

World Fiscal Systems for Oil and Gas (WFSOG)

With Special Discussions on Terms of Mexico Bid Rounds

Detailed Course Program

Day 1

Morning	Afternoon
<p>Introduction</p> <ul style="list-style-type: none"> • 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 <p>Bonuses, Rentals, Royalties , Gross Revenue features</p> <ul style="list-style-type: none"> • Signature bonuses through bidding, negotiation and directly determined by government: Brazil. • Production bonuses: Egypt • Rentals and acreage management: Alberta and Cambodia • Mexico surface rentals and taxes • Fixed and sliding scale royalties, royalties in kind and cash, alternative procedures for determining royalty values. Royalty concepts: Algeria, Nigeria, PNG, Gabon, Colombia, US Gulf of Mexico and Thailand. • Price sensitive royalties: Alberta, Mexico • Mexico additional royalty for Onshore Contracts • Severance Taxes: USA 	<ul style="list-style-type: none"> • Mexico private landowner compensation • Mineral Extraction Tax: Russia • Indonesian Domestic Market Obligation <p>Corporate Income Tax</p> <ul style="list-style-type: none"> • Consolidation and Ring-fencing: UK and Pakistan • Mexico ring fencing for tax purposes • Gross revenue determination and Tax Reference Prices (Gabon) • Deduction of other payments to government: Canada, Norway, Colombia and Mexico • Treatment of signature bonuses for tax purposes • Deduction of operating costs and headquarter costs • Alternative capital depreciation methods and MACRS system • Mexico capital depreciation methods • Deduction of interest • Loss carry forward and carry backward: Hungary, Russia, Brazil, USA, Canada, Mexico. • Refunds for tax value of losses (Norway) • Depletion allowances • Uplifts: Nigeria and Australia

Day 2

Morning	Afternoon
<p>Corporate Income Tax (continued)</p> <ul style="list-style-type: none"> • Tax rates and globalization of corporate income tax • Tax credits: USA and Canada • Worldwide corporate income tax systems, tax credits, tax treaties: USA, the Netherlands, Malaysia • Tax treaties • Comprehensive computer simulation of minimum Mexican fiscal terms contained in the Petroleum Revenue Law • Simulation of Fiscal terms for Mexico Onshore Bid Round <p>Production Sharing</p> <ul style="list-style-type: none"> • The original Indonesian concept • Profit Oil and sliding scales: Philippines, Egypt, Vietnam, Nigeria, Angola, China, Malaysia, India, Azerbaijan, • Price Sensitive Profit Oil: Trinidad, Brazil Pre-Salt. • Cost Oil, cost oil limits and sliding scales: Vietnam, Oman, India, Indonesia, Nigeria, Egypt, Angola and Mexico • Uplifts: Indonesia and Angola • Special features: FTP, price caps, deemed interest, excess cost oil: Indonesia, Malaysia, China and Sudan • Special terms for gas: Malaysia and Indonesia 	<ul style="list-style-type: none"> • Production sharing and royalties: Malaysia, Pakistan, Gabon, Mongolia, Vietnam and Mexico • Production sharing and corporation income tax: Bangladesh, Egypt, Indonesia, Angola, China, Malaysia, Nigeria and Mexico <p>Joint Ventures and Carried Interest</p> <ul style="list-style-type: none"> • Joint stock companies and joint operating agreements • Joint stock companies: Venezuela, Saudi Arabia • Participation from Day 1: Petoro - Norway • Payments upon participation • Fixed rate carried interest: Colombia, Malaysia and China • Special state company financing features: PNG and Gabon • Carried interest and corporate income tax: Mexico • Carried interest and production sharing: China • Comprehensive discussion of Mexican Trión farm out terms <p>Progressive and Special Taxes and Profit Shares</p> <ul style="list-style-type: none"> • Special Taxes based on Gross Revenues: USA, Pakistan, Colombia and Trinidad and Tobago • Surtaxes, Hydrocarbon Tax: Norway, Denmark, UK • Special Taxes based on Net Revenues: UK, Brazil, the Netherlands and Algeria

