

# Energy Transition and Fiscal Systems for Oil and Gas

**Course leader: Pedro van Meurs**

**TRAINING COURSES: 2022**

**Computer interactive 5-day training course**

*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. The aim of the course is to teach participants:*

- *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,*
- *Energy Transition – impact of renewable resources and hydrogen on the petroleum industry, and*
- *Energy Transition – structuring of new petroleum-energy arrangements*

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

## **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 specialized 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

# Detailed Course Program

## 5-day Energy Transition and Fiscal Systems for Oil and Gas.

### Day 1

Morning	Afternoon
<p><b>Introduction</b></p> <ul style="list-style-type: none"> <li>• General course overview</li> </ul> <p><b>Energy Transition:</b></p> <p><b>Renewable Energy Developments</b></p> <ul style="list-style-type: none"> <li>• Renewable energy economics.</li> <li>• Current costs of solar and wind</li> <li>• Anticipated solar energy developments</li> <li>• Future costs of solar energy</li> <li>• Concentrated Solar Power</li> <li>• Anticipated onshore and offshore wind developments</li> <li>• Future costs of wind energy</li> <li>• Hydropower</li> <li>• Geothermal energy</li> <li>• Biomass</li> <li>• Biofuels</li> <li>• Conclusions on renewable energy economics</li> <li>• Range of estimates of role of renewables in energy production.</li> </ul> <p><b>Energy Storage</b></p> <ul style="list-style-type: none"> <li>• Energy storage economics</li> <li>• Large variety of energy storage methods</li> <li>• Current energy storage costs</li> <li>• Battery storage cost trends</li> <li>• Future utility scale energy storage costs</li> <li>• Estimates of future storage availability</li> <li>• Impact of storage costs on electricity production and transport sector</li> </ul>	<p><b>Hydrogen</b></p> <ul style="list-style-type: none"> <li>• Hydrogen basics</li> <li>• Grey, blue and green hydrogen</li> <li>• Costs of grey and blue hydrogen production</li> <li>• Green hydrogen production methods</li> <li>• Current costs of producing hydrogen</li> <li>• Hydrogen production economics</li> <li>• Low-cost countries</li> <li>• Current projects</li> <li>• Estimates of future hydrogen production costs</li> <li>• Hydrogen storage</li> <li>• Transport of hydrogen</li> <li>• Hydrogen fuel cells</li> <li>• Green hydrogen for electricity production</li> <li>• Green ammonia</li> <li>• Green hydrogen for the transport sector</li> <li>• Green hydrogen to produce fuels</li> <li>• Hydrogen to replace natural gas</li> <li>• Forecasts of future green hydrogen production</li> </ul> <p><b>Carbon Capture and Storage</b></p> <ul style="list-style-type: none"> <li>• Variety of measures of carbon capture and underground storage</li> <li>• BioEnergy Carbon Capture and storage (BECCS)</li> <li>• Biochar</li> <li>• Direct Air Capture (DAC)</li> </ul>

