



PROJECT FINANCE AND CONTRACT ANALYSIS FOR PETROLEUM & ENERGY

Master Sound Financing Strategies and Solid Partnership that Lead to the Success of Your Petroleum & Energy Developments

14-16 June 2006 * Hilton Hotel, Singapore

International Petroleum & Energy projects operate under a wide range of contract types and fiscal structures. The terms of these contracts control operations and, ultimately the financial performance of the projects developed under their influence. To manage the financial issues that arise in international projects, it is essential to understand the commercial and practical issues of raising of project finance as well as the technical and contractual issues.

This 3-day comprehensive course addresses a range of project finance issues and contract analysis encountered in the petroleum and energy industry.

Raising project finance for large petroleum and energy developments is invariably a complex and time-consuming effort. By adopting the perspective of the lenders to a project, the course leader will illustrate how a project finance should be conceptualized and executed in the petroleum & energy developments. It will also illustrate 'from door to door' the issues and concerns that project lenders may have –from project inception to the loan syndication - helping industry participants avoid the common pitfalls in raising project finance.

Contract analysis is also particularly important, because any contract can be written in a manner to be pro-buyer, pro-seller, or neutral between the parties. Participants in this session will learn what contractual language changes the benefits in favor of one party or another. In addition, most parties enter into contracts with the expectation that everything will work out as planned. But unforeseen events can lead to lack of performance that may or may not entail damages to the other party. Contract analysis ensures a better understanding of the legal consequences of failure to perform or pay for goods or services. Finally, the importance of having exit strategies for contracts will be emphasized throughout the session.

Strictly limited seating to ensure value added to all Participants - Comprehensive course materials will be provided

Delegates who successfully complete this course will receive the **Asia Pacific Centre for Continuing and Professional Development Certificate for Participation**

PROJECT FINANCE AND CONTRACT A

WHY YOU CANNOT MISS THIS COURSE

- ✓ **LEARN** how to formulate practical financing strategies and complete a successful deal for your petroleum and/or energy projects
- ✓ **UNDERSTAND** how to identify, assess and deal with the project finance risks
- ✓ **UNDERSTAND** the essential documentation issues for watertight deals
- ✓ **DEVELOP** an insight into the main issues and concerns that potential lenders have when evaluating an energy or petroleum project
- ✓ **GAIN** an understanding of finance markets for petroleum and energy projects
- ✓ **IMPROVE** your understanding of the critical contract issues, including what terms are required for a valid contract to be performed, what are the consequences of a breach of the contract, and predict the outcome from various mistakes in contracting
- ✓ **APPLY** common petroleum and energy industry practices for negotiations at key stages in forming a contract

WHO SHOULD ATTEND

This course is aimed at personnel at all levels and all disciplines who have responsibility for project proposals and the management of projects. The course has been designed for professionals who work in the **PETROLEUM, PETROCHEMICAL** and **ENERGY INDUSTRY**. Suggested attendees include:

- Management accountants, finance and contracts specialists
- Plant managers
- Tax, accounting and legal advisors
- Asset managers, project managers and facilities managers
- Petroleum/energy engineers
- And those who are interested to hone their skills and broaden their knowledge in order to capitalise on all available opportunities and stretch the boundaries of project finance & contract analysis in the petroleum & energy industry.

All participants are invited to bring with them to the workshop questions about their own financing projects which they would like the course leader to analyze. In addition, participants are also invited to bring two or three sample contracts with provisions they would like the course leader to explain or interpret.

PROGRAMME AGENDA

TIMETABLE FOR DAY ONE, DAY TWO AND DAY THREE:

| | |
|--------------------|-------------------------|
| 8:00am | Registration and Coffee |
| 9:00am | Program Commences |
| 10:30am to 10:45am | Morning Refreshment |
| 12:30pm to 1:30pm | Lunch |
| 3:00pm to 3:15pm | Afternoon Refreshment |
| 5:00pm | End of Programme |

DAY ONE: 14 JUNE 2006, WEDNESDAY

WHY PROJECT FINANCE?

- What is Project Finance?
- When should it be used?
- Advantages of Project Finance

THE CAST - WHO DOES WHAT

- The Banks
- Sponsor's Financial Advisor
- Lawyers
- Lender's Independent Advisors

RAISING PROJECT FINANCE DEBT

- Overview of the commercial bank market for project finance
- Market liquidity and competition
- Risk appetite of the commercial banks
- Impact of the Basle 2 regulations
- Overview of the project bond market

FINANCE STRUCTURES USED TO MANAGE RISKS IN A PROJECT FINANCING

- Cover ratios; how ratios should be used for different types of project
- Cash flow sweeps and repayment profiles
- Reserve tails
- How to determine the debt capacity of a project

PROJECT FINANCE SECURITY

- The need for security
- Example of taking security on an oilfield financing

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ANALYSIS FOR PETROLEUM & ENERGY

UNDERSTANDING KEY FINANCIAL INDICATORS

- How to calculate project payback
- The use of Discounted Cash Flow (DCF) in decision making
- The cost of capital - choosing the right discount rate
- How to calculate Internal Rate of Return (IRR)

COMPARISON OF INVESTMENT APPRAISAL METHODS

- Critique of each method
- Does each method always result in the same conclusion?

