

World Fiscal Systems for Oil and Gas

Course leader: Pedro van Meurs

IN HOUSE TRAINING COURSES: 2009
Computer interactive training course available in
3-day, 4-day and 5-day programs

Run over 25 years now, this world famous course continues to be an outstanding success, providing participants with an intimate knowledge of petroleum upstream fiscal systems. 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*
- *How government policies impact on fiscal systems*
- *Competitive world frameworks for investing in the petroleum sector*
- *Future trends in petroleum fiscal terms*

The course is 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 30 years he has worked on fiscal oil and gas issues in more than 70 countries in the world. He was lead 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**
- **Capitalization 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**
- **New Alberta royalty system**

COURSE PROGRAM

Monday

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</p> <ul style="list-style-type: none"> • Signature bonuses and bonus bidding: USA, Canada, Kazakhstan and the Netherlands • Production bonuses: Bangladesh, Egypt and Nigeria • Rentals and acreage management: Alberta and 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, Venezuela, US Gulf of Mexico, Thailand, Nova Scotia, Trinidad and Tobago • Severance Taxes: USA • Mineral Extraction Tax: Russia • Price Discounts: Pakistan 	<p>Corporate Income Tax</p> <ul style="list-style-type: none"> • Consolidation and Ring-fencing: UK, Thailand and Pakistan • Group taxation: USA, the Netherlands and Australia • Gross revenue determination and Tax Reference Prices (Gabon) • Deduction of other payments to government: Canada, Norway, Colombia and 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)

Tuesday

Morning	Afternoon
<p>Corporate Income Tax (continued)</p> <ul style="list-style-type: none"> • Depletion allowances and provisional allowances: Spain and Chad • Uplifts: Nigeria and Australia • Tax rates and globalization of corporate income tax • Tax credits: USA and Canada • World wide corporate income tax systems, tax credits, tax treaties: USA, the Netherlands, Malaysia <p>Production Sharing</p> <ul style="list-style-type: none"> • The original Indonesian concept • Profit Oil and sliding scales: Philippines, JDA, Egypt, Yemen, China, Malaysia, India, Azerbaijan, Guyana and Trinidad and Tobago • Cost Oil, cost oil limits and sliding scales: Vietnam, Equatorial Guinea, Turkmenistan, Syria, Oman, India, Indonesia, Nigeria, Egypt, Angola and Yemen 	<p>Production Sharing (continued)</p> <ul style="list-style-type: none"> • 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 • Production sharing and royalties: Malaysia, Pakistan, Gabon, Mongolia and Vietnam • Production sharing and corporation income tax: Bangladesh, Egypt, Sudan, Indonesia, Angola, China, Malaysia and Nigeria <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 • Payments upon participation • Fixed rate carried interest: Colombia, Malaysia and China • Sliding scale carried interest: Mauritania • Special state company financing features: PNG and Gabon • Carried interest and corporate income tax • Carried interest and production sharing: China

Wednesday

Morning	Afternoon
<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 • Special Taxes based on Net Revenues: UK, Alberta oil sands, Brazil, Alaska, the Netherlands and Algeria • Tax credits that can be traded: Alaska • IRR based taxes: PNG, Ghana and Australia • IRR based profit oil and royalties: Russia-Sakhalin, Azerbaijan, Angola, Canadian frontier royalty and Newfoundland • R-factors: Peru, Azerbaijan, India and 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 	<p>Value Added Taxes, Import Duties and Property Taxes</p> <ul style="list-style-type: none"> • Value added taxes • Value added tax credits rather than refunds: Mexico and Bolivia • Value added tax problems: Russia, China, Brazil and Vietnam • Import duties • Temporary importation • Import duty exemptions: Pakistan • Export duties: Russia • Property Taxes: USA and Canada <p>Service contracts</p> <ul style="list-style-type: none"> • Iraq 1996 single fee model • Kuwait Operating Services Agreement • Venezuela service contracts for marginal fields • Iran service contracts of the 1970's • Iran Buy Back Agreements • Mexican Multiple Service Contracts • Iraq Development and Production Contracts

Thursday

Morning	Afternoon
<p>Incremental analysis</p> <ul style="list-style-type: none"> • Introduction to Excel based spreadsheet for "incremental" analysis • Incremental analysis: corporate income tax • Incremental analysis: royalties, production sharing and carried interest • Incremental analysis: IRR and R-factor based features • Analysis of goldplating: PNG and India <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, Nigeria, China, Indonesia and Columbia 	<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 <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 risk and gas marketing risk <p>Resource Policies</p> <ul style="list-style-type: none"> • Exploration promotion • Cost effective operations • Maximum recovery of reserves and marginal field development • Heavy oil development and gas development

Friday

Morning	Afternoon
<p>Economic Policies</p> <ul style="list-style-type: none"> • Encouraging investment and re-investment • Maximizing domestic economic growth and training and education • Frontier/regional development <p>Administrative Policies</p> <ul style="list-style-type: none"> • Revenue and cost verification • Cost of administration 	<p>Internal distribution of government take</p> <ul style="list-style-type: none"> • Federal, provincial/state and municipal participation in government take • Participation by native groups, private land owners and consumers <p>Worldwide Future Trends</p> <ul style="list-style-type: none"> • Anticipated world and petroleum industry developments • Government take development • Large resource access • Simplification and diversification of term • Impact of globalization and increased attention to the people

COURSE PROGRAM VERSIONS

World Fiscal Systems for Oil and Gas is available on the basis of 3-day, 4-day and 5-day courses. The 5-day course provides the course program on the basis of a 7 hour per day schedule and terminates at noon on the 5th day. The 4-day and 3-day programs provide the same computer-inter-active exercises. In the 4-day course and 3-day course lectures are focused on the main topics and more detailed aspects are left out of the program. During in-house courses participants bring their own lap-tops. Winword, Powerpoint and Excel 2003 must be available on the laptops. The course can be provided in English or Spanish.

COURSE FEES

Dr. Pedro van Meurs is available to provide World Fiscal Systems for Oil and Gas on an in-house basis anywhere in the world on a mutually agreed time. Courses are being provided on a “flat fee” basis. The following schedule is for groups of up to 25 participants. For larger groups please contact Van Meurs Corporation for a quote. The fees quoted are net of any withholding tax or fiscal retention that may apply.

Flat fees in US\$	3 day	4 day	5 day
North America, Caribbean	35,000	38,000	40,000
Latin America, Thailand	41,000	44,000	46,000
EU, Norway, Switzerland	48,000	51,000	53,000
Other Countries - “No Visa”	55,000	58,000	60,000
Other Countries – “Visa”	71,000	74,000	76,000

“No Visa” means that I will be able to enter the country on my Dutch passport without a visa or by receiving a visa on arrival at the airport. For example: UK, Singapore, Jordan or Dubai. “Visa” means that I will have to stop over on my way to the country for a period of no more than three days in order to obtain a visa prior to arrival. For example: Algeria. In this case, the client is to provide required documentation in order to obtain the visa.

“in-house” indicates that the course is, in principle, only accessible for participants from the company or the government providing the course. However, upon prior consultation with VMC, special arrangements can be made for other possible participants to attend.

Fee includes: my lectures, lodging and travel and free copy of software and electronic class materials for each participant.

Fee does not include: venue, computer rental, coffee/tea/lunches/dinners, etc.

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

CONTACT

Interested parties can contact us for more information at the following addresses:

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