

# WORLD FISCAL SYSTEMS FOR UNCONVENTIONAL OIL & GAS

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**LONDON**  
**PETRO ACADEMY**  
BUILDING WORLD CLASS OIL & GAS TALENT

**Singapore 18-20 March 2019**

Instructor: Dr. Pedro Van Meurs

## Course overview

### What will this course cover?

The course provides a complete overview of the fiscal terms of leases, concessions, licenses and production sharing contracts applicable to unconventional oil and gas on a worldwide basis. The course will provide introductions on the geological and technical aspects of shale gas, shale oil, coal bed methane and other unconventional resources. Also, the unique regulatory provisions required to encourage the development of these resources will be discussed.

The course is computer-interactive with an advanced and powerful model that simulates the actual terms used in the USA, Canada, Australia and a wide range of other countries in South America, Europe, Africa and Asia. This will permit governments and investors to assess the various terms and conditions, negotiate optimal contracts and decide where to invest, based on a comprehensive worldwide overview.

### What will you learn?

- The wide variety of fiscal terms under which unconventional resources are developed and produced.
- The economic characteristics of shale oil, shale gas and coal bed methane cash flows and profitability.
- How to design fiscal terms and regulatory systems that will attract investment to unconventional resources
- The geological and technical factors that make unconventional resources very different from conventional oil and gas production
- How to carry out advanced economic analysis on a powerful Excel spreadsheet, which imports the various different cashflow types and fiscal terms.

### 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

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**Payment should be made within fourteen (14) days from the date of booking. Full payment must be received for entrance to be guaranteed.**

A confirmation letter and invoice will be sent to you on receipt of your booking. Should you be unable to attend, a substitute delegate is welcome at no extra charge. Cancellations must be received in writing not less than fourteen (14) days prior to the event, you will then receive a credit note for 100% of the contract fee paid to be used at another LONDON PETRO ACADEMY training course which must occur within one year from the date of issuance of the credit note. In the event that LONDON PETRO ACADEMY cancels or postpones a course for any reason and the delegate is unable or unwilling to attend the rescheduled date, you will receive a credit for 100% of the contract fee paid. You may use this credit for another LONDON PETRO ACADEMY course, which must occur within one year from the date of cancellation or postponement. Except as specified above, no credits will be issued for cancellations. There are no refunds given under any circumstances. Non-payment or non-attendance does not constitute cancellation. The booking fee does not include accommodation or travel costs; these are the responsibility of the Delegate. It may be necessary for reasons beyond the control of the organisers to alter the content, timings or venue. The Company will not accept liability for any transport disruption or individual transport delays and in such circumstances the normal cancellation restrictions apply.

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This course is available **In-House**, for more information, please contact us on +44 (0) 1582 516247  
Alternatively, you can email us at [info@londonpetroacademy.co.uk](mailto:info@londonpetroacademy.co.uk)

## Meet the Trainer



### 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.

Born:

February 14, 1942 in The Netherlands

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

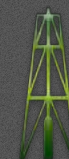
"Fiscal and Administrative Strategies for Petroleum Exploration and Development", UNCTC, 1991, Kuala Lumpur, Malaysia

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.



# Dr. Pedro Van Meurs



## LONDON PETRO ACADEMY

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## Day 1

### Morning

#### Discussion of Course Advanced Software

- Inputs, outputs, price and cost sensitivity

#### Shale Oil & Shale Gas – General

- Shale oil and shale gas geology
- Shale oil and oil shale definitions
- Production technology
- World Resources
- Environmental Issues

#### Shale Plays – Canada and United States

- North American well economics
- North American shale plays

#### Canadian Bonuses, Rentals, Royalties

- Canadian terms, bonuses, rentals
- Canadian royalties: Alberta shale gas, British Columbia –Net Profits Interest, Saskatchewan

#### Corporate Income Tax-World Wide

- Consolidation and Ring-fencing
- Gross revenue determination

### Afternoon

- Deduction of payments to government and bonuses
- Deduction of operating costs and capital costs
- Deduction of interest and loss carry forward
- Depletion allowances and uplifts
- Canadian Corporate Income Tax features

#### Analysis of Canadian Shale Plays

- Canadian Shale Play analysis

#### US Royalties and Corporate Income Tax

- US Royalties: Federal, Arkansas, Colorado, Louisiana, Montana, North Dakota, Pennsylvania, Texas
- Utah Oil Shale terms
- US Federal and State Corporate Income Tax terms and rates
- Production & Severance Taxes
- Property Taxes

#### Analysis of US Shale Plays

- US Shale Play analysis
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## Day 2

