

**petro****EDGE**

# **GAS & LNG CONTRACT NEGOTIATION**

5 – 7 December 2011, Singapore



Expert Course Faculty

**Dr Ian Williams and Jeremy Gilliam**

**[www.petroedgeasia.net](http://www.petroedgeasia.net)**



## About this World Class Training Course

Energy is the world's biggest industry. It shapes the destiny of countries, peoples and companies. The 21st Century has been dubbed the "Gas Century" because of the future dominance of gas in future energy expansion. This course starts with concise teaching sessions which explain how natural gas and LNG have come to be so important, and how these businesses work – these sessions will equip you with fundamental knowledge of what really matters in these big negotiations. Then through your participation in our new and highly realistic Negotiation, you will learn how to succeed in negotiating gas and LNG deals.

The course is intended to be a very practical aid to help attendees to understand how major gas and LNG negotiations work, what the key terms mean and how to conclude deals by negotiating the key terms. It targets those unfamiliar with commercial gas/LNG contracts and negotiations, and it seeks only to provide sufficient information on typical gas & LNG terms and conditions as is necessary to enable participants to engage knowingly in an actual negotiation and to understand what's going on.

## The Negotiation Game Module

The practical highlight of the course is a completely new, major gas sale and purchase negotiation, involving a politically adept government, multinational and private oil companies, an NOC, the host country regulator, financial institutions and gas buyers, many with conflicting (and shifting) agendas. The course participants are formed into negotiating teams representing each party and detailed briefs are presented which represent realistic market and political developments. Regular dialogue will occur between each team and the course moderators. The game reflects key points taught in the teaching sessions, and several real life case studies from the course leaders' personal experience are used to illuminate key points.

## Key Learning Highlights from this Course Includes the Following:

- ❖ Where gas and LNG contracts "sit" in the oil and gas industry, what gas and LNG contract terms all mean, and the differences between similar terms in pipeline gas and LNG contracts
- ❖ Why any major gas or LNG agreement must be a balance of risk and reward, and identification of current market risks and possible structural changes
  - Describing how and why an actual major deal went very wrong
  - Worked examples describing five commonly used quantitative investment evaluation methods, plus two key qualitative project evaluation methods
  - Worked examples describing price calculation
  - Explanation of current methods for accommodating fluctuating oil prices and market competition over long periods
- ❖ Key risk identification – competing fuels, how "value" must be affordable in host markets, how key contract "re-openers" can help parties negotiate through tough economic times, major non-economic risk forecasting and risk management
- ❖ Negotiation practice and behaviour – why it is essential to:
  - determine in advance if a potential agreement is possible or impossible;
  - know/ calculate/second guess what the counterparty wants/needs;
  - know what we want, what we can concede and the valuation of concessions by both sides;
  - learn useful tips from other countries (Asia prices LNG differently from Europe or the US, for example)
  - understand the world outside the gas contract
- ❖ Real world appetite for long, medium and short term pipeline gas and LNG contracts, role of trading, incorporating contract optionality and the impact of globalization
- ❖ Real life examples will be given from the wide personal experience of the course leaders. Learning point summaries will help the attendees grasp key structures

## PROGRAMME OUTLINE

### DAY 1

**08:30 Registration & Coffee**

**09:00 Welcome and Course outline which includes a concise explanation of:**

- Oil and Gas production chain and major outturn products
- Gas and LNG chains
- Key agreements associated with each part of the chains
- Outline presentation of fully termed Gas and LNG Sale and Purchase Agreements

**09:45 Non-Economic Terms in both Pipeline Gas & LNG Sale and Purchase Agreements including:**

- Key differences between Pipeline Gas and LNG contract terms
- Relative importance of different groups of contract terms
- Concise explanation of Pipeline Gas and LNG contract terms, focusing on those terms with greatest commercial impact
- Summary of terms used in the pro forma Okando Gas and LNG Sale and Purchase Agreements

*10:30 Coffee*

**10:45 Economic Terms in Pipeline Gas Sale and Purchase Agreements including:**

- Outline description of economic terms “portfolio” in each gas contract

**12:00 Economic Terms in Liquefied Natural Gas (LNG) Sale and Purchase Agreements, including:**

- Terms common to both Pipeline Gas and LNG contracts, but identifying key differences in their content
- Terms unique to LNG contracts

*13:15 Lunch*

**14:00 Project Evaluation Criteria, focusing on the five evaluation tools used in the Okando negotiation**

- Why these tools are so important
- Need for a common investment “language” to communicate with the world outside the negotiation
- Transferring the “real world” onto spreadsheets
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**14:30 Negotiation Skills**

- How to prepare your negotiation strategy and route map
- Importance of skill sets needed for a major negotiation
- Why these negotiations will place major demands on your organization, and the importance of team selection
- How to relate to your counter-party
- What to expect – why these negotiations are so different
- Description of the stages that major negotiations often follow
- What must happen after a successful negotiation

*15:00 Tea – continues*

**15:15 Introduction to the Okando Negotiation exercise**

For the Okando Negotiation exercise, course attendees will be placed in different teams. Each team must allocate roles to its members. Teams are expected to be proactive in deciding what they need to achieve, who they need to negotiate with, when to approach different counter-parties and when to use adjacent caucus rooms. The course leaders will visit each team regularly to assess progress and distribute briefs describing new developments throughout the exercise.