DAY TWO: 15 JUNE 2006, THURSDAY

PROJECT RANKING - HOW TO CHOOSE THE BEST ALTERNATIVE

DECISION MAKING UNDER CAPITAL RATIONING

- What if we don't have enough money?
- How to optimize expenditure
- Tips for preparing capital expenditure budgets

EVALUATING THE MAIN AREAS OF RISK

- Completion risk
- Technology risks
- Market risks
- Operational risk
- Counter-party risk
- Political risk
- Environmental risk
- Event risk
- Oil and gas field reservoir risk
- How to identify and quantify project risks and uncertainties
 - How to perform sensitivity analysis
 - How to calculate probability of outcome
 - How to calculate Maximum Exposure
 - Decision trees and the calculation of Expected Monetary Value (EMV)

PROJECT APPROVAL

- How to make it easy for the decision makers to say YES

ACCOUNTING MEASURES VS. ECONOMIC MEASURES

- Understanding other financial criteria for decision making
- Balancing short term vs. long term business objectives
- How to reconcile the pressure to make decisions which appear optimal in the short term but sub-optimal in the long term

PROJECT FINANCE LOAN PRICING

- The risk/return trade off
- Market realities

PRACTICAL ISSUES TO CONSIDER

- Managing the expectations of the various parties involved in the financing
- Ex post project review for performance evaluation

DAY THREE: 16 JUNE 2006, FRIDAY

CONTRACT STRUCTURES FOR PETROLEUM & ENERGY PROJECTS

- How contract structures can be used to manage and allocate risk, with examples of specific types of contracts for project construction, sales contracts etc
- General contract issues; e.g. force majeure event, contract termination and lenders step-in rights
- Comparison of contract language for pro-buyer, pro-seller, and neutral acquisitions
- Contract for tax-free exchange of like goods or services
- Analyze contract provisions from asset purchase agreements, indemnity agreements, and credit agreements

- Focus on subtleties of a contract provision
- Exercises include the comparison of provisions from two indemnity agreements, the analysis of a purchase price provision from an acquisition agreement, and exit strategies for contracts
- In addition, participants review several boilerplate provisions and learn how to avoid the common drafting traps that these provisions present

SPECIAL TOPICS IN CONTRACT ANALYSIS

- Indefiniteness: essential terms, court implies reasonable terms omitted
- Acceptance for bilateral and unilateral contracts
- Termination by acts of the parties
- Termination by operation of the law
- Misunderstanding and Mistake
 - Ambiguity
 - Unilateral and mutual mistake
- Two defenses to contract formation
- Preexisting duty rule
- Mutual obligation and illusory promises
- Substitutions for consideration
 - Promise plus a seal or other form
 - Promise plus previous conferral of benefit
 - Past consideration not a substitute
- Promissory Estoppel

THE CREDIT AGREEMENT

- A review of the key clauses you should expect to see in a project finance credit agreement

KEY POINTS ABOUT THIS COURSE

This programme focuses on developing essential financial, technical and business knowledge of all sectors of the petroleum & energy industries, with additional stress placed on the practicalities of Project Financing Skills and Contract Analysis. This careful balance of lectures and workshop is an ideal way for participants to acquire the management skills and business knowledge needed for today's industry managers.

By attending, you will be provided with all the direction and confidence you need to gain advantage in the petroleum & energy arena.

- ◆ The essential steps in identifying the critical components of a project and assessing the associated risk
- ◆ The structural options for dealing with the risk, including various contracts, documentation and essential negotiation issues
- ◆ The complexities of constructing and evaluating the project financing strategies from the viewpoints of all participants
- ◆ The capital structuring issues – how to get the structure right and how to keep it in good shape
- ◆ Learn how to use different contract appraisal techniques to quickly arrive at the best case situation when negotiating any long-term agreement



ABOUT YOUR COURSE LEADER

Dr. Michael A. S. Guth is a trilingual (English, German, French) business transactions lawyer and financial manager with more than 15 years experience and legal expertise in the areas mergers, acquisitions, and divestitures; securities regulation and hedge fund creation; and deal structuring/business transactions. To further compliment his legal skill set, Dr. Guth is an experienced investment banker having worked within the top tier investment banks, namely Credit Suisse and Deutsche Bank. He advised clients on pre-IPO investments, stock repurchases, and using structured finance products to manage risk. More recently, he directed the risk management and financial control groups for two trading floors. In this latter role, he gained expertise on financial risk assessment, which is a central focus of the Basel II risk-based capital framework.

Dr. Guth received his bachelor's degree in economics from Rice University, in Houston, Texas. From there he became a doctoral student in Social Science at Caltech, Pasadena, California. He wrote the draft for his doctoral dissertation at Caltech at the age of 21 and went on to complete his doctorate in economics from the University of Tennessee, Knoxville, which also awarded him a law degree nine years later. Dr. Guth graduated second in his class from law school, passed the bar exam for Tennessee, and has been practicing law in the state of Tennessee, USA, for more than eight years.

