

09 - 13 March 2015 • **Singapore**

18 - 22 May 2015 • **Rio de Janeiro, Brazil**

27 - 31 July 2015 • **Amsterdam, Netherlands**

15 -19 November 2015 • **Dubai, UAE**

# World Fiscal Systems for Oil & Gas



COMPUTER INTERACTIVE  
TRAINING COURSE



**COURSE LEADER:**  
**PEDRO VAN MEURS**  
VAN MEURS CORPORATION

- Worked on fiscal oil and gas issues for more than 80 governments worldwide
- Other languages spoken: Dutch, French and Spanish
- Over 40 years' experience in the industry

**FROM THE PROUD PRODUCERS & ORGANISERS OF RENOWNED EVENTS:**

# WORLD FISCAL SYSTEMS FOR OIL & GAS



Receive the most comprehensive overview on oil & gas fiscal systems in different jurisdictions

## OVERVIEW:

Run for over 33 years, this course provides participants with an intimate knowledge of petroleum upstream fiscal systems including royalties, production sharing, concessions, joint venture and service agreements. Furthermore, an in-depth assessment will be conducted on the administration of fiscal systems as well as standalone vs. incremental analysis. By utilising a powerful economic model, you will assess how various economic factors can impact a fiscal system from both a government and investor perspective. The knowledge gained will equip you to negotiate better contracts and concessions, identifying optimal investment opportunities and gaining practical, up-to-date knowledge on "real-life" examples.

## BY ATTENDING THIS COURSE YOU WILL UNDERSTAND:

- The nature and details of all the important fiscal features around the world
- The wide variety of fiscal systems based on concessions, production sharing contracts, joint ventures, service contracts and other arrangements in the value chain
- The underlying economic characteristics of various fiscal systems
- How government policies impact on fiscal systems
- Competitive worldwide frameworks for investing in the oil and gas sector
- How to carry out advanced economic analysis on Excel spreadsheets

## WHO SHOULD ATTEND:

- Government officials
- Country managers & external affairs
- Managers
- CEOs & CFOs
- Tax advisers & fiscal issues planners
- Legal counsels
- License administrators
- Negotiators
- Executive strategy & planning managers
- Portfolio managers
- Commercial advisers
- Accountants
- Business development & corporate
- New ventures managers
- Engineers & geophysicists
- Lawyers
- Economists & business analysts

*"This course should be a 'must' for all professionals who deal with E&P contracts."*

Aqrar Khan,  
Senior Processing Engineer,  
OIL DEVELOPMENT COMPANY - KUWAIT



*"Definitely the best course on fiscal systems supported by the broad experience of Dr Pedro. Extremely valuable for O&G professionals."*

Daria Chelnokova,  
Deputy Head,  
ROSNEFT

## INTRODUCTION

- Introduction to excel based spreadsheet for "stand alone" analysis
- Brief review of profitability indicators, such as
  - NPV
  - IRR
  - EMV
  - Profitability ratios
- Price sensitivity and divisible income analysis
- Government take and government revenue analysis

## BONUSES, RENTALS, ROYALTIES

- Signature bonuses and bonus bidding
  - USA
  - Canada
  - Kazakhstan
  - The Netherlands
- Production bonuses:
  - Bangladesh
  - Egypt
  - Nigeria
- Rentals and acreage management
  - Alberta
  - Cambodia
- Fixed and sliding scale royalties, royalties in kind and cash, alternative procedures for determining royalty values
- Royalty concepts
  - Louisiana
  - China
  - Algeria
  - Nigeria
  - PNG
  - Gabon
  - Colombia
  - US Gulf of Mexico
  - Thailand
  - Nova Scotia
  - Trinidad & Tobago
- Severance taxes
  - USA
- Mineral resource extraction tax
  - Russia
- Price discounts
  - Pakistan

