

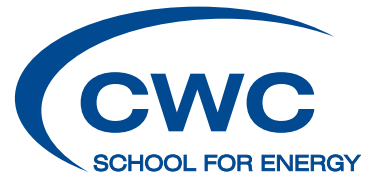
Legal, Fiscal & Contracts Portfolio

5 Day Advanced Course

16-20 APRIL 2012
LONDON, UK

Led by:

Dr Pedro van Meurs, VAN MEURS CORPORATION
Thomas E. Valentine, Partner, MACLEOD DIXON LLP ENERGY GROUP



Training for the competitive edge



PRODUCTION SHARING CONTRACTS FISCAL, LEGAL & COMMERCIAL ASPECTS

BY ATTENDING THIS COURSE YOU WILL:

- Engage in a thorough analysis of the PSC clauses which will help your negotiation process
- Learn the main PSC fiscal terms and ensure project commercial success
- Benchmark international successful PSC agreements and learn the pitfalls to avoid
- Speed up your decision making process by getting the right tools to make the PSC work
- Hear the right PSCs' risk management strategies to ensure a successful project

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LEVEL: ADVANCED

PRODUCTION SHARING CONTRACTS

FISCAL, LEGAL & COMMERCIAL ASPECTS

Conduct
economic
analysis on the
PSCs from 35
countries and
jurisdictions



INTERACTIVE COMPUTER BASED COURSE

BY ATTENDING THIS COURSE YOU WILL:

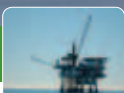
- Engage in a thorough analysis of the PSC clauses which will help your negotiation process
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OVERVIEW:

PSCs are used in key oil & gas producing countries, each of these have different approaches and levels of complexity. New production agreements have also been recently adopted and developed in some key jurisdictions, such as Brazil and Mexico. These complex agreements include a number of clauses that have particular legal interpretation and accompanying fiscal formulas. Therefore, it is crucial to have the correct understanding of the terms in order to calculate the formulas correctly and ensure a smooth agreement implementation.

This 5 day course will focus on the fiscal, legal and commercial aspects of key PSC clauses in the context of other host government contracts.

Through a detailed analysis of the issues, clauses, comparative case studies, and in-depth computer analysis this course will provide sophisticated insight and further enhance participant's legal and fiscal knowledge of PSCs.



WHO SHOULD ATTEND?

The course is suitable for a wide range of professionals in the oil and gas industry looking to broaden their understanding of the fiscal, legal and commercial aspects of PSCs. This includes:

- 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

COURSE SOFTWARE

Participants will receive an Excel based model and input information related to a wide variety of PSCs. This Excel based spreadsheet is included as part of the course fee. In the course programme, countries for which special analysis will be done with the spreadsheet are indicated with "(analysis)". The spreadsheet and information will enable participants to simulate and conduct economic analysis on the PSCs from the following 35 countries and jurisdictions:

COURSE COUNTRY PSC SOFTWARE LIST

 ANGOLA	 GABON	 MADAGASCAR	 RUSSIA-SAKHALIN
 AZERBAIJAN	 GUATEMALA	 MALAYSIA	 SUDAN
 BANGLADESH	 GUYANA	 MOZAMBIQUE	 SYRIA
 CAMEROON	 INDIA	 MYANMAR	 TRINIDAD AND TOBAGO
 CHINA	 INDONESIA	 NIGERIA	 UKRAINE
 COTE D'IVOIRE	 IRAQ-KURDISTAN	 OMAN	 URUGUAY
 EGYPT	 KENYA	 PAKISTAN	 VIETNAM
 ERITREA	 LIBERIA	 PHILIPPINES	 YEMEN
 EQUATORIAL GUINEA	 LIBYA	 QATAR	



PRODUCTION SHARING CONTRACTS FISCAL, LEGAL & COMMERCIAL ASPECTS

DAY 1 - MORNING

DISCUSSION OF OUTLINE OF THE COURSE

- Discussion of the programme for the 3 days

INTRODUCTION TO THE PSC MODEL

- Main Input & Output features
- Discussion of PSC Input features

BASIC PRODUCTION SHARING FEATURES

- Original Indonesian model
- Profit Oil options: Fixed profit oil/gas, sliding scales
- Profit Oil volume based sliding scales: scales based on daily production, scales based on cumulative production
- Cost Oil limit options: Fixed limits, sliding scale limits, no limits
- Cost Oil options: Costs expensed, costs based on depreciation
- Oil vs. Gas
- Special features: Excess cost oil, First Tranche Petroleum (FTP), local market obligation
- Signature bonuses & production bonuses



