

PSC COST RECOVERY & REPORTING SYSTEM

by
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Introduction

The most important event in the operations of an oil and gas company is the discovery of reserves. Consequently, estimated reserves quantities are relied upon heavily in oil and gas accounting. For example, reserve quantities are used in computing depreciation, depletion, and amortization (DD&A) using the units-of-production method and for purposes of complying with disclosure requirements.

A deep understanding of expenditure that will be recoverable through cost recovery mechanism is a mandatory to avoid unnecessary losses in upstream operations. This course will explain the elements of costs that classified as recoverable costs, how to calculate and allocate amongst the products. Depreciation methods, capital and non-capital expenditures, tangible and intangible cost are example of items that will be elaborated in this course. The discussion will also cover First Tranche Petroleum (FTP), Before-tax contractor share, Cost Recovery, Profit Oil, Income Tax, Net Cash Flow, State Take, Domestic Market Obligation (DMO).

Course Objectives

After attending this course, the participants are expected to be able to:

- Understand the concept and practical knowledge of the Cost Recovery and Equity Split Mechanism between State and Oil and Gas Companies, or Economics of Production Sharing Contract.
- Understand the process of calculation and allocation of operating costs.
- Understand how to calculate the share of production and how the incremental costs will affect the net contractor share.

Understand the Basic Philosophy of the Integrated Financial Aspect
Understand of the Fiscal Aspect of Oil & Gas Law Foundation, Fiscal Aspect of Oil & Gas Law Foundation, Fundamentals of Exploration Agreement, Taxation and its Implications on the Field Development Economic Calculation

Discussion Areas

Investment Consideration of Petroleum Operation
Principals in Oil & Gas Exploration Agreement
Financial Aspect of Oil & Gas Law Foundation and Land Acquisition Process in Indonesia
Oil Mining Taxation
Production Sharing Contract
Financial Economic Case

Course Subjects

Petroleum Operation Investment Consideration
Economic Consideration of Exploration Aspect
Field Development
Field Operation
Selling Price Issue
Income Sharing Issue

Principals in Oil & Natural Gas Exploration Agreement
Land Acquisition
Control Mechanism of Host Country Operation
Mineral Right Ownership

Financial Aspect of Oil & Gas Law Foundation and Land Acquisition Process in Indonesia

Production Sharing Contracts
Basic Principals
Management Control
Financial Aspect
Accounting Procedure

Development of Production Sharing Contract Generation
Concession Agreement
Work agreement Contract
Production Sharing Contract
Technical Assistance Contract

Contract Production Sharing
Joint Operating Agreement

Financial and Economic Aspects of Production Sharing Contracts
First Tranche Petroleum (FTP)
Investment Credit
Domestic Market Obligation (DMO)
Income sharing
Operation Costs

Comparison of Accounting Methods
Successful Effort
Full Costing
Production Sharing Contract

Incentive Package and its Implication

Oil & Gas Mining Taxation

Case Study

About the Instructor

Dr. Wiwiek Mardawiyah Daryanto S.E., Ak., MM., CMA is a Certified Management Accountant and an expert in accounting and finance. She has a degree in accountancy from the University of Gadjah Mada, Master of Management from the University of the Philippines and a Doctoral degree from Institute Pertanian Bogor.

She has more than twenty-five years of experience in consulting and teaching at universities, conducting public training, in-house training and teaching business professionals. She is currently Director of Research & Community Empowerment Center Faculty Member of IPMI International Business School Jakarta - Indonesia

For more information about the course, please visit
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LDI's Outline-/PSC Cost Recovery & Reporting System/