Day 3

Morning	Afternoon
<p>Progressive and Special Taxes and Profit Shares (continued)</p> <ul style="list-style-type: none"> • IRR based taxes: PNG, Ghana and Australia • IRR based profit oil and royalties: Russia-Sakhalin, Azerbaijan, Angola and Mexico • Comprehensive computer simulation of <u>Mexican</u> fiscal terms for the shallow water Bid Round • R-factors: Peru, Azerbaijan, India and Thailand • Price Sensitive R-factors: Thailand, • <u>Mexico</u> R-factor • 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 <p>Value Added Taxes, Import Duties</p> <ul style="list-style-type: none"> • Value added taxes, credits, refunds: Mexico and Bolivia • Value added tax problems: Russia, China, Brazil and Vietnam • Import duties, Temporary importation, Exemptions: Pakistan <p>Export duties</p> <ul style="list-style-type: none"> • Export duties: Russia 	<p>Property Taxes</p> <ul style="list-style-type: none"> • Property Taxes: USA and Canada <p>Carbon taxes</p> <ul style="list-style-type: none"> • Export duties: British Columbia <p>Service contracts</p> <ul style="list-style-type: none"> • Iraq 1996 single fee model • Iran service contracts of the 1970's • Iran Buy Back Agreements <p>Profit Sharing Contracts</p> <ul style="list-style-type: none"> • Bolivia • Contracts in <u>Mexico</u> <p>Overview</p> <ul style="list-style-type: none"> • Comprehensive computer simulation of <u>Mexican</u> fiscal terms for the deep water Bid Round <p>Abandonment, Booking of Reserves</p> <ul style="list-style-type: none"> • Abandonment issues • Booking of Reserves <p>Incremental analysis</p> <ul style="list-style-type: none"> • Introduction to Excel based spreadsheet for "incremental" analysis • Incremental analysis: corporate income tax, royalties, production sharing, carried interest, IRR and R-factor based features • Analysis of goldplating: PNG and India • Special incremental analysis of Mexico shallow water terms

Day 4

Morning	Afternoon
<p>Classification of fiscal systems</p> <ul style="list-style-type: none"> • Legal and Economic classification • Concessions, Production Sharing Contracts, Joint ventures and Hybrid Systems. <p>Country review of fiscal systems</p> <ul style="list-style-type: none"> • Alberta, USA, Argentina, Norway, Egypt,, China, Indonesia and Columbia <p>World Government Take Overview, Low Oil Prices and Government Take</p> <ul style="list-style-type: none"> • World overview of government take, • Detailed discussion of price progressivity, neutrality and regressivity. • Price progressivity under low oil prices <p>Structure of government take</p> <ul style="list-style-type: none"> • Sharing of divisible income: progressive, neutral, regressive and hybrid systems • Effect of incremental investments: Ireland, Norway, Egypt, PNG and Pakistan • Front end and back end loading: Texas and Newfoundland • Geological risk and government take: Argentina, US Gulf of Mexico and Venezuela • Government take and oil and gas price variation: Argentina and Newfoundland 	<p>Level of Government Take</p> <ul style="list-style-type: none"> • Fiscal Stability: Canada and Egypt • Determination of level of government take • Competition among governments for investment • Government Take comparison <u>Mexico</u> and other countries <p>Risk Sharing</p> <ul style="list-style-type: none"> • Sharing of risk between government and companies: price risk, cost overrun risk, reserve risk, economic and gas marketing risk <p>Government Policies</p> <ul style="list-style-type: none"> • Resource policies • Economic policies • Administrative policies • Internal distribution of government take <p>Worldwide Future Trends</p> <ul style="list-style-type: none"> • Anticipated world and petroleum industry developments • Government take development • Large resource access • Unconventional resources • Simplification and diversification of term • Long term fiscal trends • Impact of globalization and increased attention to the people