sharing Contracts in Russia (1992 - 1993)
- Was President of IPC, a small Alberta petroleum company, increasing production from 350 to 4000 barrel of oil per day equivalent between 1987 and 1993, entirely from cashflow.
- Was main advisor with respect to the new petroleum law in Bolivia (1994 - 1996) and the related capitalization of YPFB
- Is currently chief economic advisor to KOC with regard to determining fiscal terms for the North Kuwait oil fields
- Was main economic consultant for PEMEX on the Multiple Services Contracts.
- Was lead economic advisor on the Alaska Pipeline Project and PPT legislation.
- Was senior economic advisor on the implementation of the PRT law in Algeria.



*This course is available In-House and can be tailored to your specific requirements.*

For more information, please contact us on:  
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Alternatively, you can email us at  
[info@londonpetroacademy.co.uk](mailto:info@londonpetroacademy.co.uk)

**During the global pandemic, we switched all our courses to virtual delivery.**

**We are now resuming our Classroom/In-Person course sessions as travel restrictions are gradually being lifted.**

**Classroom/In-Person sessions are organised in different cities around the world.**

*Question about this course?*

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*3 Easy ways to register*

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Email: [info@londonpetroacademy.co.uk](mailto:info@londonpetroacademy.co.uk)

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## World Fiscal Systems for Oil & Gas

02-05 July 2018, London, UK



## WORLD FISCAL SYSTEMS FOR OIL & GAS

5-8 November 2017, Dubai, UAE  
Presented by: Dr. Pedro Van Meurs



## Get in touch

### London Petro Academy Limited


3rd Floor, 207 Regent Street  
Mayfair, W1B 3HH, London, United Kingdom


Tel: +44 (0) 1582 51 62 47

Email: [info@londonpetroacademy.co.uk](mailto:info@londonpetroacademy.co.uk)

Web: [www.londonpetroacademy.co.uk](http://www.londonpetroacademy.co.uk)

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 Virtual Learning/Live sessions

 Public/Open/Classroom sessions

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