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An LDI Training Course

GAS BUSINESS and COMMERCIALS BASED on PSC: CONTRACTUAL & PROCESS

by

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Introduction

The commercialization of gas under Production Sharing Contracts (PSCs) sits at the intersection of legal structure, revenue mechanics, and downstream value creation. This three-day intensive course, led by Dr. A Rinto Pudyantoro in collaboration with the SKK Migas team, is designed to demystify how PSC entitlement flows translate into real-world gas commercial outcomes, including their strategic linkage to LNG projects. Participants will be taken from first principles through the full contract lifecycle, learning not just what the rules are, but how gas volume and value become revenue gas, cost gas, and ultimately contractor and government shares under varying commercial and market conditions.

Day One establishes the foundation: the anatomy of PSCs for gas, the hierarchy of entitlement, and the practical mechanics of calculating gas revenue shares—with hands-on exercises to internalize sensitivities such as price volatility, cost overruns, and contractual triggers. Day Two shifts focus to the execution layer: how entitlement outputs feed into gas offtake structures, the drafting and negotiation of key commercial agreements (e.g., Gas Sales Agreements, transportation and processing interfaces), and the integration of PSC gas into LNG value chains. It emphasizes risk allocation, compliance, and the commercial architecture that ensures gas delivered under PSCs can be contracted, priced, and monetized effectively downstream.

The final day synthesizes these threads into advanced and strategic scenarios, equipping participants to respond to edge cases (such as supply shortfalls, renegotiations, or cross-border LNG implications), optimize commercial decisions across portfolios, and build governance frameworks that sustain revenue integrity. Through a combination of worked examples, simulations, and contract-alignment exercises, attendees will leave with actionable tools—models, checklists, and decision aids—to improve entitlement realization, negotiate cleaner contracts, and align gas commercialization with broader LNG business objectives.

Target Participants

- PSC contract managers
- Commercial & revenue accountants
- Gas marketing & offtake analysts
- Legal & contract professionals
- LNG project development staff
- Government/regulator representatives (e.g., SKK Migas liaison)
- Joint venture and partner commercial teams
- Third-party advisors and consultants

Pre-course Preparation / Recommended Pre-Reads

- Overview of PSC structure (cost recovery vs. gross split, if applicable to gas)
- Sample Gas Sales Agreement (GSA) and LNG Supply Chain overview
- Basic gas entitlement and allocation concepts
- Introduction to LNG value chain (feed gas → liquefaction → shipping → regas)

Day 1: PSC Principles and Revenue Gas Entitlement Calculations

Theme: Foundations of PSC for gas, entitlement mechanics, and commercial implications.

Learning Objectives

- Grasp core PSC principles as they apply to gas projects
- Understand revenue entitlement calculation methodologies for gas under PSC
- Interpret gas commercialization terms and key contractual triggers
- Link entitlement to downstream LNG business economics

Agenda

1. **Introduction & Course Overview**
    - Purpose, scope, expected outcomes, method (case + exercises)
2. **Module 1: PSC Fundamentals for Gas**
    - Legal/economic structure of PSCs
    - Key differences between oil and gas treatment (e.g., measurement, pricing)
    - Roles and obligations of contractor vs. government/regulator
    - Entitlement hierarchy (cost recovery, government take, contractor share)
3. **Break**
4. **Module 2: Gas Entitlement Mechanics – based on PSC CR & PSC GS**
    - Definition of “revenue gas,” “cost gas,” “profit gas” (or analogous terminology)
    - Volume and value-based entitlement calculation
    - Pricing mechanisms (indexed pricing, net-back, floor/ceiling)
    - Treatment of associated commercial costs (transport, processing)
5. **Lunch**
6. **Module 3: Practical Calculation Workshop**
    - Step-by-step walkthrough of gas entitlement calculation
    - Worked example: PSC gas volume allocation, cost recovery deduction, government take, contractor share
    - Sensitivity: price volatility, cost overruns, uplift factors
    - Group exercise: compute entitlement from provided dataset
7. **Break**
8. **Module 4: Commercial Implications & Revenue Audit**
    - Revenue leakages and common pitfalls
    - Audit checkpoints in entitlement flow
    - Dispute triggers and resolution mechanisms

Day 2: Contract Process and Gas Commercial Structures

Theme: From agreements to execution—contracts underpinning gas commercialization and governance.