ANALYSIS

The traditional PSC: Egypt

DAY 2 - MORNING

PRODUCTION SHARING & ROYALTIES

- Royalties included in profit oil
 - Congo-Brazzaville
- Fixed royalties
 - **ANALYSIS**
 - Syria
 - Russia-Sakhalin
 - Malaysia
 - Myanmar
- Royalties with volume based sliding scales
 - Vietnam



ANALYSIS

Equatorial Guinea

- Royalty sliding scales based on other concepts
 - Pakistan
 - Guatemala
 - Nigeria
- Royalties recoverable or not-recoverable (but deductible) for PSC purposes
 - Malaysia



ANALYSIS

Gabon

- Pakistan

DAY 1 - AFTERNOON

- Sharing of resource wealth: An analysis of basic PSC features
- Government Take analysis: Progressive, neutral & regressive systems
- Volume progressive sliding scales
 - Analysis of scales based on cumulative & daily production:



ANALYSIS

Nigeria Liberia

- Price progressive sliding scales
 - Analysis of features which create price progressivity:



ANALYSIS

Malaysia Trinidad & Tobago

- Cost progressive sliding scales
 - Analysis of features which create cost progressivity:



ANALYSIS

Cote d'Ivoire China

- Profit progressive sliding scales - Cost Oil Payout



ANALYSIS

Ukraine

- Profit progressive sliding scales - IRR



ANALYSIS

Angola Russia - Sakhalin

- Profit progressive sliding scales - R-factors



ANALYSIS

India Iraq-Kurdistan

PRODUCTION SHARING & CORPORATE INCOME TAX

- Corporate Income Tax included in profit oil
 - Egypt
 - Philippines
 - Gabon
 - Yemen
- Corporate Income Tax is share of contractors share of profit oil



ANALYSIS

Indonesia Angola

- Corporate Income Tax calculated separately after or before the production sharing calculations



ANALYSIS

China Nigeria



Participants at a CWC School for Energy course



DAY 2 - AFTERNOON

PRODUCTION SHARING & JOINT VENTURES

- Joint Ventures - Incorporated & Unincorporated
 - Participation from day 1 through joint operating agreements



- Carried Interests through exploration with repayment in cash
 - Indonesia



- Carried Interest with repayment from production, profit oil or cost oil
 - Congo-Brazzaville



- Special EPSC



PRODUCTION SHARING & WINDFALL PROFIT FEATURES, RESOURCE TAXES & EXPORT DUTIES

- Windfall Profit features



- Resource Taxes
 - Timor Leste
 - Tanzania
- Export duties
 - Vietnam
 - Malaysia

SHARING OF RESOURCE WEALTH: A COMPARATIVE ANALYSIS OF DEEP WATER PSCS FROM 16 COUNTRIES

- Government Take analysis
- Volume progressive & regressive systems
- Price progressive & regressive systems
- Cost progressive & regressive systems

DAY 3 - MORNING

WORLD DISTRIBUTION OF PSCS

- Analysis of where PSC exploration & production takes place

FISCAL HEALTH: A COMPARATIVE ANALYSIS OF DESIGN FLAWS IN DEEP WATER PSCS FROM 16 COUNTRIES

- Excessive volume progressivity: Marginal Net Present Value analysis



- Excessive cost and profit progressivity
- Gold plating & Cost Savings Index analysis



- Excessive price progressivity
- Price Incentive Index analysis



ATTRACTIVENESS TO INVESTORS: WORLD-WIDE RATING OF 47 DIFFERENT DEEP WATER PSCS

- Internal Rate of Return, Net Present Value, Profit to Investment Ratio, Undiscounted Government Take, Discounted Government Take, Net Present Value per barrel equivalent, Net Cash Flow per barrel equivalent

