RISK & PORTFOLIO MANAGEMENT FOR OIL & GAS

Leveraging Strategies to Optimise Investment Portfolio and Drive Business Profitability

Reap The Real Economic Benefits of Advanced Risk Management Strategies:

- Analyzing the impact of an impending war on oil trading and prices
- Using the portfolio approach to prepare for and respond to potential risks
- Increasing organizational responsiveness through scenario based strategic planning
- Utilizing the Monte Carlo simulation in risk evaluation of E&P
- Using Stochastic Modeling Methods to estimate risk and reward of E&P assets
- Gaining senior management buy-in and acceptance of risk and portfolio techniques
- Build a robust risk management culture to add shareholder value

DON'T MISS THE INTERACTIVE WORKSHOP SESSIONS ON 22 & 25 APRIL

Workshop A | Translating Risk Decision Analysis Into Your Corporate Strategy To Drive Business Value

Workshop B | Using Scenario Planning To Enhance Risk Management Strategy

Workshop C | Developing Effective Portfolio Management Techniques To Optimise The Value Of Your E&P Portfolio

Workshop D | Using Stochastic Modeling Methods To Estimate Risk And Reward Of E&P Assets

FEATURING RISK MANAGEMENT PRACTITIONERS FROM ASIA’S LEADING OIL AND GAS COMPANIES:

PETRONAS CARIGALI
Ng Tong San, Manager, Morocco Operations Africa, Middle East and Asia Division

WOODSIDE ENERGY, AUSTRALIA
Tom Brennan, Audit Manager

HINDUSTAN OIL EXPLORATION COMPANY
Ajit C Kapadia, Managing Director

MULTILATERAL INVESTMENT GUARANTEE AGENCY (MIGA), WORLD BANK GROUP
Isabella Badenoch, Special Representative for Asia

ENERGY INTELLIGENCE GROUP
Sam Ash Dale, Singapore Bureau Chief

HUNGARIAN OIL & GAS, HUNGARY
Zsolt Komlosi, Senior Advisor

ONGC VIDESH, INDIA
D R Khattar, Senior Vice-President

GAFFNEY, CLINE & ASSOCIATES
John Griffith, Deputy Regional Manager

JONES DAY
Emad H Khalil, Partner

SCHLUMBERGER INFORMATION SOLUTIONS
Rodney Lessard, PhD, Portfolio Optimization Advisor

MARSH & MCLENNAN COMPANIES, SINGAPORE

Leveraging Strategies to Optimise Investment Portfolio and Drive Business Profitability

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TRANSLATING RISK DECISION ANALYSIS INTO YOUR CORPORATE STRATEGY TO DRIVE BUSINESS VALUE

Risk assessment strategies need to be aligned to overall business objectives and be constantly improved to help the organization adopt the changes in the market.

Issues that will be discussed include:

- Achieving a common perception of risk: what are the problems and what have been some of the solutions?
- Training your whole organization to understand and manage risk
- Optimising business value by identifying the "up side" of risk
- Aligning risk management strategies to overall business profitability to increase shareholder value

Tom Brennan, Audit Manager
WOODSIDE ENERGY

About Your Workshop Leader
Tom Brennan is a mechanical engineer by background, having spent the early part of his career working in design and project roles in the power and nuclear industries in the UK. On migrating to Australia in 1987, he spent two years as an engineering consultant in the power and mining sectors.

He joined Woodside Energy Ltd. in 1989. Since then he has worked primarily in commercial roles and led the Procurement & Logistics function from 1995. In mid 1999, he took up the role of Group Audit Manager. In the last four years he has introduced an enterprise-wide approach to business risk management in Woodside and developed an integrated approach to risk management and assurance activities.

USING SCENARIO PLANNING TO ENHANCE RISK MANAGEMENT STRATEGY

Scenario planning has been widely and successfully used in the oil and gas industry to prepare for a variety of contingencies – from geopolitical developments to oil price movements to competitive strategic possibilities – and is particularly suited to the E&P sector where business conditions change rapidly and strategic plans need to adapt to changing circumstances.

This workshop will provide an overview of the scenario planning process and showcase how the scenarios can be used to minimize risk and identify future opportunities. Specifically, this workshop will focus on techniques you can use to create future scenarios and apply them within your organization.