**16:00 Okando Negotiation exercise commences**

**1730 Close of Day One**

*(Descriptive handouts will be provided for all topics covered)*

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## **DAY 2**

**09:00 Okando Negotiation exercise resumes**

*10:30 Morning coffee*

*12:45 Lunch*

**13:45 Okando Negotiation exercise resumes**

*15:00 Afternoon tea*

**17:30 Close of Day 2**

## **DAY 3**

**09:00 Okando Negotiation exercise resumes**

*10:30 Morning coffee*

*12:45 Lunch*

**13:45 Final, wrap-up Okando negotiating session**

*14:15 Afternoon Tea*

**14:30 Presentation by each team of negotiation outcomes**

**16:30 Appraisal by Course Leaders**

**17:30 Close of course**

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### **Who Should Attend**

This 3 day training course is targeted for the following professionals holding key positions from leading Gas/LNG companies and organisations in the related sectors. They are and not limited to:

Government Officials ♦ Legal Counsels/Advisors ♦ Negotiators ♦ Project Owners ♦ Project Managers  
Project Engineers/Planning Engineers ♦ Operation Managers ♦ Contract/Agreements Managers/Specialists  
Finance Controllers/Managers ♦ Business Development Managers ♦ Corporate & Administration Professionals  
Buyers, Sellers & Distributors ♦ Traders ♦ Investors ♦ Lawyers ♦ Auditors

This course is equally suitable for energy professionals wanting a refresher in the sharp end of technical – commercial gas negotiations.



**Learn more about our Strategic Learning Solutions for Oil & Gas**

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## Your Expert Faculty

### **Dr Ian Williams**



He initiated short term LNG business worldwide for Shell, negotiating license agreements and gas for power agreements in Peru, then worked as a commercial project manager for a major pipeline joint venture in China between PetroChina and Shell/Town Gas/Gazprom & ExxonMobil.

Ian continues as a consultant in gas, LNG, and latterly in CBM. In his early career he was a chemist & fuels technologist in Shell, first as a combustion research scientist then marketing and successfully negotiating major gas liquids processing deals in the UK North Sea. He has also led many gas negotiation courses and in-house training projects.

### **Jeremy Gillam**



He has extensive global oil and gas experience, leading gas sales and LPG sales, transportation and processing and joint venture infrastructure negotiations within the oil industry, as well as power station fuel purchase negotiations. He has also set up an LNG trading company and set up and run an LPG business. He previously worked for Amerada Hess and Suez.

#### **Significant work undertaken in the last 10 years include:**

- Substantial major infrastructure deals in pipelines, gas and power, and the negotiation and completion of several such deals in the UK, Europe and Far East.
- The promotion of government/industry initiatives in the UK, Hungary and China, such as European gas market deregulation, offshore third party pipeline access and strategic gas negotiation and advisory work.
- Experienced speaker and chair at international energy conferences in China, Trinidad, the Middle East and Europe, as well as the UK.
- Played key role in setting up and running Suez Global LNG, and previously set up and ran the fuel supply side of Tractebel's global power generation business (now part of the GDF Suez group) involving substantial international travel and including M&A advisory work in Finland, New Zealand and South Korea.



**REGISTRATION FORM**

<b>Singapore</b>	<b>EARLY BIRD</b> ✓	<b>NORMAL</b> ✓	<b>petroEDGE</b> recognises the value of leaning in teams.
<b>GAS &amp; LNG CONTRACTS AND NEGOTIATIONS</b> 5 – 7 December 2011	<b>S\$4,399.00</b>	<b>S\$4,599.00</b>	Group bookings at the same time from the same company receive the following: 3 or more at 5% off 5 or more at 7% off 8 or more at 10%  All other promotions including early bird is exclusive of the group discount.
In-House Training <input type="checkbox"/> Yes, I would like to organise this training on-site and save over 20% of total course fees! For further information about On-site Solutions, please +65 67419927 or email info@asiaedge.net			

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 Mr  Ms  Mrs  Dr  Others: \_\_\_\_\_

Name : \_\_\_\_\_  
Job Title : \_\_\_\_\_  
Department : \_\_\_\_\_  
Telephone No. : \_\_\_\_\_  
Email : \_\_\_\_\_  
Head of Dept. : \_\_\_\_\_
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Account Number: **762903-001**  
Swift Code: **OCBCSGSG**

All bank charges to be borne by payer. Please ensure that Asia Edge Pte Ltd receives the full invoiced amount.

**DELEGATE 2**
 Mr  Ms  Mrs  Dr  Others: \_\_\_\_\_

Name : \_\_\_\_\_  
Job Title : \_\_\_\_\_  
Department : \_\_\_\_\_  
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☎ Phone: +65 6741 9927	☎ Fax: +65 6747 8737
💻 Online: www.petroedgeasia.net	✉ Email: info@asiaedge.net

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