MERCURY

Oil and Gas Commercial Negotiation Skills Course

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Oil and Gas Commercial Negotiation Skills Course

Oil and Gas Commercial Negotiation Skills Course is a 1-week course for commercial, contracts and business development staff in upstream, midstream and oilfield services who bargain with partners, host-government bodies and contractors. You prepare positions on joint operating, farm-out and service agreements, use AIPN model forms and handle partner meetings, and you take back a Deal Preparation Plan. Mercury Training Center delivers this oil and gas commercial negotiation course.

About This Course

Petroleum deals involve several partners, long contract terms and large sums, so a weak opening position or an unprepared partner meeting can cost years of value. To follow the course you should already take part in contract talks, partner meetings or tenders in the industry. You practice through role plays built on industry agreements.

Who It Is For

- Commercial and business development staff who structure upstream deals.
- Contracts staff who agree drilling, supply and service terms with contractors.
- Joint venture staff who represent their company in operating and technical committees.
- Gas marketing staff who agree sales and transport terms with buyers.
- Legal and finance staff who support deal teams at the table.

This course is not for readers who want a general persuasion and influence course for any sector, who are better served by a cross-industry bargaining course, nor for lawyers who need detailed drafting of petroleum agreements, who suit an oil and gas contract law course.

Competencies You Will Build

- Deal Preparation: you set BATNA, reservation point and target terms before every partner meeting.
- Interest Mapping: you list each party's interests and find trades that enlarge the deal.
- Partner Coalition Building: you line up votes and support among joint venture partners before committee decisions.
- Deadlock Handling: you break impasses with packages, contingent terms and staged concessions.
- Relationship Management: you keep trust with long-term partners while holding firm on key terms.
- Cross-Cultural Conduct: you adapt pace, protocol and communication to partners from different business cultures.

What You Will Be Able to Do

By the end of the course you will be able to:

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- From a draft farm-out term sheet, identify the work commitment, carry and back-in terms open for discussion and set your targets.
- Using an AIPN model joint operating agreement, mark the clauses most often contested and prepare fallback positions.
- Given a drilling or supply contract renewal, build a concession plan for rates, liabilities and performance terms.
- From partner positions on a work plan and budget, plan the voting coalition and the trade-offs needed.
- Given a stalled discussion, choose a deadlock-breaking tactic and draft a package proposal.
- Using a debrief template, review a completed meeting and record lessons for the next round.

Course Content

Day 1: Bargaining Basics in Petroleum Deals

- BATNA, Reservation Point and ZOPA Applied to Oil and Gas Deals
- Distributive Versus Integrative Bargaining in Upstream Contracts
- Stages of a Deal: Preparation, Discussion, Clarification, Bargaining and Closure
- Reading Petroleum Fiscal Terms and Their Commercial Effect
- Opening Simulation: Rate Discussion With a Service Contractor

Day 2: Upstream Agreements

- Farm-Out Agreements: Work Commitments, Carries and Back-In Rights
- AIPN Model Joint Operating Agreement: Operator Duties, Voting and Default
- Area of Mutual Interest and Pre-Emption Clauses
- Joint Venture Work Plans, Budgets and Cash Calls
- Creating Value Through Trades Between Partners

Day 3: Contractors, Supply and Gas Sales

- Drilling and Well Services Contract Terms: Rates, Liabilities and Incentives
- Supply and Long-Term Service Agreements With Performance Terms
- Gas Sales and Transport Terms: Volumes, Take-or-Pay and Price Review
- Handling Aggressive or Uncooperative Counterparties
- Breaking Deadlocks With Packages and Contingent Terms

Day 4: Partners, Emotions and Cultures

- Coalition Building in Operating and Technical Committees
- Managing Emotional Triggers and Keeping Trust in Long-Term Partnerships
- Empathetic Listening and Questioning at the Table
- Cross-Cultural Protocol With International Partners and Host-Government Bodies
- Team Roles, Mandates and Internal Approval Before Meetings

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Day 5: Practice Building the Deal Preparation Plan

- Exercise: Farm-Out Term Sheet Role Play
- Exercise: Joint Venture Budget Vote With Several Partners
- Exercise: Drilling Contract Renewal Under Cost Pressure
- Exercise: Debrief and Lessons Log After Each Round
- Completing the Deal Preparation Plan for Your Next Live Deal

Case Studies and Exercises

These are suggested activities.

- Case study: an upstream company seeks a partner to fund an exploration well; you set farm-out terms and decide what carry to offer.
- Case study: three joint venture partners disagree on the next year's development budget; you plan the coalition and the trades needed for approval.
- Exercise: an oilfield services contractor faces a request for lower day rates; you build the concession plan and counterproposal.
- Exercise: a gas producer and an industrial buyer renew a supply agreement; you agree volume flexibility and a price review clause.

What You Take Back

The Deal Preparation Plan is the document you complete for one of your own upcoming deals during the course. In your first month back, you use it to brief your deal team, agree mandates with management and prepare the opening position for the next partner or contractor meeting.

- BATNA, reservation point and target terms.
- An interest map of every party at the table.
- A concession and trade plan with fallback positions.
- Team roles, approval steps and a debrief log.

Quick Answers FAQ

What should I know before oil and gas commercial negotiation training?

You should already take part in contract talks, partner meetings or tenders in the petroleum industry and know the basic structure of upstream deals. No legal qualification is needed.

How does oil and gas commercial negotiation training differ from a general persuasion course?

It applies bargaining methods to petroleum agreements: farm-outs, joint operating agreements, drilling and supply contracts and gas sales. General persuasion courses use examples from many sectors and spend more time on influence psychology.

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What is a farm-out in oil and gas deals?

A farm-out is an agreement where a license holder transfers part of its interest to another company, which in return pays some of the costs or carries out agreed work such as drilling a well.

What do I take back from the Oil and Gas Commercial Negotiation Skills Course?

You take back the Deal Preparation Plan for one of your live deals: target terms and BATNA, an interest map, a concession and trade plan, and team roles with a debrief log.

For Your Manager

After the course, the team member can prepare positions on farm-out, joint operating and service agreements, build partner coalitions and handle deadlocks while protecting long-term relationships. They return with a Deal Preparation Plan for an upcoming deal, first used to brief the deal team and agree mandates before the next partner meeting.

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