Issues that will be discussed include:

- Identifying key mission drivers and critical uncertainties for E&P portfolios
- Understanding how scenarios are researched and written
- Identifying and documenting risks, which allows for the assessment, treatment and monitoring the process within various levels of the organization
- Discussing the effective use of scenarios with emphasis on developing and testing alternate strategies

Ajit C Kapadia, Managing Director
HINDUSTAN OIL EXPLORATION COMPANY

About Your Workshop Leader
Mr Ajit C Kapadia joined HOEC as its Chief Executive in 1987, and is responsible for establishing the first, independent, private sector oil company in India. He has been responsible for successfully securing exploration and development contracts, which now are under implementation.
9:00 CHAIRMAN’S OPENING REMARKS

9:15 MANAGING RISKS IN ASIA’S OIL AND GAS PROJECTS
In the upstream oil and gas industry, large investments are made under conditions that are subject to both considerable risk and uncertainty. This session will address:
- Market volatility and risk involved in some Asian countries
- Benefits of proper risk management
- Risk mitigation tools: private and public sector
- Case study: oil & gas project with MIGA coverage

Isabella Badenoch
Special Representative for Asia
MULTILATERAL INVESTMENT GUARANTEE AGENCY (MIGA), WORLD BANK GROUP

10:00 ANALYZING THE IMPACT OF AN IMPENDING WAR ON OIL TRADING AND PRICES
Companies are bracing themselves for the oil price hikes and volatility in oil trading as the prospects of a US-led war looms over the Gulf region. Oil prices, which are up more than 55 per cent from a year ago, are becoming a cause of increasing concern. The political backdrop for the world economy gives little cause for comfort on the oil-price front. Even as the events unfold and markets react, companies, if they have not done so, would need to seriously consider instituting some risk management reviews and strategies to better protect their positions.
- Identifying the challenges of oil hikes and formulating industry strategies for meeting and overcoming potential challenges
- How companies and countries in Asia are handling oil price volatility leading up to the war
- Effective strategies in mitigating risks
- Calculating the consequences or costs of war on the oil markets

Sam Ash Dale
Singapore Bureau Chief
ENERGY INTELLIGENCE GROUP, SINGAPORE

10:45 TEA AND NETWORKING

11:15 PANEL SESSION

11:45 ANALYSING KEY RISKS – WHAT YOUR COMPANY NEEDS TO ASSESS AND MANAGE NEW KINDS OF RISKS
An improved understanding of the nature of emerging risks is paramount in the volatile and competitive oil and gas market. Companies need to develop and implement more effective ways to analyse and manage risk:
- Identifying risks in current markets: market, regulatory, financial and operational
- Understanding the problems, the changes required and future scenarios
- Strategies to consider for managing such risks and gaining the support required to mitigate risks

12:00 LUNCH AND NETWORKING

1:30 MASTERING PRACTICAL RISK MANAGEMENT AND MEASUREMENT TO DRIVE BUSINESS AND SHAREHOLDER VALUE
- Techniques for measuring and communicating risks
- Practical methods for setting risk limits – pinpointing both actual and potential limits
- Internal strategies for effective risk management – creating a risk management mandate; making risks transparent to management, rating agencies and investors
- Training your entire organisation to understand and manage risk rather than deferring to one or two key individuals: how will this differ in smaller companies?
- Overcoming organisational push-back and attaining wide-scale acceptance of risk assessment tools amongst senior and middle management

Tom Brennan
Audit Manager
WOODSIDE ENERGY, AUSTRALIA

2:20 INCREASING ORGANISATIONAL RESPONSIVENESS THROUGH SCENARIO-BASED STRATEGIC PLANNING
- Understanding and differentiating the slew of techniques available such as Portfolio Optimisation, Monte Carlo simulation and Real Options
- Finding an “efficient frontier” of risk and its relationship to incorporate strategic planning
- Dealing with above-ground and shared risks and dependencies
- Standards in implementation: consistency and compatibility across assets and opportunities
- Recognising and exploiting inter-asset dependencies
- Integrating portfolio optimisation and strategic planning in current capital allocation and long-term strategic decisions
- Capturing valuable strategic insights available only from portfolio analysis

Ajit C Kapadia
Managing Director
HINDUSTAN OIL EXPLORATION COMPANY, INDIA

3:30 TEA AND NETWORKING

4:00 EFFECTIVELY INCORPORATING INSURANCE INTO YOUR COMPANY’S RISK MANAGEMENT FRAMEWORK
All E&P businesses involve investment and trade risks and most companies want insurance to help them control the risk of volatility and uncertainty. However, insurers are equally challenged by such risks. As a result, there is now a reduction in capacity and coverage and an increase in cost. This session explores the critical processes that help safe-guard your investment portfolios including:
- Identifying, analysing, controlling and insuring the risks
- Understanding and differentiating the slew of techniques available such as Portfolio Optimisation, Monte Carlo simulation and Real Options
- Recognising and exploiting inter-asset dependencies
- Integrating portfolio optimisation and strategic planning in current capital allocation and long-term strategic decisions
- Capturing valuable strategic insights available only from portfolio analysis

5:00 END OF DAY ONE

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10:00 USING THE PORTFOLIO APPROACH AS AN INVALUABLE TOOL FOR PREPARING AND Responding TO POSSIBLE RISKS

- How portfolio analysis is giving insights into decision making
- Reviewing rank ordering of projects to avoid overstating value, understating risk and misallocating capital by incurring unnecessary uncompensated risks
- Using a range of inputs instead of single average values to overcome the "law of averages" and evaluate the impact of an investment on the whole portfolio, as opposed to evaluating the stand alone economics
- Deploying portfolio modelling to take account of and exploit the interplay between potential and existing projects

