BLACKBIRD FOR TRAINING

Oil & Gas Management, Finance, Commercial and Sales

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Introduction

The oil and gas industry requires professionals to understand not only how value is created across the petroleum value chain, but also how that value is measured, priced, financed, marketed, and negotiated. Effective commercial decisions increasingly depend on the ability to connect petroleum economics and financial analysis with market conditions, contracts, trading, sales, and risk management.

This intensive 10-day course provides an integrated understanding of oil and gas management, finance, commercial operations, markets, and sales. It combines petroleum economics and financial principles with practical commercial applications, allowing participants to understand how financial numbers translate into pricing decisions, contract terms, trading strategies, investment choices, and negotiations.

The programme covers the petroleum value chain, reserves and production, fiscal regimes, project economics, crude and gas pricing, financing, risk management, trading, logistics, contracts, joint ventures, business development, sales, tendering, and commercial negotiation.

Through practical exercises, spreadsheet-based activities, case studies, simulations, contract workshops, and negotiation exercises, participants will develop the ability to assess opportunities from both financial and commercial perspectives.

Course Objectives

- Understand the complete oil and gas value chain and identify where value and margin are created.
- Understand reserves, production profiles, petroleum benchmarks, and their commercial implications.
- Analyse concession, royalty-tax, and Production Sharing Contract fiscal regimes.
- Build and evaluate petroleum project economics using NPV, IRR, breakeven, sensitivity, and scenario analysis.
- Understand crude oil, natural gas, and LNG pricing mechanisms and calculate netbacks and differentials.
- Evaluate financing structures, price risk, credit risk, and counterparty exposure.
- Understand physical hydrocarbon trading, shipping, logistics, and cargo operations.
- Analyse key commercial provisions in crude, product, and gas sales agreements.
- Develop commercial pipelines, pricing strategies, account plans, and tender responses.
- Conduct structured commercial negotiations using financial and economic analysis to support commercial positions.

Course Outlines

Day 1: The Oil & Gas Industry and Value Chain

- Understanding the global energy balance and the role of oil and gas in the energy transition.
- Reviewing long-term energy demand scenarios as inputs to commercial planning.
- Exploring the oil and gas value chain from exploration and development through production, transportation, processing, and marketing.
- Identifying where value and margin are created across each stage of the value chain.
- Understanding the business models, incentives, and roles of IOCs, NOCs, independents, traders, regulators, and ministries.
- Examining the institutional architecture surrounding petroleum licensing and national content.
- Mapping a real country's petroleum sector and identifying where key commercial decisions are made.

Day 2: Reserves, Production and Petroleum Markets

- Understanding exploration and appraisal activities and petroleum reserves classification.
- Reviewing the SPE-PRMS framework, including 1P, 2P, 3P, contingent resources, and prospective resources.
- Understanding the commercial significance of reserves classification.
- Analysing production profiles, decline curves, plateau production, field life, and abandonment.
- Understanding major crude oil benchmarks including Brent, WTI, and Dubai.
- Analysing crude quality and location differentials, API gravity, sulphur content, and Official Selling Prices.
- Exploring Price Reporting Agencies, forward curves, contango, and backwardation.
- Converting production profiles into gross revenue using benchmark prices and differential adjustments.

Day 3: Fiscal Regimes and Netback Pricing

- Understanding concession and royalty-tax fiscal regimes.
- Reviewing royalties, corporate income tax, bonuses, and surface rentals.
- Understanding Production Sharing Contracts and their key economic components.
- Analysing cost oil, profit oil, cost recovery ceilings, R-factor mechanisms, sliding scales, state participation, and carried interest.
- Understanding netback pricing and working backwards from destination-market prices to the loading point.
- Analysing transportation, processing, terminal, and other costs affecting realised prices.
- Using netbacks to rank buyers and destinations and support commercial pricing decisions.
- Building a simplified PSC split model and reconciling it with a netback pricing model.

