Optimizing Gas Pricing & Sales Strategy

Maximize returns through effective gas pricing and marketing strategies

27th Feb 2013 – 1st Mar 2013, Kuala Lumpur, Malaysia

Petrosync Distinguished Lecturer
Dennis Stickley
International Legal Expert in Petroleum Law and Contract Negotiation
Distinguished Visiting Professor, Insurance Law and Oil and Gas Law
University of Wyoming.

- Over 30 years international experience in petroleum laws and contract negotiation
- Qualified lawyer in the U.S, New Zealand and listed in the Guide to the World’s Leading Energy and Natural Resources Lawyers
- Previously Chief Legal Officer for Sinclair Oil Corporation in the US and the Petroleum Exploration Corporation of New Zealand
- Principal instructor in delivering workshops and seminars on Petroleum Industry Negotiations, Petroleum Service Contracts, Gas Industry Contracts, Electrical Power Contracting, Production Sharing Contracts and Downstream Petroleum Law for various corporate and government organizations internationally
- Consults for the international oil & gas industry on petroleum law, contract negotiations, and commercial aspects of the petroleum and power industries worldwide

Receive a copy of Prof. Stickley’s text “A Framework for Negotiating & Managing Gas Industry Contracts” which includes a CD containing sample contracts and checklists for negotiation.
Natural gas is rapidly becoming ‘the fuel of choice’ in many countries. At the same time it is one of the world’s most capital-intensive industries. As such, participants in the natural gas industry must confront the central issue of the ability to mobilise the investment required to undertake project development. The solution to this question turns strategies for (1) Marketing and (2) Pricing. Marketing is viewed in terms of balancing demand with supply. Pricing considerations include both the energy value of gas as a commodity as well as costs for processing, transportation and storage. Approaches to both issues vary regionally according to the role that natural gas plays in relation to alternative sources of energy.

This 3-day course will cover the essence of establishing good practices in gas marketing and pricing from both the technical and commercial perspectives through specific understanding of the current gas market structure and mastering the gas/LNG pricing strategies in a competitive global gas market reinforced with real world gas/LNG case studies learning.

**Course Objectives**

- **ESTABLISH** good practices in gas marketing and pricing from both the technical and commercial perspectives
- **GAIN** a thorough understanding of the current gas market structure
- **MASTER** and **APPLY** the gas/LNG pricing strategies in a competitive global gas market
- **MANAGE** a good balance between the supply and demand of natural gas in a competitive global market
- **RECOGNISE** the importance of the physical integration of the Gas Industry or what is referred to as the Gas Chain
- **UNDERSTAND** various approaches for pricing natural gas and **SELECT** the most cost effective one aligned with your organization goals
- **MAXIMIZE** your practical experience by participating in simulations on gas price negotiation
- **MINIMIZE** transportation and storage cost of natural gas while fulfilling the contract specifications for gas delivery

**Specially Designed for**

The course is designed for oil & gas professionals involved in gas/LNG production, purchase, transportation and sales including:

- Gas/LNG negotiators
- Government regulators
- Contract executives, specialists & managers
- Purchasing executives & managers
- Commercial executives & managers
- Business development executives & managers
- Project executives & managers
- Financial executives, managers and controllers
- Gas/LNG buyers, sellers, distributors and traders
- Gas/LNG project investors and advisors.

**Procurement and Legal Training Courses (JANUARY - JUNE 2013)**

<table>
<thead>
<tr>
<th>DATE</th>
<th>COURSE TITLE</th>
<th>INSTRUCTOR</th>
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<tbody>
<tr>
<td>18th – 22th February</td>
<td>Optimizing the Tender Process in your Organization</td>
<td>Jim Bergman</td>
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<tr>
<td>4th – 6th March</td>
<td>Production Sharing Contracts in Oil &amp; Gas</td>
<td>Dennis Stickley</td>
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<tr>
<td>7th – 8th March</td>
<td>Negotiating Successful Farm-Out Agreements for Oil &amp; Gas Contracts</td>
<td>Dennis Stickley</td>
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<tr>
<td>22nd – 24th April</td>
<td>Successful International Arbitration for Resolving Disputes</td>
<td>Shai Wade, Louis Flannery</td>
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<tr>
<td>15th – 17th May</td>
<td>Optimizing Gas Pricing &amp; Sales Strategy</td>
<td>Dennis Stickley</td>
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<tr>
<td>20th – 22nd May</td>
<td>Negotiating LNG &amp; Gas Contract: Strategy, Drafting &amp; Management</td>
<td>Dennis Stickley</td>
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<tr>
<td>13th – 17th May</td>
<td>Oil &amp; Gas Contract Management: Principles &amp; Practices</td>
<td>Jim Bergman</td>
</tr>
<tr>
<td>10th – 11th June</td>
<td>Mastering OSV CharterParty Interpretation and Management</td>
<td>Anshuman Singh</td>
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Commercial Consideration in Natural Gas Development