As a management consultant with more than ten years experience, Dr. Guth provides a combination of strategic planning and corporate financial advisory services. He advises clients on conventional negotiated acquisitions (asset purchases and mergers); leveraged purchase techniques; and tax and financial aspects of business transactions. A complete description of his corporate finance and quantitative finance consulting practice can be found on the Internet at <http://michaelguth.com/economist.htm>

Dr. Guth serves as an adjunct faculty member of Touro University International (TUI) in California, Taft University Law School in California, and Charter Oak State College in Connecticut. In all, Dr. Guth has taught more than 25 university courses at the graduate and undergraduate level. He has also published more than twenty articles in refereed journals, and has written a book entitled "Speculative Behavior and the Operation of Competitive Markets Under Uncertainty", which received praise from a former president of the American Economics Association and a Nobel Laureate.

www.michaelguth.com

PROJECT FINANCE AND CONTRACT ANALYSIS FOR PETROLEUM & ENERGY

14-16 June 2006
Hilton Hotel, Singapore

Yes! Please register the following delegate(s) for **Project Finance and Contract Analysis for Petroleum & Energy**

1st Delegate Name (Mr/Mrs/Ms): _____

Job title: _____ Department: _____

Telephone: _____ Fax: _____

Email: _____

2nd Delegate Name (Mr/Mrs/Ms): _____

Job title: _____ Department: _____

Telephone: _____ Fax: _____

Email: _____

3rd Delegate Name (Mr/Mrs/Ms): _____

Job title: _____ Department: _____

Telephone: _____ Fax: _____

Email: _____

Booking Contact (Approving Manager) Mr/Mrs/Ms: _____

Job title: _____ Department: _____

Telephone: _____ Fax: _____

Email: _____

Organisation: _____

Address: _____

Post code: _____

COURSE FEES

- Regular fee S\$2,595 + 5%GST
- "Early Bird" fee is S\$2,395 + 5% GST (Provided that payment and registration are received by **11 May 2006**)
Note: GST is applicable to Singapore based participants only
- **Group Discount:** Enjoy a group discount of 10% for 3 or more delegates booked at the same time from the same organisation and of the same billing source.

Important Notice: Payments are required with registration and must be received prior to the Course to guarantee your place.

PAYMENT METHODS

- **CHEQUE / BANK DRAFT**
Please cross cheque or bank draft made payable to **ASIA BUSINESS FORUM PTE LTD** and mail your payment together with this registration to **3 Raffles Place, #09-01, Singapore 048617**. Enclosed is our cheque/draft for S\$ _____
- **TELEGRAPHIC TRANSFER**
Overseas delegates may pay by telegraphic transfer into the account of Asia Business Forum Pte Ltd to the following account:
Account No. 141-630665-001, The Hongkong and Shanghai Banking Corporation Limited, 21 Collyer Quay, #01-01 HSBC Building, Singapore 049320. Please quote our reference no. **6021S** and your Company's name in your payment instructions.
- **CREDIT CARD (AMEX ONLY)** Please debit my Amex.

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5 EASY WAYS TO REGISTER



TELEPHONE: **(65) 6536 8676 / 6536 8437**



FAX: complete and send this registration form to: **(65) 6536 4356**



MAIL: this completed form together with payment to:
Asia Business Forum Pte Ltd
3 Raffles Place #09-01 Singapore 048617



EMAIL: **marcy.chong@abf.com.sg**



WEB: **http://www.abf-asia.com**

Course fee includes course tuition, lunch, refreshments, teaching materials. Hotel accommodation is excluded but special rates have been negotiated (see below).

CANCELLATIONS & TRANSFERS

If you are unable to attend, a substitute delegate is welcome at no extra charge. Please provide the name and the title of the substitute delegate at least 2 days prior to the Course. A complete set of course documentation and a 50% refund will be given for cancellation received in writing by **5 June 2006**. Regrettably, no refund can be made for cancellation received after 5 June 2006. A complete set of documentation will however be sent to you.

The Organiser reserves the right to make any amendments, cancel and/or change the programme, speaker, date or venue if warranted by circumstances beyond its control. In the unlikely event of programme cancellation by Asia Business Forum ("ABF") then a full refund of the fee payment will be made but ABF disclaims any further liability.

CONFERENCE VENUE & ACCOMMODATION INFORMATION

Hilton Hotel, Singapore

581 Orchard Road, Singapore 238883

Tel: (65) 6737 2233

Fax: (65) 6732 2917

Website: www.hilton.com

Attn: Room Reservation Department

For reservations, please make your bookings direct with the hotel. To enjoy the special room rates, please quote Asia Business Forum's "**Project Finance and Contract Analysis for Petroleum & Energy**". Hotel bills are to be settled by delegates direct with the hotel. Hotel reservations and travel arrangements are the responsibilities of the registrant. Please note that hotel rooms are available on a first-come-first-served basis.

INCORRECT MAILING INFORMATION

It is possible that you may receive multiple mailings of this event or incorrect company details on the labels, for which we apologise. If this happens, please let us know so that we can update our database immediately. If you do not wish to have your name on our mailing list, please let us know and we will remove it from our listing.

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