

NEGOTIATION SKILLS FOR THE PETROLEUM INDUSTRY



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TRAINING CENTER



Introduction

Petroleum agreements carry unusual weight. A single clause on cost recovery, take-or-pay volumes, or force majeure can shift hundreds of millions in value across a contract's life. Counterparties include national oil companies, international operators, service contractors, and regulators, each with different mandates. This Negotiation Skills for the Petroleum Industry Training Course builds the technical and tactical capability those talks demand. Learners study production sharing agreements, joint operating agreements, service contracts, and LNG sales terms alongside proven negotiation frameworks. Furthermore, the course covers price volatility, risk allocation, and cross-cultural dynamics. As a result, participants negotiate petroleum deals with sharper preparation and stronger commercial outcomes.

Negotiation Skills for the Petroleum Industry Course Objectives

- Apply the Harvard Principled Negotiation framework to upstream and downstream deals.
- Define BATNA, WATNA, and reservation points using project economics and NPV analysis.
- Negotiate key terms in Production Sharing Agreements, including cost recovery and profit oil splits.
- Address Joint Operating Agreement issues such as operatorship, voting, and sole risk provisions.
- Negotiate service contracts under FIDIC and LOGIC standard forms.
- Structure risk allocation clauses: indemnities, liability caps, and force majeure.
- Handle price and volume terms in LNG and crude sales agreements, including take-or-pay.
- Apply local content and host government requirements in commercial terms.
- Manage cross-cultural negotiation with national oil companies and international partners.
- Close agreements with documented commitments and clear dispute resolution mechanisms.



Course Methodology

This course combines short lectures with petroleum-specific negotiation simulation. Participants negotiate licensing rounds, drilling contracts, and gas sales terms in structured role-play, then receive detailed feedback. Trainers use real contract extracts, case studies from past industry disputes, and economic modelling exercises. Group debriefs examine which terms shifted value. In addition, participants build a negotiation preparation pack for a live deal.

Who Should Take This Course

- Commercial and business development managers in oil and gas
- Contracts and procurement professionals in the energy sector
- Legal advisors supporting petroleum agreements
- National oil company negotiation teams
- Joint venture and partner relations managers
- Project managers handling contractor agreements
- Government officials negotiating petroleum licences

Negotiation Skills for the Petroleum Industry Course Outlines

Day 1: Negotiation Foundations in the Petroleum Context

- Industry structure: NOCs, IOCs, service companies, regulators
- Distributive versus integrative bargaining in energy deals

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- The Harvard Principled Negotiation framework
- Interests behind positions in petroleum agreements
- BATNA, WATNA, and reservation points from project economics
- NPV, IRR, and payback as negotiation reference points
- Personal negotiation style assessment

Day 2: Upstream Agreements and Fiscal Terms

- Concession, Production Sharing, and service contract models
- Cost recovery mechanisms and profit oil splits
- Royalty, tax, ring-fencing, and government take
- Signature bonuses, work commitments, and relinquishment terms
- Licensing round strategy and bid evaluation criteria
- Local content obligations and training commitments
- PSA negotiation simulation

Day 3: Joint Ventures and Operating Agreements

- Joint Operating Agreement structure and key clauses
- Operatorship, voting thresholds, and pass-mark provisions
- Sole risk, non-consent, and default remedies
- Work programme and budget approval negotiations
- Farm-in, farm-out, and assignment terms
- Managing partner disputes and deadlock
- JOA negotiation workshop

Day 4: Service Contracts and Risk Allocation



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- FIDIC and LOGIC standard forms in practice
- Lump sum, day rate, and reimbursable pricing models
- Indemnities, knock-for-knock, and liability caps
- Force majeure, change in law, and market disruption clauses
- Insurance, HSE obligations, and performance guarantees
- Variation orders, claims, and change control
- Contractor negotiation simulation

Day 5: Sales Agreements, Culture, and Closing

- Crude and LNG sales agreements: pricing formulas and indexation
- Take-or-pay, destination clauses, and flexibility terms
- Price review and renegotiation mechanisms
- Cross-cultural negotiation with international counterparties
- Dispute resolution: arbitration seats, rules, and governing law
- Documenting agreements and closing discipline
- Final assessed negotiation and action plan

Conclusion

By successfully completing Negotiation Skills for the Petroleum Industry, participants will gain a practical command of the commercial terms, risk structures, and negotiation methods that shape oil and gas agreements. They will be able to prepare using project economics, negotiate fiscal and operating terms with confidence, allocate risk deliberately, and close deals with enforceable dispute mechanisms. In addition, they will know how to work effectively across national and corporate cultures. Gentex Training Center designed this course so that learners return to the negotiating table better prepared and commercially sharper.





FAQs

Q1 What is the "Negotiation Skills for the Petroleum Industry" course about?

It teaches negotiation applied to oil and gas agreements. Participants cover upstream fiscal terms, joint operating agreements, service contracts, risk allocation clauses, and crude and LNG sales terms, using industry-specific simulations and real contract extracts.

Q2 What are the key benefits of the "Negotiation Skills for the Petroleum Industry" course?

Participants negotiate better fiscal and commercial terms, avoid risk exposure hidden in standard clauses, and prepare with credible project economics. They also handle national oil company and contractor talks more confidently and reduce the cost of later disputes.

Q3 What skills will I gain from the "Negotiation Skills for the Petroleum Industry" course?

You will gain petroleum negotiation preparation and economic analysis, upstream and fiscal terms negotiation, contract risk allocation and clause negotiation, and cross-cultural deal closing and dispute structuring. These four skills combine to strengthen every energy agreement you handle.



Q4 What tools, methods, or standards are covered in the "Negotiation Skills for the Petroleum Industry" course?

The course covers the Harvard Principled Negotiation framework, BATNA and WATNA analysis, NPV and IRR economics, Production Sharing Agreement structures, Joint Operating Agreement clauses, FIDIC and LOGIC standard contract forms, knock-for-knock indemnity models, and take-or-pay pricing mechanisms.

Q5 How is the "Negotiation Skills for the Petroleum Industry" course applied in real-world practice?

Professionals apply it during licensing rounds, farm-in negotiations, drilling and service tender awards, gas sales contract talks, and partner dispute resolution. The methods transfer to any energy transaction where fiscal terms and risk allocation determine project value.