Day 1 focuses on the first principles of developing and marketing Natural gas. This includes analysis of project risk criteria and the need for co-ordination among policy-makers, suppliers, purchasers, transporters and lenders. There is one over-riding concern at each stage – balancing demand with supply. A fundamental step in understanding the Gas Industry is to recognise the importance of the physical integration of the Gas Industry or what is referred to as the Gas Chain. Contemporary gas markets are characterised by the use of value adding strategies at each segment of the Gas Chain.

Development of Natural Gas

1.1 First Principles of Natural Gas Development
   • Understanding the Gas Chain
   • Project Development Stages

1.2 Managing Development Risks
   • Completion Risk
   • Market Risk
   • Political Risk

1.3 Role of Governments
   • Legal Framework
   • Prescriptive v. Light-handed Regulation

1.4 Analysis of Project Feasibility
   • Economic Yardsticks – Rate of Return, Pay-out, etc
   • Cash-flow Analysis

1.5 Final Investment Decision
   • Design & Construction
   • Key Commercial Agreements
   • Financing

[Exercise] : Upstream Project Financial Analysis

Commercial Issues

2.1 Natural Gas Markets
   • Market Characteristics
   • Global Gas Trade

2.2 Gas Marketing Strategies
   • Fuel v. Feedstock
   • Supply Security

2.3 Competing Fuels
   • Energy Conversions
   • Handling & Storage
   • Price Volatility
   • Environmental Issues

2.4 Natural Gas Sales & Purchase Agreements
   • Contractual Formats
   • Key Terms & Trade-offs

[Exercise] : Calculating Energy Equivalent Fuel Prices
Options for Pricing Natural Gas

Day 2 focuses on the variety of approaches for pricing Natural Gas. The sales price of the gas can be one of the most intricate commercial issues in the utilization of natural gas. Producers and Buyers have fundamentally different approaches for determining the price according to the duration of the sales contract and whether the gas is delivered by pipeline or as LNG. These differences are highlighted in the simulation on price negotiation.

Gas Pricing

3.1 Long-term Contracts
   - Indefinite Price Formula
   - Alternative Fuel References

3.2 Spot Contracts
   - Pricing Hubs

3.3 LNG Supply Contracts
   - Atlantic Basin
   - Pacific Basin

3.4 Price Indexation & Adjustments
   - Inflation
   - Changes in Commodities

3.5 Price Re-negotiation
   - Periodic Reopener
   - Market Changes & Economic Hardships
   - Arbitration

Negotiation Simulation

4.1 Using Financial Models
   - Production Costs & Revenue
   - Discount Rate
   - Contract Duration

4.2 Project Evaluation
   - Target Rate of Return
   - Competing Fuel Cost

4.3 Indicative Prices
   - Base Price
   - Point of Delivery

4.4 Adjustments Between Price and Delivery Obligations
   - Minimum Bill
   - Firm vs. Interruptible

[Exercise] : Gas Pricing Formula for Pacific Basin LNG

[Exercise] : Cost of Power Generation from Natural Gas

Costs and Value of Transportation & Storage

Day 3 brings the transportation and storage of Natural Gas into the discussion. Transportation and storage arrangements add value because these services allow the seller and purchaser to meet contract specifications for gas delivery. These activities involve the use of interconnected facilities including processing plants, high pressure pipelines, LNG carriers and storage terminals.

Natural Gas Transportation

5.1 Transportation Access & Costs
   - Access Regimes
   - Transportation Obligations
   - Transportation Tariffs

5.2 Natural Gas Transportation Agreements
   - Dedicated Pipelines
   - Open Access Systems

5.3 LNG Charters
   - Long-term Charters
   - Spot Cargoes

Natural Gas Delivery & Storage

6.1 Storage Access & Costs
   - Integrated v. Stand-alone
   - Storage Tariffs

6.2 Multi-User LNG Terminal Agreements
   - Services
   - Contract Conditions

6.3 Natural Gas Storage Agreements
   - Services
   - Contract Conditions

[Exercise] : 2-Part Pipeline Tariff, and LNG Charter Rates
Mr. Stickley is an international legal expert in petroleum law who is based in New Zealand. He is a qualified lawyer in the United States as well as New Zealand and has been listed in the Guide to the World's Leading Energy and Natural Resources Lawyers. He is currently a Distinguished Visiting Professor at the University of Wyoming, where he teaches Oil & Gas Law, Mining Law and Insurance Law.