## Day 2

Morning	Afternoon
<p><b>Oil and Gas Fiscal Systems:</b> <b>Introduction to Student Model</b></p> <ul style="list-style-type: none"> <li>• Introduction to Excel based spreadsheet for “stand alone” analysis</li> <li>• Review of profitability indicators, such as NPV, IRR, EMV and profitability ratios</li> <li>• Price sensitivity and Divisible Income analysis</li> <li>• Government take and government revenue analysis</li> </ul> <p><b>Bonuses, Rentals, Royalties , Gross Revenue features</b></p> <ul style="list-style-type: none"> <li>• Signature bonuses through bidding, negotiation and directly determined by government: Brazil.</li> <li>• Rentals and acreage management: Alberta and Cambodia</li> <li>• Fixed and sliding scale royalties, royalties in kind and cash, Royalty concepts: Louisiana, Algeria, Nigeria, Colombia, US Gulf of Mexico,</li> <li>• Price sensitive royalties: Alberta, Mexico</li> </ul>	<p><b>Corporate Income Tax</b></p> <ul style="list-style-type: none"> <li>• Consolidation and Ring-fencing: UK and Pakistan</li> <li>• Gross revenue determination</li> <li>• Deduction of other payments to government:</li> <li>• Deduction of operating costs and headquarter costs</li> <li>• Alternative capital depreciation methods and MACRS</li> <li>• Deduction of interest</li> <li>• Loss carry forward and carry backward: Hungary, Russia, Brazil, USA, Canada.</li> <li>• Refunds for tax value of exploration (Norway)</li> <li>• Tax rates and globalization of corporate income tax</li> <li>• Tax credits: USA and Canada</li> <li>• Worldwide corporate income tax systems, tax credits, tax treaties: USA, the Netherlands, Malaysia</li> <li>• Tax treaties</li> </ul> <p><b>Production Sharing</b></p> <ul style="list-style-type: none"> <li>• The original Indonesian concept</li> <li>• Profit Oil and sliding scales: Philippines, Egypt, Vietnam, Nigeria, Malaysia</li> <li>• Price Sensitive Profit Oil: Trinidad and Tobago, Brazil Pre-Salt.</li> <li>• Cost Oil, cost oil limits and sliding scales: Vietnam, Syria, Oman, Nigeria, Egypt, Angola and Yemen</li> </ul>

## Day 3

Morning	Afternoon
<p><b>Production Sharing (continued)</b></p> <ul style="list-style-type: none"> <li>• Uplifts: Angola</li> <li>• Special terms for gas: Malaysia and Indonesia</li> <li>• Production sharing and royalties: Malaysia, Pakistan, Gabon, and Vietnam</li> </ul> <p>Production sharing and corporation income tax: Bangladesh, Egypt, Indonesia, Angola, China, Malaysia and Nigeria</p> <p><b>Joint Ventures and Carried Interest</b></p> <ul style="list-style-type: none"> <li>• Joint stock companies and joint operating agreements</li> <li>• Joint stock companies: Venezuela, Saudi Arabia</li> <li>• Participation from Day 1: Petoro – Norway</li> <li>• Payments upon participation</li> <li>• Fixed rate carried interest: Colombia, Malaysia and China</li> <li>• Special state company financing features: PNG and Gabon</li> <li>• Carried interest and corporate income tax</li> <li>• Carried interest and production sharing: China</li> </ul>	<p><b>Progressive and Special Taxes and Profit Shares</b></p> <ul style="list-style-type: none"> <li>• Special Taxes based on Gross Revenues: USA, Pakistan, Colombia and Trinidad and Tobago</li> <li>• Surtaxes, Hydrocarbon Tax: Norway, Denmark, UK</li> <li>• Special Taxes based on Net Revenues: UK, Brazil, the Netherlands and Algeria</li> <li>• IRR based taxes: PNG, Ghana and Australia</li> <li>• IRR based profit oil and royalties: Russia-Sakhalin, Azerbaijan, Angola, Mexico</li> <li>• R-factors: Peru, Azerbaijan, India and Thailand</li> <li>• Combination scales: Libya</li> <li>• One and Two way adjustments of price progressive features</li> </ul> <p>Special Taxes and corporate income tax</p> <p><b>Value Added Taxes, Import Duties</b></p> <ul style="list-style-type: none"> <li>• Value added taxes, credits, refunds: Mexico and Bolivia</li> <li>• Value added tax problems: Russia, China, Brazil and Vietnam</li> <li>• Import duties, Temporary importation, Exemptions: Pakistan</li> </ul> <p><b>Export duties</b></p> <ul style="list-style-type: none"> <li>• Export duties: Russia, Argentina</li> </ul> <p><b>Property Taxes</b></p> <ul style="list-style-type: none"> <li>• Property Taxes: USA and Canada</li> </ul> <p><b>Carbon taxes</b></p> <ul style="list-style-type: none"> <li>• British Columbia</li> </ul>

