



Arabian Institute For Training

Cash Calls in Oil and Gas Venture Operations

INTRODUCTION

- In oil and gas projects, many of the international and national oil & gas companies are collaborating in Joint Venture (JV), The purpose of a JV is to develop and produce oil and/or gas in an economically viable manner. It also assists oil and gas companies to mitigate the risk existed in different stages of lifecycle of a field.
- Billions of dollars are invested every year in the upstream projects. This huge amount of investments will be done mainly in accordance with the terms and conditions of a Joint Operating Agreements (JOA), which imposes an obligation on all participants to contribute funds to shared activities. Fundamentally, a Joint Venture agreement requires all participants to pay their share of expenses (operating or capital) upon a cash call by the operator; however, should any of the investors fail to pay its share. Such a failure will normally constitute a “Default” under the terms and conditions of the a Joint Operating Agreements (JOA).
- This training course on Cash Calls in Oil and Gas Venture Operations has been designed to explain the basics of cash calling in Joint Venture contracts with practical accounting procedures and reporting; types of cash; fundamentals and workflows for cash calling in joint venture contracts; outstanding cash calls and repayment options; impact of cash default on joint venture operations and profitability. The course also highlights critical issues relating to implementing oil and gas joint venture budgeting and auditing processes. Both the structural aspects of cash calling as well as real-world case studies will be discussed to illustrate the field application of the concepts in the course.

OBJECTIVES

- This is a unique training course with the professional techniques that enables delegates from all financial and commercial disciplines to effectively understand the Cash Calling activities through the oil and gas joint venture. outstanding cash calls and repayment options, impact of cash default on the project viability, and disputes – are included.
- This Cash Calls in Oil and Gas Venture Operations training course will also cover contract types, and it also outlines critical issues involved in making oil and gas joint venture successful and the accounting, budgeting and auditing practices involved.

By the end of this training course:

- Delegates will be able to understand all the types of JV agreement in Oil & Gas industry
 - Delegates will be able to understand the issues to negotiate and agree a JVCC Arrangement
 - Delegates will be able to select the most appropriate forms of JVCC
 - Delegates will learn, and how to administer it during the asset's production phase
 - This advanced course will also equip attendees with the necessary knowledge to play a role in the JVCC Arrangement environment in an efficient and effective manner
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TRAINING METHODOLOGY

- This Cash Calls in Oil and Gas Venture Operations training course will utilize a variety of proven techniques to ensure maximum understanding, comprehension and retention of the information presented. This training course is highly interactive involving delegates in the discussion, analysis of case studies and exercises. Where appropriate, these will include real issues brought to the workshop by delegates.

ORGANISATIONAL IMPACT

- This Cash Calls in Oil and Gas Venture Operations training seminar is of direct relevance to the Oil & Gas sector and as a result the organizations will benefit greatly from their employee's participation.

The organization will gain from employees with:

- Understanding the nature of joint venture business structure and how to effectively perform the risks and benefits analysis in Joint Venture (JV)
- Identifying the processes in oil and gas joint venture accounting, budgeting, reporting and auditing
- Exploring cash call types, Accounting and funding for oil and gas joint venture operations
- Analyzing cash calling and evaluation its impact in joint venture business
- Solving problems associated with cash calls in O & G joint venture operations

PERSONAL IMPACT

This training seminar will of personal benefit to delegates by providing you with a:

- Better understanding of the context and importance of the work you do
- Improved knowledge and skills to improve your effectiveness
- An ability to evaluate, analyse and recommend action
- Increased self-confidence and motivation at work
- Greater job satisfaction in providing quality support to management
- Greater ability to supervise, develop and motivate colleagues

WHO SHOULD ATTEND?

- This Cash Calls in Oil and Gas Venture Operations training course is designed for all business / investment analysts and assets managers, operation managers, cost controllers, accounting executive / managers, financial reporting managers, oil and gas operators, joint venture operators, joint venture non-operators, joint venture accountants, government regulators, and others.
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Course Outline

Overview of Joint Ventures in Oil & Gas Industry

- Overview of O&G Industry Today
- Types of Joint Venture and How to Get into Them
- Oil and Gas Joint Venture Principles
- Accounting for a Joint Venture
- Relationships with Host Governments
- Contrast of Key Drivers between IOCs and NOCs

Financing Fundamental of Oil & Gas Joint Ventures

- Negotiating and Formation of Joint Ventures
- Key Accounting and Financing Provisions
- Joint Venture Funding, Cash Management, and Billing Requirements
- Techniques to Effectively Balance of Cost, Risk and Reward
- The Effects of Recent Oil Price and Regulatory Trends Impacting Joint Ventures

Cash Calls in Oil & Gas Industry

- Overview of Cash Call Types in Oil and Gas Joint Venture Operations
- Financing Petroleum by Cash Calls
- Joint Venture Budgeting & Operating Principles
- Cost Concepts, Allocations, Costing by Product and Activity based Costing in Joint Venture Operations
- Process of Cash Call Funding, Account Reconciliation and Reporting
- Outstanding Cash Calls (deficit) and Repayment Options

Requirements of Cash Calls in Oil and Gas Joint Venture

- Responsibilities of Oil / Gas of Joint Venture Partners
- Managing Cash Call Statement
- Accounting for Deficit Cash Calls
- Impact of Cash Default on Operations and Profitability
- Difference between a Cash Call & a Cutback

Cash Call Practice & Improvement

- Cash Call Practice
 - Cash Call Problems
 - Refusal to Pay a Cash Call
 - Improvement to Cash Call Process
 - Closing
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