

Natural Gas Contract Negotiation

June 09-June 13, 2003

Abuja, Nigeria

Workshop Agenda

Monday, June 9

- 10:00 AM **Welcome and Opening Remarks**
Nasir Ahmad el-Rufai, Director General, Bureau of Public Enterprises
Ravi Auklah, PhD., USAID Nigeria
- 10:15 AM **Nigeria Energy Training Program (NETP) Overview**
Ahmad Ghamarian, PhD., Executive Director, IIE Energy Group
- 10:30 AM **Section 1 Course Overview (*Mohsen Shirazi (MS)*)**
- 10:45 AM **Section 2 Introduction to Gas Industry (*MS*)**
 - Physical Infrastructure
 - Institutional Structure; options for structure *and* Regulation of Gas Industry
- 11:30 AM **Coffee Break (*15 minutes*)**
- 11:45 AM **Cont'd Introduction to Gas Industry (*MS*)**
 - Definitions
 - Geographical Coverage
- 1:00 PM **Lunch (*held at the Sheraton hotel restaurant*)**
- 2:00 PM **Section 3 Gas Markets and Deregulation (*Dennis Stickley (DS)*)**
 - Dedicated Projects
 - Bundled Markets
 - Unbundled Markets
- 3:30 PM **Coffee Break (*15 minutes*)**
- 3:45 PM **Section 3 Cont'd**
 - Regulatory Reforms
- 4:15 PM **Review of Day 1**
- 5:00 PM **Adjourn**

Tuesday, June 10

- 9:00 AM **Section 4 Overview of Gas Industry, 2001 and Trends (*MS*)**
 - Energy and Gas Demand in the World
 - World Natural Gas Production
 - World Natural Gas Reserves
 - Reserves/Production Ration
 - Gas Trade
- 10:45 AM **Coffee Break (*15 minutes*)**

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Tuesday, June 10, continued

- 11:00 AM **Section 5 Planning for Gas Industry Development (MS/DS)**
- Gas Industry Development (MS)
 - Sequential review of gas development from exploration to market, oil and gas chains
 - Principal differences between oil and gas
 - Principal conditions for successful development
 - Coordinated downstream and upstream development program
 - Methodological consideration
 - Sample survey methodology, case study on gas demand forecast, country examples
 - Financing Gas Development (DS)
 - Financing Alternatives
 - Trustee Payment Agreements
 - Gas Utilization (DS)
 - Utilization Options
 - Ownership and Management Structures
 - Power Generation
 - Gas and Electrical Systems (DS)
 - Power Generation Cost Comparisons
 - Pricing Approaches
 - Producer / Seller
 - Buyer / End User
- 1:00 PM **Lunch (held at the Sheraton hotel restaurant)**
- 2:00 PM **Section 6 Exploration and Production Agreements (DS/MS)**
- E&P Agreements: Evolution, Brief Economics, Major Provisions
 - Early Concessions, Prior to 1950's (First Generation)
 - Royal Dutch Shell concession in Indonesia
 - D' Arcy Concession in Persia, May 1901
 - Major Provisions of Early Concessions
- 3:30 PM **Coffee Break (15 minutes)**
- 3:45 PM **Cont'd Exploration and Production Agreements (DS/MS)**
- Major Provisions of Second Generation of E&P Agreements
 - Definitions
 - Scope of Agreement
 - Term

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Tuesday, June 10, continued

- Mandatory and Voluntary Relinquishments
- Work Program and Expenditures During Exploration Period
- Commercial Discovery and Operations after Commercial Discovery

4:30 PM **Review Day 2**

5:00 PM **Adjourn**

Wednesday, June 11

9:00 AM **Cont'd Exploration and Production Agreements**

- Management of the Agreement and Operating Committee
- Bonuses, not Recoverable
- Recovery of Costs and Expenses and Production Sharing
- Taxes
- Books and Accounts; Accounting; Audit
- Records, Reports, Inspection, and Confidentiality
- Privileges of Government Representatives
- Title to Assets
- Exchange Control

11:00 AM **Coffee Break (15 minutes)**

11:15 AM **Cont'd Exploration and Production Agreements**

- Laws and Regulations, Responsibility for Damage
- Force Majeure
- Disputes and Arbitration
- Breach of Agreement and Power to Cancel
- Approval of Government
- Annexes to the Agreement
- Description of the Contract Area
- Map of Contract Area
- Bank Guarantee
- Accounting Procedure

1:00 PM **Lunch (held at the Sheraton hotel restaurant)**

2:00 PM **Cont'd Exploration and Production Agreements**

- Development of Natural Gas under PSC Regimes
 - Discovery & Commerciality
 - Retention and Extension of PSC

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Wednesday, June 11, continued

- Fiscal Incentives for Gas Development
- Joint Sales Agreements
- Reserve Estimates & Information Exchange

3:45 PM **Coffee Break (15 minutes)**

4:00 PM **Cont'd Exploration and Production Agreements**

- Gas Supply & Purchase Agreement
- Gas Transportation & Interconnection Agreements

4:45 PM **Review Day 3**

5:00 PM **Adjourn**

Thursday, June 12

9:00 AM **Section 7 Natural Gas Sales and Purchase Agreements (DS/MS)**

- Introduction
 - Natural Gas Pricing
 - Principles
 - Net Back Pricing
 - Two Part Tariff
 - Other Options
- Rate Design and Contract Pricing
 - Structure
 - Two Part Tariffs
 - Modified Fixed-Variable
 - Minimum Bills

10:30 AM **Coffee Break (15 minutes)**

10:45 AM **Cont'd Natural Gas Sales and Purchase Agreements**

- Principal Provisions in Gas Sales and Purchase Agreements_(DS)
 - Complexities and Paradox
 - Format
 - Terms
 - Reserves
 - Development
 - Field Operator
 - Rate of Delivery
 - Gas Measurement
 - Quality Specifications
 - Billing and Invoices
 - Take-or-Pay
 - Force Majeure

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- Dispute Resolution

Thursday, June 12, continued

- 1:00 PM **Lunch** (*held at the Sheraton hotel restaurant*)
- 2:00 PM **Section 8 Review of Nigerian Petroleum Law and Model E&P Agreement**
 Guest Speaker, Chiagozie F. Hilary-Nwokonko
- 3:30 PM **Coffee Break** (*15 minutes*)
- 3:45 PM **Section 9 Review of Nigerian Gas Strategy Paper (MS/DS)**
 - Presentation of findings by selected participants
 - Discussions
- 4:45 PM **Review Day 4**
- 5:00 PM **Adjourn**

Friday, June 13

- 9:00 AM **Section 10 Contract Negotiations, Role-Playing Exercise and Presentation by Participants (DS/MS)**
- 10:30 AM **Coffee Break** (*15 minutes*)
- 10:45 AM **Section 10 Cont'd**
- 1:00 PM **Closing Remarks**
- 1:15 PM **Workshop Graduation**
- 1:00 PM **Adjourn**