## Day 4

Morning	Afternoon
<p><b>Service contracts</b></p> <ul style="list-style-type: none"> <li>• Iraq 1996 single fee model</li> <li>• Iraq Technical Services Contract</li> <li>• Iraq 2018 – 5<sup>th</sup> bidding round TSC</li> <li>• Iran Buy Back Agreements</li> </ul> <p><b>Profit Sharing Contracts</b></p> <ul style="list-style-type: none"> <li>• Bolivia</li> </ul> <p><b>Flexible Gross Revenue Splits</b></p> <ul style="list-style-type: none"> <li>• Special Sessions on Indonesian Gross Split Contract</li> </ul> <p><b>Abandonment, Booking of Reserves</b></p> <ul style="list-style-type: none"> <li>• Abandonment issues</li> <li>• Booking of Reserves</li> </ul> <p><b>Incremental analysis</b></p> <ul style="list-style-type: none"> <li>• Introduction to Excel based spreadsheet for “incremental” analysis</li> <li>• Incremental analysis: corporate income tax, royalties, production sharing and carried interest, IRR and R-factor based features</li> <li>• Analysis of gold-plating: PNG and India</li> </ul>	<p><b>Classification of fiscal systems</b></p> <ul style="list-style-type: none"> <li>• Legal and Economic classification</li> <li>• Concessions, Production Sharing Contracts, Joint ventures and Hybrid Systems.</li> </ul> <p><b>Country review of fiscal systems</b></p> <ul style="list-style-type: none"> <li>• Alberta, Norway, Egypt, China,</li> </ul> <p><b>Structure of government take</b></p> <ul style="list-style-type: none"> <li>• Sharing of divisible income: progressive, neutral, regressive and hybrid systems</li> <li>• Front end and back end loading</li> <li>• Geological risk and government take</li> </ul> <p><b>Level of Government Take</b></p> <ul style="list-style-type: none"> <li>• Fiscal Stability: Canada and Egypt</li> <li>• Determination of level of government take</li> </ul> <p><b>Risk Sharing</b></p> <ul style="list-style-type: none"> <li>• Sharing of risk between government and companies</li> </ul>

## Day 5

Morning before break	Morning after break
<p><b>Government Policies</b></p> <ul style="list-style-type: none"> <li>• Resource policies</li> <li>• Economic policies</li> <li>• Administrative policies</li> </ul> <p><b>Worldwide Future Trends</b></p> <ul style="list-style-type: none"> <li>• Anticipated world and petroleum industry developments</li> <li>• Government take development</li> <li>• Unconventional resources</li> <li>• Long term fiscal trends</li> <li>• Impact of globalization and increased attention to the people</li> </ul> <p><b>Climate Change</b></p> <ul style="list-style-type: none"> <li>• Oil and gas demand under climate change scenarios</li> <li>• Climate change policies</li> <li>• Net Zero by 2050 or 2060</li> </ul>	<p><b>Energy Transition:</b></p> <p><b>Energy Transition Process</b></p> <ul style="list-style-type: none"> <li>• Impacts on the petroleum industry</li> <li>• Petroleum industry restructuring</li> <li>• Power industry restructuring</li> <li>• New competitive environment</li> <li>• Transformation of the petroleum industry</li> <li>• Company strategies under energy transition</li> <li>• Energy transition government policies</li> <li>• Fiscal systems for oil and gas under energy transition</li> <li>• New fiscal systems required to support energy transition</li> <li>• Importance of price progressivity</li> <li>• New types of petroleum energy arrangements</li> <li>• Narrow scope future petroleum energy arrangements</li> <li>• Wide scope future petroleum energy arrangements</li> <li>• Package deals on energy and petroleum</li> </ul>
<b>Afternoon</b>	<b>FREE</b>

## **COURSE FEES**

The course fees are US \$ 3900 per participant. We have the following discounts for more than one participant from the same entity or government for each of the participants attending the course: 2 participants – 10%, 3 participants – 15%, 4 participants – 20% and 5 participants – 25%. For more participants ask us for the discount.

The fee includes: tea, coffee and lunch, a free copy of student model software and electronic class materials.

Liability: No liability in case of force majeure situations, such as illness or travel interruptions.

## **DATES AND LOCATION**

The course venue will be in Dubai.

The course dates will be November 14 – 18, 2022

## **CONTACT**

**Interested parties can contact us for more information as follows:**

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