## CORPORATE INCOME TAX

- Consolidation and ring-fencing
  - UK
  - Thailand
  - Pakistan
- Group taxation
  - USA
  - The Netherlands
  - Australia
- Gross revenue determination and tax reference prices
  - Gabon
- Deduction of other payments to government
  - Canada
  - Norway
  - Colombia
  - China
- Treatment of signature bonuses for tax purposes
- Deduction of operating costs and headquarter costs
  - Kuwait
- Alternative capital depreciation methods and MACRS system
- Deduction of interest
- Loss carry forward and carry backward
  - Hungary
  - Russia
  - Brazil
  - USA
  - Canada
- Refunds for tax value of losses
  - Norway
- Depletion allowances and provisional allowances
  - Spain
  - Chad
- Uplifts:
  - Nigeria
  - Australia
- Tax rates and globalisation of corporate income tax
- Tax credits
  - USA
  - Canada
- Worldwide corporate income tax systems, tax credits, tax treaties
  - USA
  - The Netherlands
  - Malaysia

# WORLD FISCAL SYSTEMS FOR OIL & GAS

## PRODUCTION SHARING

- The original Indonesian concept
- Profit oil and sliding scales
  - Philippines
    - JDA
  - Egypt
    - Yemen
  - China
    - Malaysia
  - India
    - Azerbaijan
  - Guyana
    - Trinidad & Tobago
  - Brazil Pre-salt
- Cost oil, cost oil limits and sliding scales
  - Vietnam
    - Equatorial Guinea
  - Turkmenistan
    - Syria
  - Oman
    - India
  - Indonesia
    - Nigeria
  - Egypt
    - Angola
  - Yemen
- Uplifts
  - Indonesia
    - Angola
- Special features: FTP, price caps, deemed interest, excess cost oil
  - Indonesia
    - Malaysia
  - China
    - Sudan
- Special terms for gas
  - Malaysia
    - Indonesia
- Production sharing and royalties
  - Malaysia
    - Pakistan
  - Gabon
    - Mongolia
  - Vietnam
- Production sharing and corporation income tax
  - Bangladesh
    - Egypt
  - Sudan
    - Indonesia
  - Angola
    - China
  - Malaysia
    - Nigeria
- Integration of royalties, taxes, PSCs examples
  - Brazil - Pre-Salt

## JOINT VENTURES AND CARRIED INTEREST

- Joint stock companies and joint operating agreements
  - Joint stock companies
    - Venezuela
    - Saudi Arabia
- Payments upon participation
- Fixed rate carried interest
  - Colombia
    - Malaysia
  - China
- Sliding scale carried interest
  - Mauritania
- Special state company financing features:
  - PNG
  - Gabon
- Carried interest and corporate income tax
- Carried interest and production sharing
  - China

## PROGRESSIVE AND SPECIAL TAXES AND PROFIT SHARES

- Special taxes based on gross revenues
  - USA
    - Pakistan
  - Colombia
    - Trinidad & Tobago
- Surtaxes, Hydrocarbon Tax
  - Norway
    - Denmark
- Special taxes based on net revenues
  - UK
    - Alberta oil sands
  - Brazil
    - Alaska
  - The Netherlands
    - Algeria
- Tax credits that can be traded
  - Alaska
- IRR based taxes
  - PNG
    - Ghana
  - Australia
- IRR based profit oil and royalties
  - Russia-Sakhalin
    - Azerbaijan
  - Angola
    - Canadian frontier royalty
  - Newfoundland
- R-factors:
  - Peru
    - Azerbaijan
  - India
    - Thailand
- Combination of R-factors and production based profit oil
  - Libya
- One and two way adjustments of price progressive features
- Special taxes and corporate income tax

## VALUE ADDED TAXES, IMPORT DUTIES AND PROPERTY TAXES

- Value added taxes, credit, refunds
  - Mexico
    - Bolivia
- Value added tax problems
  - Russia
    - China
  - Brazil
    - Vietnam
- Import duties, temporary importation, exemptions
  - Pakistan
- Export duties
  - Russia
- Property taxes
  - USA
    - Canada

## SERVICE CONTRACTS

- Iraq 1996 single fee model
- Kuwait Operating Services Agreement
- Venezuela service contracts for marginal fields
- Iran service contracts of the 1970s
- Iran Buy Back Agreements
- Mexican Multiple Service Contracts
- Iraq Development and Production Contracts

