

UPSTREAM BUDGET PRACTICE



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TRAINING CENTER



Introduction

Upstream Budget Practice Training Course equips oil and gas finance professionals to plan, build, and control budgets for exploration and production activity. Participants work through upstream cost structures, activity-based budgeting, the annual budget cycle, authorization for expenditure (AFE), field and well cost estimating, production and price assumptions, and variance control as one connected process. The programme links geological and operational reality with the financial plan that funds it. As a result, learners gain a practical method for budgeting upstream operations. Furthermore, the course strengthens cost estimating discipline, AFE control, and joint venture reporting.

Upstream Budget Practice Course Objectives

- Explain upstream value chain stages and their cost drivers.
- Build an upstream budget structured by asset, field, and cost centre.
- Apply activity-based budgeting to drilling, facilities, and operations.
- Prepare well and field cost estimates using analogy and bottom-up methods.
- Apply authorization for expenditure (AFE) processes and controls.
- Model production profiles and oil and gas price assumptions.
- Apply operating expenditure (OPEX) and capital expenditure (CAPEX) budgeting.
- Apply cost recovery and production sharing contract (PSC) principles.
- Analyse variances and re-forecast upstream spending.
- Apply joint venture (JV) budgeting, cash calls, and partner reporting.

Course Methodology

- Interactive sessions built on upstream budgeting and cost cases.
- Workshops on cost structures, AFE preparation, and estimate building.
- Group exercises on production modelling, variance review, and re-forecasts.

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- Hands-on practice with budget templates, AFE forms, and cash call schedules.
- Simulation of a budget review meeting and a joint venture partner query.
- Facilitator coaching and peer review on personal upstream budget plans.

Who Should Take This Course

- Upstream finance managers, planners, and cost controllers.
- Budgeting and performance analysts in oil and gas.
- Drilling, facilities, and operations cost engineers.
- Joint venture and production sharing contract accountants.
- Internal auditors covering upstream spend and AFE controls.
- Consultants advising on upstream planning and budgeting.

Upstream Budget Practice Course Outlines

Day 1: Upstream Business and Cost Structures

- Upstream value chain: exploration, appraisal, development, production.
- Cost categories: geological, drilling, facilities, and operating costs.
- Fixed, variable, and step costs in upstream operations.
- Cost drivers across asset, field, and well levels.
- Life-of-field costing and abandonment obligations.
- Benchmarking and cost per barrel metrics.
- Case discussion: a field budget that ignored its decline profile.

Day 2: Budget Architecture and the Planning Cycle

- The upstream planning and budgeting calendar.



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- Structuring the budget by asset, field, cost centre, and AFE.
- Activity-based budgeting for drilling and facilities activity.
- Work programme and budget (WP&B) preparation.
- Linking strategy, work programme, and financial budget.
- Behavioural traps in upstream budget submissions.
- Workshop: designing an upstream budget structure.

Day 3: Cost Estimating and AFE Management

- Estimating methods: analogy, parametric, and bottom-up.
- Well cost estimating: depth, complexity, and rig rates.
- Contingency and escalation in upstream estimates.
- Authorization for expenditure (AFE) preparation and approval.
- AFE versus budget reconciliation and supplemental AFEs.
- Cost overrun drivers and early warning indicators.
- Exercise: preparing and defending a well cost estimate.

Day 4: Production, Price Assumptions, and Cash Calls

- Production profiles and decline curve assumptions.
- Oil and gas price assumption setting and scenarios.
- Revenue forecasting under production sharing contracts.
- Cost recovery, profit oil, and entitlement concepts.
- Joint venture cash calls and partner funding schedules.
- Currency, inflation, and fiscal terms in upstream budgets.
- Simulation: modelling budget under two price scenarios.





Day 5: Control, Variance, and Reporting

- Commitment accounting and accrual control in upstream.
- Variance analysis: cost, time, and scope deviations.
- Re-forecasting and revised outturn for the asset.
- Reporting to management, partners, and the board.
- Joint venture audit and partner reporting requirements.
- Governance, ethics, and spend authority.
- Capstone: presenting an upstream budget and control plan.

Conclusion

By successfully completing Upstream Budget Practice, participants will gain a practical command of upstream cost structures, activity-based budgeting, well and field cost estimating, AFE control, production and price assumptions, and joint venture reporting. They will acquire skills in budget architecture, cost estimating, variance control, and cash call management that support disciplined upstream spending. Gentex Training Center designs the programme to help professionals plan and control upstream budgets with confidence.

FAQs

Q1 What is the "Upstream Budget Practice" course about?

It equips oil and gas finance professionals to plan, build, and control budgets for exploration and production activity. The course spans upstream cost structures, budget architecture and the planning cycle, cost estimating and AFE management, production and price assumptions and cash calls, and control, variance and reporting.



Q2 What are the key benefits of the "Upstream Budget Practice" course?

You gain a practical method for budgeting upstream operations. The course improves cost estimating and activity budgeting, strengthens AFE control and variance analysis, sharpens production and price assumption setting, and gives you joint venture cash call and partner reporting discipline that holds up in audit.

Q3 What skills will I gain from the "Upstream Budget Practice" course?

You will develop four core skills: upstream budget architecture across assets, fields and cost centres, well and field cost estimating with contingency and escalation, AFE preparation and control with variance analysis, and joint venture budgeting with cash calls and partner reporting.



Q4 What tools, methods, or standards are covered in the "Upstream Budget Practice" course?

The course covers upstream value chain stages, cost categories across geological, drilling, facilities and operating costs, fixed, variable and step cost analysis, cost driver identification at asset, field and well levels, life-of-field costing and abandonment obligations, cost per barrel benchmarking, the upstream planning and budgeting calendar, budget structuring by asset, field, cost centre and AFE, activity-based budgeting, work programme and budget (WP&B) preparation, analogy, parametric and bottom-up estimating methods, well cost estimating with depth, complexity and rig rates, contingency and escalation treatment, authorization for expenditure (AFE) preparation and approval, supplemental AFEs and budget reconciliation, cost overrun indicators, production profiles and decline curve assumptions, oil and gas price assumption setting, production sharing contract (PSC) revenue forecasting, cost recovery and profit oil and entitlement concepts, joint venture cash calls and partner funding schedules, currency and inflation and fiscal terms, commitment accounting and accrual control, variance analysis for cost, time and scope deviations, re-forecasting and revised outturn preparation, joint venture audit and partner reporting requirements, and spend authority and governance.

Q5 How is the "Upstream Budget Practice" course applied in real-world practice?

Participants apply it to real work such as structuring an asset budget across fields and cost centres, preparing a work programme and budget, building and defending a well cost estimate, preparing and reconciling an AFE, modelling a budget under two price scenarios, issuing joint venture cash calls, and reporting upstream spend to management and partners. The same methods support re-forecasting and joint venture audit preparation.