



N603: Fundamentals of Oil and Gas Property Acquisition and Finance

Instructor(s): Gerald Henderson

3 Days

Competence Level:
Foundation



Classroom Course

Summary

This course is designed for industry professionals requiring an understanding of the unique aspects of oil and gas property transactions. The course will focus on the skills required in evaluation (both buy-side and sell-side), financing, acquisition, and exploitation planning for an oil and gas entity. It will include a real-world acquisition case which will examine undeveloped reserves, pipeline facilities, and competitive bidding. Participants will gain an appreciation for the unique and specialized aspects of energy transactions as well as the nuances of forecasting product price, cost, and capital availability for successful business development.

Learning Outcomes

Participants will learn to:

1. Describe the unique aspects of oil and gas acquisitions.
2. Evaluate an asset financially.
3. Analyze the need for due diligence.
4. Determine reserves.
5. Describe structured finance.
6. Apply competitive bid theory.
7. Generate basic economic valuations.
8. Examine joint venture structures.
9. Generate simple cash flow analyses.
10. Understand the difference between value and price.
11. Assess the rationale for choosing a particular acquisition with regard to selection process with several alternatives.

Duration and Training Method

This is a three-day course comprising lectures, case studies and a team-based acquisition exercise in which participants will analyze the transaction, competitively bid to acquire the property, arrange financing, and plan to exploit the property post-closing. The exercise considers both an asset and corporate shares acquisition with pre- and after-tax cash flow analysis. Spreadsheet modeling and risk simulation of the transaction are included.

Participants are required to bring a laptop loaded with Microsoft Excel to the course.

Participants will earn 2.4 CEUs (Continuing Education Credits) or 24 PDHs (Professional Development Hours).

Who Should Attend

This class is designed specifically for industry professionals with an interest in advancing their career by joining a buy-or-sell-side team on their own or their company's behalf. The approach is entirely practical as opposed to academic, and relies on the instructor's 40+ years of experience in the aspect of corporate development.



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Prerequisites and Linking Courses

Several years of oil / gas experience is recommended; those without any background will find the course challenging.

Related courses include N014 Petroleum Economics and Risk Analysis as well as N604 Introduction to Energy Hedging and Trading and N620 - Fundamentals of Petroleum Industry Economics.

Course Content

Topics Covered

- Introduction to Oil and Gas Transactions
- Review of Cash Flow Analysis
- Unique Aspects of Oil/Gas Acquisitions
- Reserves and Cost Forecasting
- Pipeline Operation
- Environmental Considerations in Acquisition
- Structured Finance and Hedge Strategies
- Competitive Bid Theory
- Project Capital Scheduling
- Expected Value and Simulation of Forecasts
- Management Presentation Preparation

Course Agenda

Day One

1. Introduction to merger & acquisitions
2. Models
3. Reserve forecasting
4. Cash flow analysis
5. Acquisition finance
6. Case study 1

Day Two

1. M&A process details
2. Oil price forecasting
3. Gas price forecasting
4. Oil transportation
5. Due diligence
6. Capital sources
7. Reserve-based lending
8. Case study 2



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Day Three

1. Hedging
2. Risk considerations
3. Environmental aspects of transactions
4. Purchase-sale agreement review
5. Project finance
6. Case study 3
7. Game theory
8. Bidding