Learning Objectives

- Navigate the contract lifecycle relevant to PSC gas commercialization
- Understand key clauses in Gas Sales Agreements (GSA), Transportation Agreements, and related commercial documentation
- Integrate entitlement output into offtake and pricing structures
- Align PSC-based gas deliveries to downstream commitments (e.g., LNG)

Agenda

1. **PSC & Alignment to Commercial Contracts**
2. **Module 5: PSC to Market—Contractual Interfaces**
    - Linkage between PSC entitlement and downstream offtake (GSA, tolling, back-to-back structures)
    - Key gas commercialization agreements: GSA, Transportation/Transmission, Processing, Title transfer
    - Pricing clause structures and escalation provisions
3. **Break**
4. **Module 6: Negotiation and Risk Allocation in Gas Contracts**
    - Commercial risk matrix (price risk, volume risk, force majeure, take-or-pay)
    - Contractual mitigation tools (e.g., flexibility clauses, demand aggregation)
    - Government/regulator consent and approval flows in contract execution
5. **Lunch**
6. **Module 7: LNG Business Linkage—Offtake & Value Chain**
    - How PSC gas feeds into LNG projects
    - Feed gas commitments vs. LNG sales contracts
    - Net-back analysis: determining competitive gas pricing for LNG
    - Case study: gas entitlement feeding an LNG train (simplified model)
7. **Break**

8. **Module 8: Contract Compliance, Monitoring & Change Management**
    - Compliance checkpoints for commercial contracts
    - Change orders, amendments, and their implications on entitlement
    - Early warning indicators for contractual breaches
9. **Day 2 Wrap-up & Group Discussion**
    - Contract-to-entitlement alignment exercise
    - Q&A

Day 3: Integration, Advanced Scenarios, and Strategic Decision-Making

Theme: Putting it all together—complex scenarios, optimization, and governance.

Learning Objectives

- Synthesize PSC entitlement, contract execution, and LNG commercial strategy
- Handle complex/edge scenarios (e.g., gas shortfalls, price shocks, renegotiations)
- Develop actionable insights for improving revenue realization and structuring
- Prepare governance/checklists for sustained commercial performance

Agenda

1. **Recap & Framing Strategic Integration**
2. **Module 9: Advanced Entitlement Scenarios**
    - Shared infrastructure and joint-offtake arrangements
    - Interruptible vs. firm gas supply under PSC constraints
    - Price renegotiation triggers and retroactive adjustments
    - Cross-border LNG implications (if applicable)
3. **Break**
4. **Module 10: Commercial Optimization & Strategic Choices**
    - Maximizing value from entitlement (e.g., prioritizing LNG vs. domestic markets)
    - Portfolio balancing: gas vs. other hydrocarbons under PSC
    - Hedging and contractual layering to reduce revenue volatility
5. **Lunch**

6. **Module 11: Governance, KPIs, and Performance Monitoring**
    - Designing dashboards for entitlement, delivery, and revenue tracking
    - Key Performance Indicators for PSC gas commercialization
    - Internal controls and audit frameworks
7. **Break**
8. **Module 12: Simulation Exercise / Capstone Case**
    - Integrated scenario: entitlement calculation → contract negotiation → LNG offtake decision → strategic recommendation
    - Group presentations and critique
9. **Closing Session**
    - Lessons learned
    - Best practices checklist
    - Action planning template for participants' own projects
    - Course evaluation

Deliverables to Participants

- Workbook with templates (entitlement model, contract checklist, LNG linkage matrix)
- Sample clauses and commercial term sheet
- Strategic integration playbook
- Quick reference "PSC Gas Commercials & Entitlement" one-pager
- Certificate of completion (optional, if administered)

Training Methods

- Short lectures with visual diagrams
- Worked numerical examples
- Small group exercises
- Case studies (realistic but anonymized)
- Role-play in contract negotiation
- Simulation/capstone integration
- Half-day deep-dive on LNG contracting

- Custom entitlement audit toolkit for participant's specific PSC
- Virtual office hours for implementation support

Your Course Leader



Dr. A. Rinto Pudyantoro is a expert in the upstream oil and gas sector with over 31 years of professional experience. His career includes key roles at Vico Indonesia (10 years), BP Indonesia (4 years), and strategic positions at BP Migas and SKK Migas, where he served as Senior Manager for Revenue Accounting, Taxation, and Head of Papua-Maluku operations. Before retiring, he led the Program and Communications Division of SKK Migas.

He is the author of several books on oil and gas economics and policy, including *A to Z Bisnis Hulu Migas* (2012), *Proyek Hulu Migas: Analisis dan Evaluasi PetroEkonomi* (2014), *Dialog Tanya Jawab Migas* (2015), *Bisnis Hulu Migas* (2019), and *Kebijakan Perpajakan: Optimalisasi Insentif & Keseimbangan Fiskal* (2019, with the Fiscal Policy Agency), among others.

Dr. Rinto holds a bachelor's degree in Accounting from Gadjah Mada University (UGM), a master's in International Finance from IBII Jakarta, and a Ph.D. in Resource Economics from IPB University. He currently serves as a senior lecturer and Chairman of the Center for Business and Economics of Petroleum and Energy Studies (C-BEPES) at Pertamina University. Since 2005, he has actively led training programs in resource economics, petroleum economics, fiscal and regional economics, PSC accounting, project economics, budgeting, and international petroleum accounting.

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