## PROFIT SHARING CONTRACTS

- Bolivia
- Possible future contracts in Mexico

## INCREMENTAL ANALYSIS

- Introduction to excel based spreadsheet for “incremental” analysis
- Incremental analysis: corporate income tax
- Incremental analysis
  - Royalties
  - Production sharing
  - Carried interest
- Incremental analysis
  - IRR
  - R-factor based features
- Analysis of goldplating
  - PNG
  - India

## CLASSIFICATION OF FISCAL SYSTEMS

- Legal and economic classification
- Concessions, production sharing contracts, joint ventures and hybrid systems

## COUNTRY REVIEW OF FISCAL SYSTEMS:

- Alberta
- USA
- Argentina
- Norway
- Egypt
- Nigeria
- China
- Indonesia
- Colombia

## STRUCTURE OF GOVERNMENT TAKE

- Sharing of divisible income
  - Progressive
  - Neutral
  - Regressive
  - Hybrid systems
- Effect of incremental investments
  - Ireland
  - Egypt
  - Pakistan
  - Norway
  - PNG
- Front end and back end loading
  - Texas
  - Newfoundland
- Geological risk and government take
  - Argentina
  - Venezuela
  - US Gulf of Mexico
- Government take oil & gas price variation
  - Argentina
  - Newfoundland

## LEVEL OF GOVERNMENT TAKE

- Fiscal stability
  - Canada
  - Egypt
- Determination of level of government take
- Competition among governments for investment

## RISK SHARING

- Sharing of risk between government and companies
  - Price risk
  - Cost overrun risk
  - Reserve risk
  - Economic risk
  - Gas marketing risk

## RESOURCE POLICIES

- Exploration promotion
- Cost effective operations
- Maximum recovery of reserves and marginal field development
- Heavy oil development and gas development

## ECONOMIC POLICIES

- Encouraging investment and re-investment
- Maximising domestic economic growth, training and education
- Frontier/regional development

## ADMINISTRATIVE POLICIES

- Revenue and cost verification
- Cost of administration

## INTERNAL DISTRIBUTION OF GOVERNMENT TAKE

- Federal, provincial/state and municipal participation in government take
- Participation by native groups, private landowners and consumers

## WORLDWIDE FUTURE TRENDS

- Anticipated world and petroleum industry developments
- Government take development
- Large resource access
- Simplification and diversification of term
- Impact of globalisation and increased attention to the people





### **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.

#### **He was a leading consultant in:**

- Opening of the Newfoundland offshore for exploration and production
- Alaska Petroleum Profits Tax and the proposed gas pipeline contract
- Development of the first model contract for offshore China
- Production sharing, SPT and tax terms in Trinidad and Tobago
- Capitalisation of YPFB and 1996 petroleum law in Bolivia
- PSC's in Gabon and Bangladesh
- Creation of fiscal terms in Thailand and Pakistan
- Development of service contracts in Mexico and Kuwait

He has hosted the World Fiscal Systems for Oil & Gas course and participated in training seminars in more than 30 countries in the world. While carrying out international consulting, he was for many years also president of a small Alberta petroleum company.

Together with Barrows Inc., New York, he developed PETROCASH, which is the most comprehensive integrated database and computer model for World Fiscal Systems for Oil & Gas.

## IN-COMPANY TRAINING

CWC School for Energy training programmes are designed to fast track legal, fiscal and strategic skills development for middle/senior oil and gas professionals and their young talent through expert-led courses and best practices seminars.

### APPROACH

Our approach to training combines a mix of a global network of oil and gas industry experts with practical exercises and action planning that provides real benefits and instills positive change.