Day 4: Project Economics and Gas & LNG Pricing

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- Constructing petroleum project cash flows including CAPEX, OPEX, abandonment provisions, working capital, and taxation.
- Understanding timing conventions and their impact on project economics.
- Applying discount rates and cost of capital in petroleum investment decisions.
- Calculating and interpreting NPV, IRR, payback period, and profitability index.
- Understanding situations where IRR may provide misleading investment signals.
- Exploring natural gas and LNG pricing mechanisms, including oil-indexed, hub-based, and hybrid formulas.
- Reviewing major gas pricing benchmarks such as Henry Hub, TTF, and JKM.
- Understanding price review and reopener clauses and the commercial evidence required to support a pricing review.
- Building a field economics model and evaluating alternative gas pricing formulas.

Day 5: Breakeven, Risk and Monetisation

- Understanding unit technical costs, full-cycle economics, half-cycle economics, and breakeven prices.
- Analysing uncertainty through sensitivity analysis, tornado charts, scenario analysis, and probabilistic methods.
- Applying Expected Monetary Value and understanding the Value of Information.
- Comparing gas monetisation routes including domestic gas, pipeline exports, LNG, and gas-to-power.
- Understanding midstream and terminal economics, including tariffs, throughput, storage, and passage fees.
- Exploring downstream and product marketing considerations.
- Understanding refinery configuration, product specifications, crack spreads, and import-dependent markets.
- Evaluating alternative monetisation options for a stranded gas discovery.
- Applying financial and commercial analysis to rank competing monetisation strategies.

Day 6: Financing, Trading and Logistics

- Understanding financial statements for petroleum companies.
- Reviewing depletion, impairment, and key financial ratios monitored by lenders and boards.
- Comparing corporate finance and project finance structures.
- Understanding Reserve-Based Lending and borrowing-base concepts.
- Exploring prepayment and offtake-backed finance structures.
- Understanding the role of Development Finance Institutions and Export Credit Agencies.
- Reviewing physical hydrocarbon trade mechanics and key Incoterms including FOB, CIF, DES, and DAP.
- Understanding title and risk transfer, quantity and quality determination, loss allowances, and cargo documentation.
- Exploring chartering, laytime, demurrage, nominations, laycans, inspection, Bills of Lading, certificates, customs, and export formalities.
- Structuring a prepayment facility against a forward cargo programme.

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Day 7: Risk Management and Cargo Trading

- Understanding petroleum price risk and the fundamentals of futures, swaps, options, and collars.
- Developing appropriate hedging policies and governance structures.
- Understanding why petroleum hedging programmes can fail.
- Assessing credit and counterparty risk through KYC and credit assessment.
- Reviewing Letters of Credit, Standby Letters of Credit, parent guarantees, and sanctions screening.
- Understanding the commercial risks associated with physical cargo transactions.
- Managing a cargo from nomination through loading, transportation, discharge, documentation, and payment.
- Responding to operational and commercial disruptions during a cargo transaction.
- Evaluating the financial cost of risk and determining which risks can be transferred and at what price.

Day 8: Oil & Gas Contracts and Commercial Clauses

- Understanding contract economics and the value of flexibility, volume commitments, tenor, and optionality.
- Quantifying the commercial value of contractual concessions.
- Understanding take-or-pay and make-up rights.
- Analysing interruption and shortfall economics.
- Exploring the key provisions of crude and product Sales and Purchase Agreements.
- Reviewing quantity, quality, delivery, pricing, payment, title and risk, claims, demurrage, governing law, and arbitration provisions.
- Understanding the structure of Gas Sales Agreements.
- Reviewing ACQ, DCQ, delivery points, gas specifications, off-specification gas, force majeure, change in law, limitation of liability, and assignment.
- Evaluating disputed contractual clauses from both seller and buyer perspectives.
- Attaching financial and commercial value to contractual positions.

Day 9: Joint Ventures, Business Development and Tenders

- Understanding Joint Operating Agreements, operatorship, cash calls, work programmes, and budget approval.
- Reviewing audit rights, default provisions, and non-consent mechanisms.
- Understanding budgeting, cost control, commercial KPIs, and variance analysis.
- Analysing markets and customers to identify commercial opportunities.
- Developing sales pipelines and key account management strategies.
- Creating account plans and mapping stakeholders within customer organisations.
- Understanding cost-plus, value-based, and index-linked pricing approaches.
- Developing effective pricing and offer strategies.
- Reading and analysing RFPs and tender requirements.
- Understanding evaluation criteria, scoring weights, and common compliance traps.
- Preparing and responding to a live-style oil and gas tender brief.