In his forty years of practice, Mr. Stickley has been the chief legal officer for Sinclair Oil Corporation in the US, and the Petroleum Exploration Corporation of New Zealand. He has also worked as an adviser on law and negotiations regarding petroleum resource development, pipeline transportation and fuel purchase contracts to Petrobangla, PetroVietnam, Kazmunigaz, Cambodian Petroleum Authority, Perusahaan Gas Negara (Persero), Gas Authority of India, Papua New Guinea Department of Mines and Petroleum, Philippines National Power Corporation and the Sri Lanka Petroleum Resources Development Secretariat.

Mr. Stickley has been a consultant to the Asian Development Bank, The World Bank and the European Investment Bank on petroleum sector policy, project financing for oil and gas development and cross-border gas trade in Azerbaijan, Bangladesh, China, Cambodia, Greece, India, Indonesia, Kazakhstan, Laos, Philippines, Papua New Guinea, Vietnam and East and West Africa. He was the legal adviser to four West African governments for the West African Gas Pipeline Project and was appointed as an adviser by the US State Department and Department of Commerce on gas pipeline projects in Azerbaijan and Bangladesh. In 2007, Mr. Stickley was selected as the independent expert on petroleum contracts as part of the implementation process for the Peace and Wealth Sharing Agreement between the Government of the Sudan and the People's Liberation Movement / Army of Southern Sudan.

He has presented training programs on the legal and commercial aspects of the petroleum and power industries for APEC, AusAID, TACIS, NZMFAT, USAID and USTDA. In-house training programs have been conducted for UNOCAL Thailand, CALTEX Indonesia, and Fletcher Challenge Energy. Public courses have been presented for British Geologic Survey (Papua New Guinea), Ghana Bar Association, IHRDC (Indonesia & USA), Instituto Brasilerio de Petroleo (Brazil), LDI Training (Indonesia), Centre for Mining & Petroleum (Australia) the Oxford College of Petroleum Studies (Kazakhstan & UK) and PEPCAC (Pakistan).

The University of Dundee, Centre for Energy, Petroleum and Mineral Law and Policy has appointed Mr. Stickley as Honourary Lecturer where for the last fifteen years he has been the Course Director and principal instructor for seminars on Petroleum Industry Negotiations, Petroleum Service Contracts, Gas Industry Contracts and Electrical Power Contracting, Production Sharing Contracts and Downstream Petroleum Law.

He is the course author of International Comparative Petroleum Law and has published "A Framework for Negotiating and Documenting International Petroleum Transactions" and "A Framework for Negotiating and Managing Gas Industry Contracts" in which a preview of the table of contents and the first chapter will be made available upon request.

Mr. Stickley's research in the field of petroleum law has been published in the Land and Water Law Review, Tulsa Law Journal and Journal of Comparative and International Law. He received the degrees of Juris Doctor from the University of Wyoming and LLM-Energy Law from the University of Utah and is a member of the New Zealand Law Society, U.S. Supreme Court Bar Association and the Association of International Petroleum Negotiators.

**SELECTED CLIENT LIST**

- Shell
- BP
- Exxon-Mobil
- Saudi Aramco
- Chevron
- Petronas
- Pertamina Refining Directorate
- Perusahaan Gas Negara (Persero)
- PetroVietnam
- China National Oil Development Corporation (CNOC)
- Woodside Petroleum
- OMV
- Santos
- UNOCAL Thailand
- CALTEX Indonesia
- Halliburton Energy Services
- British Gas
- Interoil
- Petrobangla
- Nigerian National Oil Corporation
- National Petroleum Corporation of Namibia
- Cambodian Petroleum Authority
- Gas Authority of India
- Papua New Guinea Department of Mines and Petroleum
- Philippines National Power Corporation
- Sri Lanka Petroleum Resources Development Secretariat.
27th Feb 2013 – 1st Mar 2013

INVESTMENT PACKAGES

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<th>Investment Package</th>
<th>Deadline</th>
<th>Course Fee</th>
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<tr>
<td>Standard Price</td>
<td>25th Feb 2013</td>
<td>SGD $3,995</td>
</tr>
<tr>
<td>Early Bird Offer</td>
<td>1st Feb 2013</td>
<td>SGD $3,795</td>
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<tr>
<td>Group Discount (3 or more Delegates)</td>
<td>25th Feb 2013</td>
<td>10% discount for groups of 3 registering from the same organization at the same time</td>
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</tbody>
</table>

Group Discount is based on Standard Price

- To enjoy the promotion & discount offer, payment must be made before deadline
- For 7 or more delegates, please inquire for a more attractive package.
- Prices include lunches, refreshments and materials. Promotion & discount cannot be combined with other promotional offers.
- Important: Please note that registration without payment will incur a SGD 200 administration fee.