FRONT END LOADING VS BACK END LOADING IN PSCS

- Comparative analysis of time sequence of government take



SHARING OF GEOLOGICAL RISK & RINGFENCING IN PSCS

- Comparative analysis of impact of PSC structures on geological risk taking during exploration



“The course helped me to have a broad understanding of PSCs.”
Eugenio Tenjua, Deputy Director, Joint Development Authority - SÃO TOMÉ AND PRÍNCIPE

PRODUCTION SHARING CONTRACTS FISCAL, LEGAL & COMMERCIAL ASPECTS

DAY 3 - AFTERNOON

PSC ACCOUNTING PROCEDURES

- Cost classification
- Non recoverable costs
- Credits against recoverable costs

DETAILED DISCUSSION OF STRENGTHS & WEAKNESSES OF 10 RECENT PSCS

- Detailed discussion of 10 selected PSCs which illustrate the wide variety of options & possibilities & discussion of their strengths & weaknesses

“This course will definitely give me a good perspective on my day-to-day work, considering that we are dealing with a lot of JV contractors in which the base if the PSC negotiated by Angolan state.”

Teresa Matoso, Legal Advisor, SONANGOL EP



Participants at a CWC School for Energy course

“Mass of knowledge and excellent presentation skills and well engaging using adequate examples accordingly”

Zahra Ali, Finance Analyst, BP TRINIDAD and TOBAGO LLC

DAY 4

HOST GOVERNMENT CONTRACTS

EXPLORATION & PRODUCTION OF HYDROCARBONS

- Importance to the State
- An overview of risks to the state: Identification & mitigation
 - Minimum Work Programme
 - Counter-party risk: Joint & several liability & guarantees
 - Unitisation
 - Good oilfield practices
 - Abandonment
- Risks to the IOC: Identification & mitigation
 - Exploration, political, commercial, legal, technological, environmental & other risks
 - Weighting, mitigation & management – contracting, insurance & stabilisation
 - Joint & several liability
 - Transfer of interests

TITLE TO NATURAL RESOURCES

- Concepts & terms: Understanding ownership & transfer of title
- The concept of in situ mineral ownership
- The North American model
- The rest of the world
- Types of Host Government Contracts
- The Concessionary Model (an overview)
- The Contractual Model
- Production Sharing Contracts (an overview)
- Service Contracts (an overview)

HOST GOVERNMENT CONTRACT: TYPE ONE - THE CONCESSIONARY SYSTEM

- History of the Concessionary System
- Key components of the Concessionary System
- Example States
- Overview & analysis of examples

HOST GOVERNMENT CONTRACT: TYPE TWO - PSCS

- History of the PSC
- Example States
- Introduction to the key components of the PSC

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PRODUCTION SHARING CONTRACTS: A DETAILED EXAMINATION OF THE ISSUES

- The sharing of production
- Cost Oil & the recovery of petroleum costs
- Profit Oil & the sharing of petroleum
- Valuation issues
- Other fiscal terms including Production Bonuses & Taxes
- The contract area
- Relinquishment
- The term of the PSC & issues of extension
- Operatorship, assignment rights & parent company guarantees
- Restrictions on subcontracting
- The management committee
- Government obligations
- Contractor obligations & good oilfield practice
- Environmental obligations
- Default, cure periods & remedies
- Discovery & development issues
- Domestic market requirements
- Government participation
- Local supply issues: Materials & services
- Title to assets: During the term & upon term expiration
- Local training issues & the issue of Intellectual Property
- Import & export issues
- Economic stabilisation
- Gas clauses
- Pipeline issues
- Force Majeure
- Liability, indemnity & insurance
- Unitisation challenges
- Corruption issues
- Decommissioning
- Sovereign immunity & waiver
- Enforcement of rights & dispute resolution
 - ICSID
 - Energy Charter Treaty
 - Enforcement of foreign judgements & arbitral awards

