



Oil & Gas Projects and Cost Estimation Methods



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Introduction:

Oil and gas Cost Estimation presents particular challenges. Delegates must understand how to manage costs without compromising safety or production. This oil and gas projects and cost estimation methods course provides delegates with practical tools and techniques that can be applied immediately within their company and work. It also introduces delegates to emerging tools and techniques for the future.

This training in oil and gas projects and cost estimation methods will help the delegates save their employer money without damaging the business. It will feature practical, engaging, and innovative techniques from different organizations and help the delegates identify and deliver savings without damaging performance, capability, strategy, delivery, or safety.

Embracing Efficiency and Accuracy in Oil & Gas Project Cost Estimation:

Cost estimators are pivotal in shaping project financial contours in the rapidly evolving oil and gas industry. Mastery of oil and gas project cost estimation is more than just number crunching. It encompasses deeply comprehending the project lifecycle, risk assessment, and employing industry-standard oil and gas reserve estimation methods. At its core, an oil and gas estimator aims to streamline costs without undermining the project's scope and quality, thus enabling a cost-effective yet reliable pathway to resource extraction and management.

Targeted Groups:

- Finance Managers.
- Budget Holders.
- Project Managers.
- Professional Engineers.
- People are providing direct support to the above.

Course Objectives:

At the end of this oil and gas projects and cost estimation methods course, the participants will be able to:

- Proactively manage costs in oil and gas projects.
- Seek opportunities for oil and gas cost reduction.
- Effectively control oil and gas costs.
- Make better use of cost budgets, plans, and forecasts.
- Understand oil and gas project cost estimation.
- Control costs within projects utilizing oil and gas reserve estimation methods.

Targeted Competencies:

By the end of this oil and gas projects and cost estimation methods training, the participant's competencies will:

- Proficiency in Project Management Methodologies.
- Advanced Cost Estimation Techniques.
- Understand Oil and Gas Industry Dynamics.
- Risk Management in Oil and Gas Projects.
- Budget and Financial Planning.
- Resource Allocation and Management.
- Regulatory Compliance and Standards.
- Contract Management and Negotiation.
- Use of Estimation Software Tools.
- Data Analysis and Interpretation.
- Effective Communication Skills.
- Strategic Decision-Making Abilities.

Course Content:

Unit 1: Cost, Profit, Risk, and Cash:

- Costs and Profit:
 - Objectives - Mission and Vision - Profit Now vs. Profit Later.
 - Strategy and How It Guides Cost Management Decisions/Strategy Models and Costs Management.
 - Cost vs. Value/Value Focused Approaches Profit Drivers.
- Costs and Cash:
 - Cash vs. Profit.
 - Cost - Cash and Non-cash.
 - Costs Management vs. Cash Management / Capital vs. Revenue Managing Capital Cost / Managing Revenue Cost.
- Cost and Risk:
 - Introduction to Risk.
 - Cost and Risk.

Unit 2: Costs & Costing in Oil & Gas:

- Understanding and Working with Costs.
- Cost vs. Value.
- Value-Based Cost Management / Thinking.
- Plan for Cost Reduction and Profit Improvement.
- Fixed and Variable Costs Income Statement.
- Break-even Analysis / Contribution Margin.
- Cost mystical Approaches - Full Absorption, Marginal, ABC.
- New Ideas in Cost Management - Lean Principles / ABC - Big data.
- Specific Issues in Oil and Gas Cost Estimation.

Unit 3: Planning and Forecasting Costs / Risk in Oil & Gas Projects:

- OPEX Planning Approaches.
- Value Engineering Approaches Applied to OPEX and Personnel Incentives.
- G&A Cost Planning and Valuation.
- Forecasting Tools and Techniques in Oil and Gas.
- What is Risk in the context of Oil and Gas cost estimation?
- Modeling Costs and Profit and Risk.
- OPEX Long-term Forecast.
- OPEX Planning and Performance Monitoring.
- Software Used in OPEX Planning and Performance.

Unit 4: Investment Appraisal and Projects - Capital Budgeting for Oil & Gas:

- Build Cashflow Models for Decision Making in Oil and Gas Projects.
- CAPEZ Planning System.
- Factors Used to Evaluate the Efficiency of CAPEX Projects, Annual Investment Program.
- CAPEZ Planning in Oil Companies.
- Apply Time-adjusted Measures and The Time Value of Money.
- Net Present Value NPV and Internal Rate of Return IRR / EVA and NPV.
- Sensitivity Analysis, Scenario Analysis, Simulation, and NPV Break-even / Monte Carlo Analysis.
- The Importance of Flexibility and Options.
- Deal with Risk and Changing Circumstances in Oil & Gas Investments.

Unit 5: Budgets and Cost Control in Oil & Gas Operations:

- The Budgeting Process.
- The Role of Budgeting in Oil and Gas Cost Management.
- Annual Budgeting Process in Oil and Gas.
- Identify and Resolve Budgeting Variances.
- Different Budgeting Systems in Use Today.
- Budget Tips and Techniques for Oil and Gas Projects.
- Variance Analysis.
- Beyond Budgeting in Oil and Gas Financial Planning.