The joint operating agreement (JOA) is probably one of the most relevant agreements in the upstream sector. The costs and risks involved in any upstream project are likely to be too great for any company to bear alone, and that's why it is fairly common for oil and gas companies to combine their efforts with others through joint ventures.

The costs of a joint venture are usually controlled through mechanisms such as work programmes and budgets, authorizations of expenditure, and the awarding of contracts. But none of these mechanisms are going to regulate when and how the operator can issue a cash call, how the operator can charge the costs related to the joint venture, or how a non-operator can audit those costs. All of these detailed financial controls are exercised through agreed accounting procedures. Usually, these accounting procedures are set out in an attachment to the JOA. The attachment can be fairly lengthy and complex since it deals with one of the key issues of the consortium: expenditure. If the accounting procedures do not establish clear rules in that area, costs and associated exposure could increase significantly for the parties involved.

This workshop analyses and explores in detail (i) the general accounting principles and financial considerations in order to allow the audience to understand the backbone of accounting and financial issues in a joint venture, (ii) what is a JOA, (iii) what is an accounting procedures to a JOA, (iv) what are the main issues for an operator and a non-operator; and (v) how the standard model forms address those issues. Several sets of JOA model forms are explored. Through the workshop, international oil companies, independents, national oil companies, legal advisers, accountants, business, commercial and consultants can learn how to perfect their accounting procedures and understand the risks and issues that they might face in the future.

He has been active in the oil and gas industry for several years and is an international expert on joint operating agreements. His experience in this area – both academic and practical – is extensive. He played a key role in assisting Petra Energia in becoming Brazil’s leading onshore oil and gas company and developing its international business throughout Europe, Africa and Asia. He has practical experience in over 40 jurisdictions covering America, Europe, Africa and Asia. Dr Pereira concluded his doctoral thesis on oil and gas joint ventures at the University of Aberdeen. He is an adjunct professor of energy law at the University of Eastern Finland Law School (Finland), visiting adjunct professor of energy law at the University of Reykjavik Law School (Iceland), visiting professor at the Centre de Estudos de Ciencias Jurídico-Económicas e Sociais – Agostinho Neto University (Angola), research fellow at Centro de Estudos em Regulação e Infraestrutura - FGV (Brazil), research fellow at Catholic Research for the Future of Law – Catholic University of Portugal (Portugal), senior research fellow at the Centre for Petroleum and Mineral Law Research (Nigeria), visiting researcher at the Scandinavian Institute for Maritime Law – University of Oslo (Norway), managing editor for UEF Energy Law Review and an associate editor of OGEI. He is a Counsel at MLGTS and he is also the author and editor of several leading oil and gas textbooks: Joint Operating Agreements: Controlling risks to the Non-operator (GLB, 2013), Upstream Law and Regulation: A Global Guide (GLB, 2013), Joint Operating Agreements: Mitigating Operational and Contractual Risks in Exclusive Operation (GLB, 2013), Encyclopaedia of Oil and Gas Law: Volume 1 (GLB, 2014), Encyclopaedia of Oil and Gas Law: Volume 2 (GLB, 2015), Latin American Oil and Gas Law and Regulation: A Practical Guide (GLB, 2015), Joint Operating Agreements: Challenges and Concerns from Civil Law Jurisdictions (Kluwer International, October 2015), Accounting Procedures on Joint Operating Agreements: An International Perspective (GLB, 2016) among others.

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Before engaging into JOA accounting procedures it is critical to understand basic elements of oil and gas accounting. These principles are highly relevant to be properly explained and understood by the delegates as it shall apply to the entire upstream sector. So this first day is going to cover the key accounting essentials behind any oil and gas operation which should include accounting standards, depreciation, depletion, amortization, impairment test, decommissioning and the relationship and procedures established in the host government contract. After attending these sessions the participants should have a better understanding of accounting principles and the their application to the upstream sector.

This day is focused on the joint venture agreement. Each JOA should have an attachment called accounting procedures. This session is going to explain how the financial elements of the consortium works. It shall explain in detail how calls cash, bills and statements should be prepared and executed. It will also explain what kind of charges can be made to the consortium, how materials can be purchased and sold, how audits and adjustments can be performed, among others. This day will also cover cost control and management of the JV so companies can be aware of it financial liabilities and exposure. After these sessions the delegates should have a general overview of all critical issues related to drafting, executing and managing an accounting procedures of a JOA.