TECHNICAL ISSUES & EXPERT DETERMINATION

- Discussion on Risk Service Contracts

DAY 5

DETAILED REVIEW OF THE PSC

THE PRODUCTION SHARING AGREEMENT: A DETAILED EXAMINATION

- Recitals: role & drafting
- Definitions: key terms
- Interpretation provisions
- Schedules & annexes
- Scope, term & termination
- Effective dates & conditions precedent
- Relinquishment
- The Work Programme & budget
- Consequences of non-performance
- The case of emergencies
- The exploration clause
- The discovery & appraisal clause
- Declaration of commerciality
- The development plan
- Decommissioning obligations & funding
- The conduct of work & standards of performance
- Health, Safety & Environment
- Goods, services, training & employment
- Subcontracting
- Recoverable costs
- Sharing of Petroleum
- State participation
- Domestic market obligations
- Valuation of petroleum
- Payments
- Provision of goods & services
- Title to equipment
- Dispute resolution
- Audits & reporting
- Management of operations
- Indemnity & insurance
- Force Majeure
- Assignment restrictions & change of control
- Additional provisions

AN EXAMINATION OF SUPPLEMENTAL AGREEMENTS

FINAL REVIEW & CONCLUDING REMARKS

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COURSE FORMAT

All of the School's courses encourage an interactive approach with case studies, simulation exercises and discussions, providing participants from across the world with the opportunity for fruitful exchange and learning. This interaction not only re-affirms the learning process and explores real issues, but it also helps to create long-lasting relationships with other course participants.



COURSE MATERIALS

In order to maximise the value to your business and further enhance the skills developed on the course, the School provides all participants with a 'starter kit' to take back to the office. This includes a set of comprehensive documentation supporting the course with notes, slides, recommended further reading and extra relevant materials. Many of our participants find that these course materials become an integral tool in their everyday working lives. Delegates are also provided with the full contact details of their course colleagues to facilitate the building of relationships and knowledge sharing after the course.



COMPUTER INTERACTIVE

Powerful spreadsheets related to a 35 countries' PSCs are included as part of the course



CASE STUDIES

Real-life examples of organisations' challenges and opportunities. These provide genuine insight and learning by questioning how they should respond to these topical issues.



SIMULATION EXERCISES

This course requires participants to take part in simulation exercises, putting into practise the knowledge gained.



FEEDBACK & ASSESSMENTS

Course leaders will provide constructive feedback and offer suggestions for improvement.

CERTIFICATES, ACCREDITED COURSES & CPD POINTS

CWC School for Energy courses offer the perfect opportunity for delegates to further their career progression and achieve their learning goals. We award all participants who successfully complete the programmes with fully accredited certificates, providing them with an industry recognised acknowledgement of their learning.

CWC School for Energy is a member of CPD, Continuing Personal / Professional Development Certification. All of our courses have been independently certified by the CPD and each participant will receive a declaration of attendance to a certified CPD course.

The School has also been awarded a Certificate of Accreditation for Independent Further and Higher Education by the British Accreditation Council (BAC). This accreditation is recognised by the UK Border Agency (UKBA), part of the Home Office and represents the clearest mark of educational quality.



“Very good presenter, obviously knows his stuff. Good connection with the class”

Georgios Dalierakis, Leading Negotiator, **STATOIL**



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**PEDRO
VAN MEURS**

Dr Pedro van Meurs, VAN MEURS CORPORATION

Dr Pedro van Meurs received his Ph.D. in Economic Geology (cum laude) in the University of Utrecht in the Netherlands in 1970. During the last 30 years he has worked on fiscal oil and gas issues in more than 70 countries worldwide. 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. Dr van Meurs speaks English, French, Dutch, Spanish and some German and Russian.



**TOM
VALENTINE**

Thomas E. Valentine, Partner, MACLEOD DIXON LLP ENERGY GROUP

Thomas E. Valentine practices in the area of energy law with nearly 25 years of experience in the oil and gas industry, both as a barrister and as a solicitor. In addition to being a Partner with Macleod Dixon LLP, Tom has also served as Senior Counsel (Projects) with Qatar Petroleum, the national oil and gas company for the State of Qatar. While in Doha, Tom was involved in the QatarGas II Project for the sale of LNG into the United Kingdom, the RasGas (Train 3) Project for the sale of LNG into India, and the Endesa Generacion Project for the sale of LNG into Spain. Tom continues to be involved as legal counsel and advisor to LNG projects around the world including current projects in the Middle East, Canada, the United States, West Africa and South America.

