Petroleum Economics

The course is designed for staff working in geoscience, engineering, finance, or commercial departments of oil and gas companies, or companies who supply finance or services to the oil and gas industry. It is also suitable for commercial staff entering into finance, economics and planning assignments.

The course provides knowledge of the role of petroleum economics in decision making for both exploration and production ventures.

It gives participants the skills to perform economic evaluations using a selection of techniques, including discounted cashflow forecasting, ranking of projects against alternatives, and investigation of economic robustness. Learning is reinforced by working on a series of real examples such as decisions on investment in E&P projects, valuing and justifying appraisal activity, ranking alternative investment options, and evaluating incremental projects.
Petroleum Economics continued

Course Content:
Introduction
Overview of the global oil and gas industry
• Supply and demand – history and future
Development Economics
• Basic principles
• Constructing a project cashflow
• Discounting
• Economic indicators (profitability, efficiency, risk, timing)
• Impact of inflation and pricing factors
• Project ranking and screening
• Taxation/Contract concepts
• Corporate Financial drivers
• Sensitivity analysis
Exploration Economics
• Probability and expectation curves
• Expected monetary value (EMV)
• Decision Tree analysis and bid evaluation

Course Tutors

Mark Cook  BSc, MBA
Main Series tutoring: Early Development, Business & Risk, Reservoir Engineering
Industry experience: over 30 years, reservoir engineering
Career background: Shell, TRACS (Director) and AGR (VIP)
Personal: Author, 'Hydrocarbon Exploration and Production'; SPE distinguished lecturer on Risk Analysis

Bjørn Smidt-Olsen  MSc, Sloan Fellow (London Business School)
Main Series tutoring: Business & Risk
Industry experience: over 25 years, commercial, management and geoscience
Career background: Shell, TRACS and AGR
Personal: Management consultant, economics and risk course development

David Palmer  BA (Hons) Economics
Main Series tutoring: Business & Risk
Industry experience: over 25 years, commercial, economics
Career background: BP, Britoil, TRACS and AGR
Personal: Commercial Manager, Senior Business Analyst, Learning and Development Manager

Richard Oxlade  MEng
Main Series tutoring: Reservoir, Early Development, Master Class (business)
Industry experience: over 30 years, commercial, reservoir engineering
Career background: BP, TRACS and AGR
Personal: Global advisor, business planning & economic analysis

Course Duration:
Duration is 2 - 3 days.

Courses available from this series:
Strategy & Performance Management
Petroleum Economics
Oil and Gas Business Decisions
Risk Analysis
Petroleum Economics and Risk Analysis
Oil and Gas Risk Management
E&P Business Simulation (Panacea)
Asset Trading Game
Petroleum Risk and Portfolio Management

Incremental economics
• Typical incremental projects during the field life cycle
• Evaluating of incremental projects
• Operational decision making under risk

Managing a varied portfolio
• Methods of ranking value of the components of a portfolio
• Incorporating strategic and political factors