



What Every Resource Industry Executive Needs to Know About Upstream Oil and Gas Analysis and Financial Valuation.

Seminar Overview:

As an oil and gas industry analyst, you need to expertly analyze and evaluate resource opportunities. Your decisions inform company-wide strategy, impact future growth and create—or drain—shareholder value.

Do you have the financial and evaluative tools you need to make decisions with confidence?

To successfully evaluate oil and gas opportunities, you must be able to:

- **Master the basics of upstream oil and gas finance and valuation**
Oil and gas industry valuation requires a solid grounding in academic financial theory. What factors help you ferret out assets and discern project value? How can you identify—and manage—investment risks? Which elements of decision theory can be put to practical use to help weigh pros and cons of drilling opportunities, for example, or choose exploration prospects?
- **Wrap your mind around international fiscal regimes and a variety of petroleum stock evaluation tools**
Do you think knowledge of your country's fiscal regime is all you need to make informed valuation decisions? Think again. To uncover optimum investment opportunities, you need a lay of the international tax law landscape. How can tax implication analysis help you demystify foreign government regulations on petroleum exploitation? What's the lowdown on publicly released reserve reports—and how can they clarify reserve replacement ratios? Which petroleum company public records help equity analysts—and you—assess stock values?

Give us two days—and we'll teach you everything you need to know about petroleum industry analysis and valuation.

Whether you're a newcomer to the petroleum industry, a veteran analyst looking to stay on top of industry innovation—or a technician seeking brighter career prospects in management—you'll get the comprehensive education you need with Globecon's Petroleum Industry Analysis and Valuation Seminar.

Like having a friend inside the petroleum industry

Designed especially for busy executives, Globecon's Seminar condenses the most crucial industry valuation intelligence into a single fast-paced course.

Each two-day seminar is led by an experienced oil and gas industry expert and is designed to help you:

- Translate industry financial jargon into understandable language
- Simplify oil and gas finance theory
- Develop a timesaving toolset that lets you analyze discounted cash flow for more accurate valuation.
- Interpret project evaluation results faster.
- Grasp fiscal regimes—and uncover value--with hands-on models

Globecon's Seminar also shows you how to:

- Interpret oil and gas company financial statements like an industry veteran
- Recognize the difference between cash flow and profit—and the roles each plays in valuation
- Utilize oil and gas price hedging techniques
- Practice management techniques that increase shareholder value

Who can benefit from Globecon's Petroleum Industry Analysis and Valuation Seminar?

Resource industry professionals—analysts, asset managers or other decision-makers—of all experience levels benefit from Globecon's Petroleum Industry Analysis and Valuation Seminar. The Seminar is also a boon to financial services analysts who want to better serve clients in the gas, electric, oil, land reclamation and exploration, ecology and geology and exchange-traded commodities industries.

"How should I prepare for Globecon's Petroleum Industry Analysis and Valuation Seminar?"

To fully participate in Globecon's Seminar you need to know how to use a financial calculator like TI Business Analyst, HP-12C or HP-19—and be comfortable using spreadsheet software such as Microsoft Excel.

You should also complete three self-instructional guides from Globecon:

- Interest Rate Forwards
- Option Based Hedging
- Corporate Hedging Practices

Prior to the Seminar you will receive a briefing package, “Comprehensive Case Study” that includes a detailed company overview and financial information.

Please study the material carefully *before* the Seminar. Case Study information forms the foundation for a number of critical team exercises in which you'll play an active role during the Seminar.

Your team will depend on you to be very familiar with the materials, able to discuss specific needs of "your" client and prepared to identify needs of additional selected clients.

KEY SEMINAR CONTENT:

DAY 1: Master the Basics of Upstream Oil and Gas Financial Theory and Valuation

Morning

Financial Theory Review: Key Academic Theories that Support Modern Financial Analysis

In this session you'll learn the basic financial theories support financial investment decisions that deliver value growth—both personal and corporate and.

The session covers:

- Factors that drive share price growth
- Risk, return and value

How to Measure Performance: Accounting Profit and Total Shareholder Return

How do we measure performance of our business? Should we judge projects by the impact they will have on accounting profit—or by the future cash flows they will generate?

In this session you'll learn:

- Differences between profit and value
- Capital Asset Pricing Model (CAPM)—What's the cost of equity?

