



Course Schedule

	<u>Start</u>	<u>Finish</u>	<u>Hours:Mins</u>
Introductions	8:00 AM	8:15 AM	0:15
Financial Reporting Overview	8:15 AM	9:15 AM	1:00
Oil and Gas Production and Marketing Issues	9:15 AM	10:05 AM	0:50
Break	10:05 AM	10:15 AM	0:10
Exploration, Expl. Costs and Unconventional Develop.	10:15 AM	11:15 AM	1:00
Mineral Rights, Leasing and Joint Ops. - Part 1	11:15 AM	12:00 PM	0:45
Lunch	12:00 PM	12:45 PM	0:45
Mineral Rights, Leasing and Joint Ops. - Part 2	12:45 PM	1:15 PM	0:30
Drilling, Completion and Treatments of Costs	1:15 PM	2:35 PM	1:20
Break	2:35 PM	2:45 PM	0:10
Development and Production Operations and Costs	2:45 PM	4:00 PM	1:15

Agenda

Financial Reporting Overview

- Brief overview of:
 - Public-company financial reporting requirements
 - Format of annual 10-K
 - Financial reporting section of 10-K
 - Purpose and format of income statement, balance sheet and cash flow statement
- View example of oil and gas company financial statements
 - Highlight the line items most relevant to oil and gas
 - Preview of how course content will explain the key drivers behind those line items
 - Overview of differences between successful efforts vs. full-cost accounting methods
 - Brief discussion of U.S. GAAP vs. international IFRS
- Brief overview of double-entry accounting (debits and credits) for anyone unfamiliar because some discussions of accounting treatment will include examples of accounting entries

Oil and Gas Production and Marketing Issues

- Production types and characteristics
 - Natural gas (types of gases, wet vs. dry gas, market uses)
 - Field condensate
 - Crude oil (composition, API gravity, sulfur)
- Gas gathering, processing and natural gas liquids (NGL)
- Units of measurement and pricing
- Factors that affect pricing (transportation, quality and area differentials and timing)

Exploration, Exploration Costs and Unconventional Development

- Brief overview of oil and gas formation, migration and traps
- Conventional exploration vs. unconventional development
- Geological and geophysical methods/tools used by geoscientists
- Accounting treatment of exploration-related costs

Mineral Rights, Leasing and Joint Operations

- Mineral rights vs. surface and other property rights
- Severance of mineral rights from surface rights
- Joint ownership of mineral interests
- Purpose and structure of leasing
 - Why common
 - Elements of a lease
 - Royalty interest vs. working interest
 - State severance/production taxes and responsible parties
 - Royalty reporting and deductions
- Joint operations by working interest owners
 - Joint operating agreements
 - Operated vs. non-operated interests
 - Authority for expenditure (AFE)
 - Cost sharing and joint interest billing
 - Joint interest audits
- Pooling and unitization
 - Purpose
 - Example of unitization and well spacing for unconventional project
- Net revenue and cost interests
 - Example calculation
 - Net vs. gross reporting
- Mention of other types of interests (NPRI, ORRI, NPI, carried interests, farmouts)
- Title opinions and division orders
- U.S. ownership distribution (private, federal, state, and Indian)
- Brief overview of federal and state leasing
- Accounting treatment of leasing and unproved property acquisition costs

Drilling, Completion and Treatment of Costs

- Example well plan (horizontal well)
- Drill site preparation and related costs
- Key drilling activities and related costs
- Hydraulic fracturing and related costs
- Other costs required to complete and equip a well for production
- Tangible vs. intangible drilling and completion costs
- Accounting treatment of drilling costs

Development and Production Operations and Costs

- Reservoir characteristics and estimation of recovery potential
- Considerations and tools for determining the type, quantity and placement of development wells
- Artificial lift to bring production to the surface
- Surface processing equipment and example production site layout
- Comingling and well tests
- Production costs and expense vs. capitalization criteria
- Oil and gas project economic example with discounted cash flow analysis
- Capitalized costs, DD&A and impairment review
- Asset retirement obligation (abandonment)
- Overview of supplemental oil and gas disclosures