Day 10: Commercial Negotiation, Ethics and Capstone

- Understanding the principles of commercial negotiation, including interests versus positions.
- Applying BATNA, ZOPA, concession planning, and walk-away strategies.
- Managing multi-party and multi-issue negotiations.
- Understanding cross-cultural considerations in international oil and gas negotiations.
- Reviewing anti-bribery and compliance frameworks, including the FCPA and UK Bribery Act.
- Understanding the role and risks of agents and intermediaries.
- Identifying transparency, due diligence, and commercial compliance red flags.
- Conducting a capstone negotiation for a long-term supply agreement.
- Negotiating price formulas, volume commitments, contract term, and flexibility.
- Supporting negotiation positions with the financial and commercial models developed throughout the course.
- Presenting final negotiation outcomes and evaluating the commercial decisions made throughout the programme.

Why Attend This Course: Wins & Losses!

- Gain an integrated understanding of oil and gas management, finance, commercial operations, and sales.
- Understand how value and margin are created across the complete petroleum value chain.
- Strengthen your ability to connect financial models with real commercial decisions.
- Improve your understanding of fiscal regimes, project economics, pricing, and investment analysis.
- Develop practical skills in crude, gas, and LNG pricing and netback analysis.
- Improve your ability to evaluate financing, trading, logistics, and contractual risks.
- Strengthen your understanding of petroleum sales agreements and gas sales contracts.
- Develop stronger business development, account management, pricing, and tendering capabilities.
- Improve commercial negotiation skills and develop defensible pricing and walk-away positions.
- Learn how to assess commercial opportunities from both financial and strategic perspectives.
- Apply financial and commercial analysis through realistic case studies, simulations, and practical exercises.
- Build the confidence to make, defend, and negotiate commercially sound decisions in the oil and gas industry.

Conclusion

The Oil & Gas Management, Finance, Commercial and Sales course provides a comprehensive and integrated view of the financial and commercial dimensions of the petroleum industry. By connecting petroleum economics and financial analysis with pricing, markets, trading, contracts, sales, risk management, and negotiation, participants develop a broader understanding of how commercial value is created and protected.

Through practical exercises, case studies, financial modelling, trading simulations, contract workshops, tender exercises, and negotiation activities, participants gain the tools required to evaluate opportunities, understand risks, develop commercial strategies, and make stronger business decisions.

Whether you work in finance, commercial management, business development, sales, contracts, trading, operations, engineering, legal, or government, this course provides the integrated knowledge and practical capabilities needed to operate more effectively across the modern oil and gas industry.

Oil & Gas Management, Finance, Commercial and Sales

Build integrated financial, commercial, market, and sales capabilities across the oil and gas value chain

Questions & Answers

1. What are the main stages of the oil and gas value chain?

Answer: The oil and gas value chain covers exploration, development, production, transportation, processing, trading, marketing, and sales. Understanding each stage helps identify where value, costs, and margins are created.

2. How are NPV and IRR used in oil and gas project economics?

Answer: NPV measures the present value of a project's expected cash flows after applying a discount rate, while IRR represents the rate of return at which the project's NPV equals zero. Both are used to assess investment attractiveness and compare project alternatives.

3. What is netback pricing and why is it important?

Answer: Netback pricing works backwards from the price received in the destination market by deducting transportation, processing, terminal, and other costs. It helps companies compare buyers and destinations and make better commercial pricing decisions.

4. What are some key risks in oil and gas trading and commercial operations?

Answer: Key risks include price risk, credit and counterparty risk, cargo and logistics risk, contractual risk, operational disruptions, and regulatory or sanctions-related risks. Effective risk management helps determine which risks should be transferred, hedged, or retained.

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5. What are BATNA and ZOPA in commercial negotiations?

Answer: BATNA is the Best Alternative to a Negotiated Agreement, meaning the best option available if negotiations fail. ZOPA, or Zone o

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