Discounted Cash Flow Analysis

To evaluate projects and assets, analysts commonly use a Discounted Cash Flow—“DCF”—analysis. In this session you'll learn in detail about key future flows needed for accurate DCF analysis—and how to combine them into cash flow statements.

You'll also discover the most important financial indicators and ranking tools—including NPV and IRR—and how to most effectively use them.

The session covers:

- Create a statement of cash flows
- Model and estimate revenue, capital, operating costs and taxation
- Identify financial indicators
- Use profit/investment for investor payback

Case Study #1: Simple Oil and Gas Project Valuation

You will be given basic production and cost data for a new oil project. After reviewing this information, your team will work together using DCF analysis to decide whether or not you should develop the project.

Afternoon

Risk and Sensitivity Analysis

After estimating value using DCF analysis, how do you assess risk from uncertainties that surround our project? In this session you'll learn to identify and quantify risks and—and decide how to manage them.

This session covers:

- Price and cost assumptions
- Dealing with inflation
- Managing financial risks
- Monte Carlo analysis

Decision Theory: How to Make Better Exploration Decisions

Some decisions are made under great uncertainty. How can you use these ambiguities to better analyze and compare drilling projects—and choose the best exploration prospects?

This session teaches you how to:

- *Justify decisions with uncertain outcomes
- Determine probability of success for well explorations
- Create decision trees
- Calculate expected monetary value of an exploration well

DAY 2: Everything You Need to Know About Fiscal Regimes and Petroleum Stock Assessment

Morning

How Fiscal Regimes Impact Your Analysis

Fiscal regimes are tax systems levied by governments in return for the right to exploit petroleum resources. Fiscal regimes vary enormously from country to country. To accurately evaluate a fiscal regime, you must consider how fiscal impact cumulatively affects available cash flows available.

This session also covers:

- Exploration prospects versus government take
- Royalty/Excise regimes
- Production Sharing Contracts (PSC)
- Contractor take versus government take

Cash Flow Analysis of a PSC

What are the components of a PSC—and how should they be modeled in our DCF evaluation?

In this session you'll explore:

- Cost recovery

- First tranche petroleum
- Bonuses
- Domestic obligations
- Profit oil split

Case Study #2: Simple Valuation of an Oil and Gas Project

You will be given basic production and cost data for a new oil project. After reviewing this information, your team will work together using DCF analysis to decide whether or not you should develop the project.

Afternoon

Reserves Statements: Understanding Proved, Probable and Possible Reserves

In this session you'll learn how to read—and make judgments about—reserves reports that are publicly released by petroleum companies.

This session also covers:

- Reserve classes valuation
- Reserve replacement ratios

Oil and Gas Stock Valuation

Exactly how do stock brokers and financial services' equity analysts determine company value and make buy and sell recommendations? To better understand the valuation process, you'll review petroleum companies' public released information and discuss how data is used to assess stock values.

This session covers:

- Equity valuation basics
- A range of valuation methods
- Discounted cash flow
- Earnings multiples
- Real options

After this session you'll understand how to:

- Interpret oil and gas stock financial statements
- Read a balance sheet, profit and loss statement and cash flow statement
- Weigh oil and gas stock accounting issues
- Use accounting for exploration
- Evaluate reserves

Case Study #3: How to Use Financial Statements to Determine Appropriate Share Price

Using your newly acquired knowledge and learning tools, you'll work with your team to evaluate oil and gas stock.

Workshop Review and Conclusion

TBD

Comprehensive Case Studies

With your team you'll work on a number of exercises using your new learning tools and information found in the Comprehensive Case Studies.

Your goal is to use analytical tools, data and client's specific financial strategies' recommendations to prepare a group presentation. On the last Seminar day, you and your team will present your valuation and receive an instructor critique.

Comprehensive Case Preparation

You and your team will have ample preparation time.

Comprehensive Case Presentations and Discussion

You and your team will have 30 minutes to present your analysis and solutions' recommendations to a review panel that plays the role of the client.

Non-presenting teams will be asked to challenge the presenting team's recommendations. After all presentations are made, additional time will be spent on group analysis and critique of the presentations.

Anatomy of a Deal

Bank executives will present one or more transactions from specific clients. These will be discussed as representative of the tools and techniques discussed in this workshop.