### Morning

#### Coal Bed Methane – General

- Coal bed methane geology
- Production technology
- World Resources
- Environmental Issues

#### North American and Australian CBM terms

- Special CBM terms in Alberta, British Columbia and Nova Scotia
- US terms
- Australia – Queensland CBM terms

#### Alberta Oil Sands

- Geology, Technology and Environmental issues
- Alberta Oil Sands royalties
- Special features: FTP, price caps, deemed interest, excess cost oil: Indonesia, Malaysia, China and Sudan

#### Shale Plays – International General

- Shale oil and shale gas economics
- Regulatory issues

#### Shale Plays – Europe

Fiscal terms in the UK, Germany, France, Spain, Bulgaria, Poland

### Afternoon

- Oil shales of Estonia

#### Shale Plays – Latin America

- Fiscal terms in Colombia and Brazil
- Gas Plus program in Argentina

#### Shale Oil - Russia

- Mineral Resource Extraction Tax
- Russian Export Duty
- Special Russian oil shale terms

#### Joint Ventures and Carried Interest

- Joint Operating Agreements
- Farm Outs and Carried Interest provisions
- Participation Options
- Joint Operating Agreements and Corporate Income Tax.

#### Shale Gas - Algeria

- Special Algeria R-factor PRT
- Sonatrach Participation
- Analysis of Algerian terms

## Day 3

### Morning

#### Production Sharing

- The original Indonesia Model
- Profit Oil, fixed and sliding scales
- Cost Oil, cost oil limits and cost calculation
- Determination of Production and Valuation
- Interest recovery
- Production sharing for Oil and Gas

#### Shale Plays & CBM – Indonesia

- First Tranche Petroleum
- Domestic Supply Obligation
- Analysis of Indonesian Terms

#### Shale Plays & CBM – China and India

- Windfall Profit Features
- Export Duties
- Fiscal Terms of China and India

#### Gas Hydrates

- Geology and Technology
- Japan test production and fiscal terms

#### Fiscal Design

- Worldwide development of special terms for unconventional resources

### Afternoon

- Gas versus Oil terms
- Encouraging re-investment in unconventional resources

#### Resource Wealth Sharing

- Methods of resource wealth sharing
- Progressive features for volume, price and costs

#### Fiscal Health

- Encouraging maximum resource recovery
- Encouraging cost efficiency
- Encouraging market price efficiency
- Gold Plating, examples of India and Algeria

#### Timing of Government Take

- Front End Loading versus Back End Loading

#### Fiscal Design Exercise

- How to modify a PSC designed for conventional oil to a PSC that is suitable for shale oil.

#### Fiscal Stability

- Discussion of stability issues

#### Level of Government Take

- Rating levels for shale oil
- Rating levels for shale gas
- Rating levels for CBM
- Unconventional Economic overview

Course Participants will receive a perpetual license to the advanced course Excel based software, including the input sheets. The price of this software is included in the course fee. Below is the description of inputs and outputs of the model.

#### Project Inputs

7 examples of typical North American shale gas wells, shale oil wells and CBM wells

7 examples of typical International shale gas, shale oil and CBM projects

Alberta oil sands SAGD expansion project

#### Fiscal System Inputs

Algeria, Argentina (Gas Plus), Australia (Queensland), Australia (Western Australia), Brazil, Bulgaria, Canada (Alberta, Shale Gas), Canada (Alberta, CBM), Canada (Alberta, oil sands), Canada (British Columbia, NPI), China (CBM), China (General), Colombia, France, Germany, India (General), Indonesia (CBM), Indonesia (Shale Gas), Morocco, Poland, South Africa, Spain, United Kingdom (Shale Gas), United States (North Dakota), United States (Texas), United States (Wyoming).

#### Economic Outputs

Detailed cash flow of corporate results, Results at every selected discount rate, IRR, NPV, NPV/BOE, Profit/Investment Ratio, Risk Investment Ratio, Maximum Sustainable Risk, Payout Time, NPV/Discounted BOE, Expected Monetary Value.

Detailed cash flow of all government payments, Payments at every selected discount rate, Government Revenues, Discounted Government Revenues, Government Take, Discounted Government Take, Risked Government Take, Government Income and Participation, JV State Company cash flow and profitability.

#### Fiscal Analysis Outputs

Price sensitivity analysis for 12 price levels for all corporate and government economic outputs, Cost sensitivity analysis for 16 cost levels for all corporate and government economic outputs, Marginal NPV, Cost Savings Index, Price Incentive Index, Front End Loading Index, Government Risk Sharing Index



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