This day is a practical implementation of skills and knowledge acquired in the previous two days of workshop. In the first part of the workshop delegates will learn on how to draft and negotiate a JOA accounting procedures. On the second part of the workshop Hypothetical cases will be presented to the relevant groups. Delegates will be segregated in different groups and they will be required to negotiate among themselves simulating a real practical exercise.
Terms & Conditions:

Enrolment
All enrolments are considered as accepted orders as soon as the enrolment confirmation issued by CBC has been received and implies the client’s full commitment to these Terms & Conditions which prevail over all other Customer documents, including general purchasing conditions.

The number of participants is limited to 50 persons. Enrolment will be confirmed once the organization center receives a fully complete enrolment form via email, fax or mail. Incomplete enrolment forms will not be accepted.

Enrolment will be final once payment has been received in full, or once an acceptance certificate from a sponsoring organization has been received.

If the entire cost of the session is not paid 3 days before the workshop begins, CBC reserves itself the right to reopen registration the places booked by the customer, after having informed them. If full payment is received, CBC will, at least 3 days prior to the start of the session, send a letter to the customer designated on the form to confirm their enrolment.

Cancellation
By the Customer:
Cancellation by the customer shall be notified in writing to CBC.

In the eventuality of a cancellation, even due to force majeure, less than 5 calendar days before the beginning of the session, 50% of the enrolment fee will be charged, except if a participant from the same company takes the participant’s place. Such a replacement must be communicated to CBC and confirmed by sending a new enrolment form.

In case of non-cancelled enrolments (including absenteeism or dropout), 100% of the enrolment fee will be charged. In case of an unforeseen departure, justified by the Customer, the participant may be authorized to take part in a later session with the prior consent of CBC.

By CBC:
CBC reserves the right to cancel or postpone a session, especially if there are an insufficient number of participants. The customer will be notified by telephone at least 1 week before the session was due to begin. The cancellation will be confirmed in writing.

The payments received will be fully refunded. No compensation on behalf of CBC will be given to the Customer due to cancellation or postponement of a session.

Force Majeure
The party prevented from carrying out its obligations due to force majeure shall inform the other party in writing via registered mail with acknowledgement of receipt, providing all relevant justifications, and will do its utmost to reduce any damage caused to the other party as a result of this situation. This excludes a party’s internal strikes, methods of payment and payment capacities of each party.

The obligations of a party affected by a Force Majeure are suspended, without penalties, until the effects of this cause disappear. Each party will bear the cost of all fees incumbent upon them, as a result of the Force Majeure.

In the case of a Force Majeure lasting over thirty (30) consecutive days, the party impacted by the force majeure may terminate the order immediately, by right and without compensation.

Termination
If the customer does not comply with the aforementioned obligations, CBC will send a letter of formal notice via registered mail with acknowledgement of receipt, demanding compliance within five days of the date of dispatch. After this deadline, if the customer has not met the requests of the formal notice, CBC may terminate the order and request compensation.

Insurance – Responsibility
The customer will take out and maintain all insurance policies at his own cost and for the entire duration of the workshop covering risks, responsibilities, direct or indirect damage and any illness contracted by the participant(s), with reputedly solvent insurance companies. The customer will compensate CBC for any loss, damage or harm caused by its participants to the workshop, instructors or partners.

Each party remains liable for damages made to its property and for personal injuries suffered by its employees, regardless of the cause or reason of that damage, during the undertaking of the training session, except gross negligence or wilful misconduct by this aforementioned party, or one of its employees.

In any case, CBC shall not be liable for any indirect or consequential loss as a result of financial, commercial or any type of prejudice caused directly or indirectly by the use of the information transmitted within the framework of its training sessions.

Confidentiality and property rights of training documents
The customer is subjected to confidentiality obligations concerning all documents and information communicated during the session, regardless of their medium, which are indicated as confidential. The customer shall ensure that all their staff and more generally speaking all people in contact with CBC comply with this obligation.

More specifically, CBC may provide participants with documents on various formats (e.g. paper, audio, audiovisual, IT or multimedia). Any direct or indirect reproduction, adaptation, alteration, representation or distribution by the customer, regardless of the format, of all or part of the training documents created by CBC and/or the information contained in them, for staff not taking part in training sessions or third parties, will require CBC’s prior written agreement. Under no circumstances shall the customer make any copies, in any...