Tom speaks and lectures on LNG and LNG contracting issues on a regular basis and has appeared at seminars and workshops across Canada and the United States, as well as in China, South America, West Africa and the Caribbean. In addition to LNG projects, Tom's conventional oil and gas work involves projects in the Middle East, the CIS, South America and Africa. Tom obtained his B.A. from the University of British Columbia in 1983, his LL.B. from Dalhousie University in 1986, and his LL.M. from the London School of Economics in 1989. He received the Mabrouk Award from Qatar Petroleum in 2003 and is rated by Martindale & Hubbell's Legal Counsel Rating System as "Very High to Preeminent". He received the R.P. Bamford Award for Academics from Dalhousie University, and the Award of Excellence from the Canadian Petroleum Law Foundation.

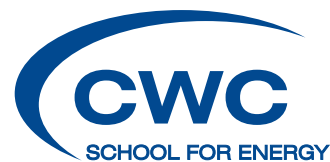
“Both course leaders have great knowledge, presentation skills and examples.”

Daniela Marques, Legal Adviser to the Government, MINISTRY OF MINES & ENERGY BRAZIL

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PRODUCTION SHARING CONTRACTS FISCAL, LEGAL & COMMERCIAL ASPECTS



REGISTRATION FEE: £3399 +VAT

- MODULE 1 - DAYS 1-3 - £2599 +VAT
 MODULE 2 - DAYS 4-5 - £1799 +VAT

Your fee for the full 3 days includes documentation, , course software, morning coffees, lunches and refreshments.

YOUR DETAILS

Mr/Mrs/Ms/Other (please specify)

First names

Last name

Company

Company VAT/TAX No:

Job title

Department

Tel (incl.country code)

Mobile:

Fax (incl.country code)

Address

Postcode

Country

CONTACT FOR PAYMENT

Name

Tel (incl.country code)

Fax (incl.country code)

Email

BOOKING CONDITIONS

Full payment is due within 14 days from date of invoice and before the course commences. Delegates will not be allowed entry to the course if any payments are outstanding. A confirmation letter and invoice will be sent to you on receipt of your booking. If you are unable to attend, a substitute delegate is always welcome. If you cancel your place more than one month before the event a 20% cancellation fee will be applicable. If you cancel your registration within one month of the event, or fail to attend the event then a 50% cancellation fee shall be applicable. Cancellation must be made in writing and will be acknowledged in writing. CWC has the right to cancel your place at any time. 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.

Please sign here to show you have read and understood the booking conditions

DATA PROTECTION

The personal information provided by you will be held on a database and may be shared with companies in the CWC Group. Sometimes your details may be made available to external companies for marketing purposes. If you do not wish your details to be used for this purpose, please write to CWC School for Energy Limited, Database Administration, Regent House, Oyster Wharf, 16-18 Lombard Road, London SW11 3RB, UK

REGISTERED OFFICE

CWC School for Energy Limited, Regent House, Oyster Wharf, 16-18 Lombard Road, London, SW11 3RB, UK

EASY WAYS TO REGISTER



Telephone

+44 20 7978 0007
to reserve your place



Fax

your completed form to
+44 20 7978 0099



Email

your details to us at
cwctraining@thecwcgroup.com



Post

the completed form together with payment
to: CWC School for Energy Limited
Regent House, Oyster Wharf, 16-18 Lombard
Road, London SW11 3RB, UK

PAYMENT OPTIONS

FULL PAYMENT IS DUE WITHIN 14 DAYS FROM DATE OF INVOICE AND BEFORE THE COURSE COMMENCES. DELEGATES WILL NOT BE ALLOWED ENTRY TO THE COURSE IF ANY PAYMENTS ARE OUTSTANDING.

- Cheque** I enclose a cheque made payable to
CWC School for Energy Limited for:

Please send cheques to CWC School for Energy Limited,
Regent House, Oyster Wharf, 16-18 Lombard Road,
London SW11 3RB, UK

- Bank Transfer** Barclays Bank Plc. Account No: 30827061
Sort Code: 20-78-58 Swift Code: BARCGB22
IBAN: GB71 BARC 2078 5830 8270 61

All bank transfers must be marked clearly with the delegate
name/invoice number

- Credit \ Debit card** Please debit my card:



An additional 1.5% finance charge will be
applicable on all card transactions

Security code

Name on card

Expiry date

Today's date

Billing address

Postcode

Country

Signature