D R Khattar
Senior Vice-President
ONGC Videsh, India

10:45 TEA AND NETWORKING

11:15 PETRONAS CARIGALI’S PERSPECTIVE IN MANAGING GEOLOGICAL RISKS

Petronas Carigali is a wholly-owned subsidiary of Petronas, Malaysia’s national petroleum corporation. Its principal activity involves the exploration, development and production of oil and gas in Malaysia, Asia, Middle East and Africa. This session will address:
- Petronas Carigali’s geological risk profile
- Risk evaluation and analysis of oil and gas projects
- Successful models and techniques used in assessing geological risks

Ng Tung San
Manager, Morocco Operations
Africa, Middle East and Asia Division
PETRONAS Carigali

12:15 LUNCH AND NETWORKING

2:00 MONTE CARLO SIMULATION IN RISK EVALUATION OF E&P

Oil and gas companies need to continually decide which projects to invest in from an array of possibilities, and one of the risk analysis techniques – efficient frontier – is one way to make these decisions easier. However, Monte Carlo simulation, which is more applicable to the oil and gas industry, is increasingly being used as an alternative to plan and manage portfolios.
- Defining risks and its three basic types as market risk, political and business risk
- Applying the techniques of Monte Carlo simulation and reviewing the simulation process
- Deriving paramour risk parameters, such as ENPV, RaV and PoS from Monte Carlo Simulation
- Improving the analysis of an E&P investment portfolio with advanced, quantitative risk-management techniques
- Evaluating the portfolios’ values and risks, as well as optimising portfolio value, taking into account the shareholder value of the company

Zsolt Komlosi
Senior Advisor
Hungarian Oil & Gas (MOL), Hungary

3:00 TEA AND NETWORKING

3:30 EXPLORING THE INCENTIVES TO INVEST IN PORTFOLIO OPTIMISATION

There is a growing appreciation for the potential of portfolio optimisation to contribute to portfolio management strategy formulation, and yet very few companies are actually using the techniques to their full potential. In this session, the more traditional techniques will be compared and contrasted with the latest in optimisation techniques, using a basket of hypothetical assets to demonstrate the additional value that can be obtained from optimisation, and hence the incentive or otherwise for companies to make the investment, in time and money, necessary to implement these techniques.
- Understanding the various analytical techniques that can contribute to assessing the “full, risked, probabilistic value” of an asset
- Appreciating the difference between the stand alone value of an asset and its incremental contribution to the value of a portfolio
- Understanding the process of portfolio optimisation and how to convert the output of the process into strategic insights
- Exploring how these insights can add value to a portfolio, relative to that achievable by traditional methods, particularly when the goals of an organisation and the constraints within which it is operating are complex

John Griffith
Deputy Regional Manager
Gaffney, Cline & Associates, Singapore

4:15 PROJECT DEVELOPMENT AND FINANCE IN ASIA’S OIL AND GAS SECTOR

Risk is an important issue for project finance lenders, particularly when lending into some Asian countries where the legal structure and political stability may cause concern. Nevertheless, it is possible to negotiate for project financing in Asia, particularly if the deal is carefully structured from the outset and all the relevant practical questions have been considered.
- Historical assessment in Asian project development and finance
- Current risks and issues in Asian Oil & Gas financing
- Measuring and mitigating risk both for the lenders and for the borrowers
- Future outlook and direction for financing initiatives for Asia’s oil and gas sector
- Recent key developments affecting the financing of projects in Asia

Emad H Khalil
Partner
Jones Day, Singapore

5:00 CHAIRMAN’S CLOSING REMARKS

5:15 END OF CONFERENCE
Risks loom large at almost every stage of the oil and gas business, from exploration and production to marketing. The tools that are used to cope with physical risk and uncertainty can also be used to understand economic risk and uncertainty, but they seldom are. Whatever your company size, factors such as price volatility, political uncertainty and the regulatory environment will influence your decision-making. Applying the right tools to not only quantify, but qualify risk, will help you to make rational decisions that boost profit margins and shareholder value. This workshop discusses the latest tools for economic evaluation and risk assessment of proposed investments in oilfield projects and why stochastic modeling is preferred to the deterministic one.

Dr Zsolt Komlosi, Senior Advisor, HUNGARIAN OIL AND GAS (MOL), HUNGARY

About Your Workshop Leader
Dr Komlosi is a senior advisor at the integrated oil company Hungarian Oil and Gas Plc. He is responsible for controlling the economics and risks of the company’s significant projects assessing probabilistic methods, including decision trees and Monte Carlo simulation. Zsolt is experienced in evaluation economics at various finance and taxation systems (e.g., Kazakhstan, Libya, Qatar, Russia, UK, Yemen and, of course, Hungary). He holds doctoral degrees in Petrophysics from Miskolc University and in Applied Economics from Budapest University of Economic Sciences. He holds lectures entitled “Economic questions of petroleum business” in Miskolc University.
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