

A 4 (Four) Days Course of

PORTFOLIO MANAGEMENT, ANALYSIS and OPTIMIZATION

by

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Background

Indonesia's oil and gas industry is going through a period of transformation, marked by the emergence of new regulatory frameworks, technological advancements, and market dynamics changes. Considering the country's objective to improve energy security and sustainability, the importance of advanced project economics and risk analysis has grown significantly. A challenge the industry confronts is reconciling the requirement for continued investment in fossil fuels with the imperative to transition towards more sustainable energy sources.

This requires a deep understanding of the economic implications of different regulatory approaches, technological advancements, and market conditions. Professionals in the sector must remain well-informed about these changes to ensure their ability to make valuable contributions towards the country's energy goals, all while preserving profitability and competitiveness.

Industry professionals must understand Production Sharing Contracts (PSCs), including both Cost Recovery and Gross Split mechanisms. Cost Recovery PSCs allow operators to recover their exploration and development costs before sharing profits with the government. On the other hand, Gross Split PSCs provide a more straightforward revenue-sharing model without the cost recovery phase.

This training course is designed to equip participants with advanced knowledge and practical skills needed to excel in this dynamic environment. The comprehensive modules will cover strategic planning, portfolio management, and risk analysis, helping participants gain the expertise required to navigate the complexities of Indonesia's oil and gas sector, optimize project outcomes, and drive sustainable growth.

Objective

The main goal of this training is to offer participants a thorough comprehension of advanced project economics and risk analysis in the upstream oil and gas sector of Indonesia. Through a comprehensive examination of cash flow analysis, advanced valuation techniques, and the specific economic consequences of PSC mechanisms, participants will acquire the capacity to make well-informed financial choices.

Furthermore, the objective of the course is to strengthen strategic planning and portfolio management competencies, enabling professionals to maximize the effectiveness of their project portfolios and align them with the long-term objectives of the organization.

Course Structure

Structured over three intensive days, the course begins with a thorough exploration of advanced project economics and PSC mechanisms. Participants will engage in detailed sessions on discounted cash flow techniques, real options valuation, and stochastic modeling, followed by in-depth discussions on PSC Cost Recovery and Gross Split mechanisms. The second day focuses on advanced risk analysis and strategic planning, covering risk assessment methods, mitigation strategies, and economic optimization techniques. The final day is dedicated to portfolio management, project evaluation, and practical case studies, providing a holistic view of project economics and strategic decision-making.

Expected Outcomes

By the end of the training, participants will have a robust understanding of advanced project economics and risk analysis tailored to Indonesia's oil and gas industry. They will be equipped to perform complex financial evaluations, develop effective risk management plans, and implement strategic planning frameworks. Additionally, attendees will be adept at optimizing project portfolios to balance risk and return, ensuring sustainable and profitable operations. The course will also highlight future trends and innovations, preparing professionals to adapt to and capitalize on the evolving landscape of the oil and gas sector.

Rundown for 4 (four) Days Course of Portfolio Management, Analysis and Optimization

Day 1

Section1: Introduction and Course Overview

- Objectives and Expected Outcomes of the Training
- Introduction: Oil and Gas Business in Indonesia
- Opportunity & Challenged

Section 2: Production Sharing Contracts (PSCs)

- **Introduction to PSCs in Indonesia**
 - Evolution of PSCs in Indonesia
 - Key Features and Objectives of PSCs
 - Comparison with Other Contractual Arrangements
- **PSC Cost Recovery**
 - Understanding Cost Recovery Mechanisms
 - Types of Recoverable Costs
 - Procedures for Cost Submission and Approval
 - Challenges and Best Practices in Cost Recovery

Day 2

- **PSC Gross Split**
 - Overview of PSC Gross Split Mechanism
 - Comparison with Traditional Cost Recovery PSCs
 - Economic Implications of Gross Split PSCs
 - Case Studies and Practical Examples

Section 3: Strategic Planning of Upstream Oil and Gas Business

- **Planning Framework**
 - Strategic Planning Frameworks and Models
 - Competitive Analysis and Positioning
 - Long-term Strategic Goals and Objectives

- **Plan of Development (POD): PTK 37**
 - Understanding the Plan of Development
 - Key Components of a POD
 - Regulatory Framework and Approval Process in Indonesia
 - Case Studies of Successful PODs
- **Project Financing**
 - Overview of Project Financing in the Oil and Gas Sector
 - Types of Financing Options: Equity, Debt, and Hybrid
 - Financial Structuring and Modelling
 - Risk Assessment and Mitigation in Project Financing
- **WP&B and AFE:**
 - Understanding Budgeting & Planning of Oil and Gas upstream Businesses
 - PTK 38: Work Program & Budgeting
 - PTK 39: AFE
 - PTK 33: PIS
 - PTK 59: Reporting under PSC CR
 - PTK 66: Reporting under PSC GS

