

# Budgeting & Cost Control for the Oil & Gas Industry

## INTRODUCTION

- This Budgeting & Cost Control for the Oil & Gas Industry training course provides the essential knowledge and skills to enable delegates to successfully control costs; prepare, manage and control budgets effectively in the Oil & Gas industry. It also provides solutions to the strategic issues facing the Oil & Gas industry, recommending sustainable growth strategies in an effective cost control manner.

This training course will feature:

- A detailed understanding of costing and budgeting in the Oil & Gas industry, focusing on leading international practice
- Examination and evaluation of the latest techniques
- Skills development via interactive sessions
- Key discussion of strategic and operational issues currently facing the Oil & Gas industry

## PROGRAMME OBJECTIVES

- Understand the reasons and impact for oil price volatility
- Recommend strategic solutions to budget issues and cost control
- Measure and control costs effectively in a competitive environment
- Prepare, manage and control budgets in the Oil & Gas Industry
- Use budgets to make effective decisions to ensure growth, maintain profitability and reduce risk
- Recommend innovative hedging strategies used by leading international companies to control risk and manage budgets effectively

## WHO SHOULD ATTEND?

- Those responsible for devising budgets, managing and controlling budgets
- Those responsible for making or acting on decisions based on budgets
- Professionals who require a more in-depth understanding of integrated planning and budgeting techniques
- Financial Planners and Cost Analysts
- Line heads with direct planning and budgeting responsibility

## TRAINING METHODOLOGY

- This Budgeting and Cost Control training course uses training methods chosen to ensure effective learning, to reinforce understanding, to develop practical skills and to promote the critical evaluation of information. Interest is maintained throughout each session using a variety of formats, including:
- Real world Oil & Gas case studies demonstrating the practical application of each topic
- Illustrative extracts from Oil & Gas companies
- Discussion of relevant issues raised by participants
- Illustrated presentations of Oil & Gas budget issues focusing recent events and strategic issues facing companies today

## PROGRAMME SUMMARY

- This training course provides the essential knowledge and skills to enable delegates to successfully control costs; prepare, manage and control budgets effectively in the Oil & Gas industry. Knowledge and skills, vital for an industry which currently faces severe pressure on Gross Margins due to oil price volatility and fluctuations in demand. The programme also highlights the latest innovative hedging strategies used by leading international companies.

## PROGRAM OUTLINE

### The Case for Budgeting & Cost Control in the Oil & Gas Industry

- Oil Price Volatility – The Causes & Impact
- Major Costs of Acquisition, Exploration, Production and Development
- Cost Oil and Profit Oil
- The Cost Curve of the Oil Market
- Controlling Gross Margins and Net Margins
- Managing National Fiscal Budgets

### Finding Strategic Solutions to Cost Control

- Re-assessing the Strategic Plan in the light of recent developments
- The need for Growth whilst managing costs
- Managing Working Capital and Cash Flow
- Evaluating and Managing Capital Projects
- Joint ventures; Merger and Acquisition as a solution and growth opportunity
- Finance solutions to growing costs and oil price volatility

### Measuring & Controlling Costs

- Cost Classification and Cost Behaviour
- Job Process Costing, Batch Costing & Activity Based Costing
- Statistical Estimates of Costs
- Controlling Fixed and Variable Costs

## Budgeting in the Oil & Gas Industry

- The Benefits and Limitations of Budgeting
- The Essential Features and Types of Budgets
- Preparing Forecasts and Budgets in a volatile Oil & Gas industry
- Using Budgets as a Management Tool
- Sensitivity, What-if and Break-Even, Analysis
- Managing and Controlling Budgets

## Hedging Costs to Manage the Budget

- Defining Hedging and Identifying Costs / Risks to Hedge
- Determining the Hedging Strategy
- Hedging Oil Price Volatility
- Hedging Exchange Rate Risk
- Hedging Interest Rate Risk
- Controlling the Hedge to avoid Speculation