DELEGATES DETAILS

1st Delegate Name ________________________  Mr ☐ Mrs ☐ Ms ☐ Dr ☐ Others ☐
Direct Line Number: __________________________ Email: __________________________
Job Title: __________________________ Department: __________________________
Head of Department: __________________________

2nd Delegate Name ________________________  Mr ☐ Mrs ☐ Ms ☐ Dr ☐ Others ☐
Direct Line Number: __________________________ Email: __________________________
Job Title: __________________________ Department: __________________________
Head of Department: __________________________

3rd Delegate Name ________________________  Mr ☐ Mrs ☐ Ms ☐ Dr ☐ Others ☐
Direct Line Number: __________________________ Email: __________________________
Job Title: __________________________ Department: __________________________
Head of Department: __________________________

INVOICE DETAILS

Attention Invoice to: __________________________
Direct Line Number: __________________________ Fax: __________________________
Company: __________________________ Industry: __________________________
Address: __________________________________ Postcode: __________________________
Country: __________________________ Email: __________________________

Please note: - Indicate if you have already registered by Phone ☐ Fax ☐ Email ☐ Web ☐
- If you have not received an acknowledgement before the training, please call us to confirm your booking.

PAYMENT METHODS

☐ By Credit Card :
Please debit my credit card: ☐ Visa ☐ MasterCard ☐ AMEX ☐ Security Code: __________
Card Number: __________ Expiry Date: __________

☐ By Direct Transfer : Please quote invoice number(s) on remittance advice
PetroSync LLP Bank details:
Account Name: PetroSync LLP
Bank Number: 7144 - Branch Code: 013 - Account No: 13-1-005531-6
Name of Correspondent Bank: Standard Chartered Bank, 6 Battery Road, Singapore 049909
SWIFT Code of Correspondent Bank: SCBLSGSX

All bank charges to be borne by payer. Please ensure that PetroSync LLP receives the full invoiced amount.

I agree to PetroSync’s terms & conditions, payment terms and cancellation policy.

Authorized Signature : __________________________
PAYMENT TERMS : Payment is due in full at the time of registration. Full payment is mandatory for event attendance.

CHARGES & FEE(s)

- For Payment by Direct Telegraphic Transfer, client has to bear both local and oversea bank charges.
- For credit card payment, there is additional 4% credit card processing fee.

TERMS AND CONDITIONS

DISCLAIMER

Please note that trainers and topics were confirmed at the time of publishing; however, PetroSync may necessitate substitutions, alterations or cancellations of the trainers or topics. As such, PetroSync reserves the right to change or cancel any part of its published programme due to unforeseen circumstances. Any substitutions or alterations will be updated on our webpage as soon as possible.

DATA PROTECTION

The information you provide will be safeguarded by PetroSync that may be used to keep you informed of relevant products and services. As an international group we may transfer your data on a global basis for the purpose indicated above. If you do not want us to share your information with other reputable companies, please tick this box ☐

CANCELLATION POLICY

You may substitute delegates at any time as long as reasonable advance notice is given to PetroSync. For any cancellation received in writing not less than fourteen (14) working days prior to the training course, you will receive credit voucher less a SGD 200 administration fee and any related bank or credit card charges.

Delegates who cancel less than fourteen (14) working days of the training course, or who do not attend the course, are liable to pay the full course fee and no refunds will be granted.

In the event that PetroSync cancels or postpones an event for any reason and that the delegate is unable or unwilling to attend in on the rescheduled date, you will receive a credit voucher for 100% of the contract fee paid. You may use this credit voucher for another PetroSync to be mutually agreed with PetroSync, which must occur within a year from the date of postponement.

PetroSync is not responsible for any loss or damage as a result of the cancellation policy. PetroSync will assume no liability whatsoever in the event this event is cancelled, rescheduled or postponed due to any Act of God, fire, act of government or state, war, civil commotion, insurrection, embargo, industrial action, or any other reason beyond management control.

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