Day 3

Section 4: Project Economics

- **Project Economics Under PSC Cost Recovery & PSC Gross Split**
 - Understanding Cost Recovery Mechanisms
 - Types of Recoverable Costs
 - Overview of PSC Gross Split Mechanism
 - Comparison with Traditional Cost Recovery PSCs
 - Economic Implications of Gross Split PSCs
 - Case Studies and Practical Examples
- **Risk Analysis**
 - Identifying and Quantifying Risks in Upstream Projects
 - Risk Assessment Methods: Value at Risk (VaR), Expected Monetary Value (EMV)
 - Scenario Analysis and Stress Testing

- Hedging Strategies in Oil and Gas
- Insurance and Contractual Risk Mitigation
- Development of Risk Management Plans
- **Cash Flow Analysis & Project Indicators**
 - Detailed Review of Discounted Cash Flow (DCF) Techniques
 - Handling Complex Cash Flows: S-Curve, Escalation, and Deflation
 - Advanced Net Present Value (NPV)
 - IRR (Internal Rate of Return)
 - MIRR (Modified Rate of Return)
 - WACC (weighted average Cost of Capital)
 - MARR (Minimum Accepted Rate of Return)

Day 4

Portfolio Management and Case Studies

Section 5: Portfolio Management

- **Economic Optimization Techniques**
 - Portfolio Optimization and Resource Allocation
 - Capital Efficiency and Cost Optimization
 - Techniques for Maximizing Economic Return
 - Monte Carlo Simulation for Uncertainty Analysis
- **Portfolio Management in Oil and Gas**
 - Introduction to Portfolio Management Concepts
 - Balancing Risk and Return in a Portfolio of Projects
 - Strategic Investment Decisions and Prioritization
- **Project Management and Decision-Making**
 - Multi-Criteria Decision Analysis (MCDA)
 - Decision Tree Analysis and Real-World Applications
 - Lessons Learned from Successful and Unsuccessful Projects

Section 6. Case Studies and Practical Applications

- In-depth Analysis of Advanced Case Studies
- Group Exercises on Project Valuation and Risk Analysis
- Interactive Sessions on Strategic Planning and Portfolio Management

Who Should Attend

- * Accountings
- * Lawyers
- * Financial Analysts and Planners
- * Company Executives
- * Tax Specialists
- * Consultants
- * Economists
- * Engineering Managers
- * Exploration Managers
- * Auditors

Also who need to learn how to conduct business development corporate planning & portfolio management

For more information please contact

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Your Course Leader

Dr. A. Rinto Pudyantoro is the author of:



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2012: A to Z Bisnis Hulu Migas

2014: Proyek Hulu Migas: Analisis dan Evaluasi
PetroEkonomi

2015: Dialog Tanya Jawab Migas

2019: Bisnis Hulu Migas – Mengurai Persoalan dan
Memahami Masa Depan Bisnis Hulu Migas Indonesia

2019: Kebijakan Perpajakan: Optimalisasi Insentif &
Keseimbangan Fiskal (collaboration with fiscal policy
Agency)

2021: Bisnis Migas Menakar Persoalan

He has been working for over 31 years in the upstream Oil and Gas Industry, including 10 years in Vico Indonesia, 4 years in BP Indonesia, and in 2004 he worked as a Senior Manager - Revenue Accounting and Government Income at BP Migas and Senior Manager Taxation and Levy in SKK Migas.

In 1997 he was assigned by SKK Migas as head of SKK Migas for the Papua and Maluku areas. Finally, before retiring, Rinto served as Head of the Program and Communications Division of SKK Migas.

Currently, apart from being a permanent lecturer at Pertamina University, Rinto is the chairman of a Research Institute at Pertamina University called C-BEPES (Center for Business and Economics of Petroleum and Energy Studies)

He holds a bachelor's degree in accounting from the University of Gajah Mada (UGM)–Yogyakarta and a master's degree in international finance from the Business Institute of Indonesia (IBII)–Jakarta. He successfully earned a Ph.D. in Resources Economics from Bogor Institute of Agriculture (IPB) in the year 2012.

His experience as a trainer from 2005 – current, in Economics such as Resources Economics, Petroleum Economics, Fiscal and Regional Economics. And also in Financial and Accounting Oil & Gas: PSC accounting, Project Economics and Plan of Development, Budgeting & Reporting, PSC Taxation, and International Oil & Gas Petroleum Accounting.