**The training plans and courses that we develop provide a clear understanding of:**

- What you are going to learn
- The skills you will take away with you
- And how you can apply these in your role

**They are strategically focused, data driven, dialogue rich and implementation centred. We do this through:**

- Case studies that provide genuine insight and learning
- Simulations exercises
- Feedback and assessments
- Profile questionnaires
- Group discussions
- Lectures
- Faculty of industry experts

### PROCESS

#### DESIGN

- Market knowledge
- Industry instructors
- Independent, unbiased, certified
- Track-record of cutting-edge learning and development solutions

#### DELIVER

- Ability to understand business needs and translate them into integrated focused courses
- Access to data, case-studies, country and company knowledge
- Great coordination between Instructor, Programme Director and Client

#### EXECUTE

- Highly experienced in delivering complex solutions with different streams/locations/ instructors/teams
- Core team always reachable
- Full responsibility for logistics
- CWC School for Energy member of staff onsite to manage all logistics

### TAILORED

Our distinguished reputation is thanks to our commitment to provide integrated, tailored and practical programmes and building strong relationships with the clients we work with. We are highly experienced in needs assessment and can offer full support in capacity building training programmes as part of local content or other development programme commitments.

### CONFIDENTIALITY

As part of customisation we can use internal information which we treat in strictest confidence. We have procedures in place to ensure strict confidentiality.



*“My overall opinion was ‘it’s great!’ I will be using the material in everyday activities in my job.”*

**Nawaf Al-Shehab**  
Senior Planner  
**KUWAIT OIL COMPANY**

CWC School for Energy provide a wide range of courses. To receive more information, please select from the courses listed below and return this form to [cwctraining@thecwcgroup.com](mailto:cwctraining@thecwcgroup.com):

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- Gas & LNG Contracts
- LNG Markets, Supply and Pricing
- LNG Shipping Contracts
- World Fiscal Systems for Unconventional Oil & Gas
- Gas Monetisation in Nigeria
- Commercial Negotiations for Gas & LNG Projects
- LNG Trading
- Shale Gas Development
- Commercial & Legal Structures for Canada's LNG Industry
- LNG Mini MBA in Project Development
- Advanced LNG Master Class
- LNG Short-Term Optimisation
- Global Shale Gas Developments

### LEGAL, FISCAL & CONTRACTS

- Negotiation in Oil & Gas
- World Legal Systems & Contracts for Oil & Gas
- Understanding the Kurdistan - Iraq PSC
- Accounting within the Kurdistan Region of Iraq PSC
- Engineering, Procurement & Construction Contracts in Oil & Gas
- World Fiscal Systems for Oil & Gas
- Advanced World Fiscal Systems for Oil & Gas
- Arbitration, Mediation & Dispute Resolution
- African Petroleum Contracts
- Production Sharing Contracts - Advanced Master Class
- Negotiating Oil & Gas Contracts - Advanced Master Class
- Joint Venture Contracts
- Joint Operating Agreements
- Latin America - Contract Optimisation
- Africa - Contract Optimisation
- Drafting Oil & Gas Contracts
- International Petroleum Joint Ventures
- World Fiscal Systems for Unconventional Oil & Gas

### MANAGEMENT

- Oil & Gas Fundamentals
- Oil & Gas Finance for Non-Financial Managers
- Project Economics, Risk & Decision Analysis in Oil & Gas
- Advanced Project Economics Risk & Decision Analysis
- East Africa Local Content for the Oil & Gas Industry
- Oil & Gas Mini MBA
- Asset Valuation
- Upstream Oil & Gas Supply Chain Management
- Project Management Professional in Oil & Gas
- Nigerian Content in the Oil & Gas Industry
- Supply Chain Management
- Oil & Gas Accounting
- Petrochemicals - Strategic & Investment Considerations

### CWC Group Ltd

The CWC Group is a world renowned expert, acting as a catalyst to stimulate industry investment and develop commercial expertise in the in oil, gas, power and investment sectors, particularly in emerging markets. We have an unrivalled wealth of knowledge, offering high-level strategic events around the world. We work closely with many governments, NOCs and international corporations to highlight key issues and challenges facing the global energy industry. We are the proud providers of:



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Website: [www.cwcschool.com](http://www.cwcschool.com)  
Email: [cwcschool@thecwcgroup.com](mailto:cwcschool@thecwcgroup.com)  
Tel: +44 207 978 0001  
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