UPSTREAM PETROLEUM ACCOUNTING



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TRAINING CENTER

GENTEX Training Center LLC | Orlando - FL, USA
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Introduction

Upstream Petroleum Accounting Training Course explains how oil and gas companies record, measure, and report the costs of finding and producing hydrocarbons. It covers successful efforts and full cost methods, joint interest billing, production sharing arrangements, and decommissioning obligations. Participants learn how reserves estimates drive depreciation, depletion, and amortisation, and how revenue is recognised under production sharing contracts. Furthermore, the programme addresses joint venture accounting, partner audits, and the disclosure requirements that apply to extractive industries. In addition, it links technical field data to the numbers that appear in the financial statements. As a result, attendees can handle petroleum accounting entries with confidence.

Upstream Petroleum Accounting Course Objectives

- Apply the successful efforts and full cost methods to exploration and development expenditure.
- Record geological and geophysical costs, dry holes, and asset impairment.
- Calculate depreciation, depletion, and amortisation using the unit-of-production method.
- Account for joint interest billing and joint venture cost sharing.
- Interpret production sharing contracts and recognise revenue, cost oil, and profit oil.
- Record lifting entitlements, underlifts, and overlifts between partners.
- Account for decommissioning and abandonment provisions.
- Apply IFRS 6 and IAS 16 requirements to exploration and evaluation assets.
- Prepare partner audit files and respond to joint venture queries.
- Apply disclosure requirements for extractive industries under IFRS.

Course Methodology

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- Worked examples on petroleum accounting entries from real field data.
- Hands-on exercises on depletion calculations and joint interest billing.
- Case studies on production sharing contract accounting and entitlement.
- Group work on partner audit preparation and query resolution.
- Guided review of disclosures in oil and gas annual reports.

Who Should Take This Course

- Accountants in oil and gas companies.
- Joint venture and joint interest billing specialists.
- Financial reporting and consolidation staff.
- Cost controllers in upstream operations.
- Internal auditors reviewing petroleum accounting records.
- Finance professionals supporting production sharing contracts.
- Auditors and consultants serving the extractive industries.

Upstream Petroleum Accounting Course Outlines

Day 1: Petroleum Accounting Frameworks

- Overview of the upstream accounting environment.
- The successful efforts method and its treatment of costs.
- The full cost method and ceiling test considerations.
- Exploration and evaluation assets under IFRS 6.
- Pre-licence, licence, and post-licence cost categories.
- Capitalisation criteria and cost accumulation centres.
- Workshop: classifying costs under both accounting methods.

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Day 2: Depreciation, Depletion, and Amortisation

- Reserves estimates and their role in DD&A.
- The unit-of-production method: proven and probable reserves.
- Field-level versus company-level depletion calculations.
- Asset retirement obligations and their depreciation effect.
- Impairment indicators and testing under IAS 36.
- Revisions to reserves estimates and prior period effects.
- Exercise: calculating depletion for a producing field.

Day 3: Joint Interest Accounting

- Joint operating agreements and cost sharing principles.
- Preparing and processing joint interest billings.
- Cash calls, advances, and partner funding.
- Overhead charges and material transfers.
- Handling disputes and exceptions in partner billing.
- Joint venture audits and audit protocols.
- Workshop: preparing a joint interest billing statement.

Day 4: Production Sharing Contracts and Revenue

- Structure of production sharing contracts and fiscal terms.
- Cost oil, profit oil, and contractor entitlement calculation.
- Lifting, underlift, and overlift accounting.
- Revenue recognition and timing under production sharing.
- Royalties, taxes, and domestic market obligations.

- Entitlement versus lifting reconciliation.
- Case study: accounting for entitlement and lifting differences.

Day 5: Decommissioning, Disclosure, and Reporting

- Decommissioning obligations and IAS 37 provisions.
- Asset retirement obligation measurement and discounting.
- Provision movement and unwinding of discount.
- Disclosures for extractive industries under IFRS.
- Segment reporting and reserves disclosure.
- Petroleum revenue taxes and government reporting.
- Capstone: preparing an upstream accounting review pack.

Conclusion

By successfully completing Upstream Petroleum Accounting Training Course, participants will gain a practical command of petroleum accounting methods, depletion calculations, joint interest billing, and production sharing arrangements. They will acquire the ability to record exploration and development costs correctly, recognise entitlement revenue, and report decommissioning obligations. As a result, they can produce upstream accounts that meet reporting and audit requirements. Gentex Training Center delivers this programme with a strong focus on real field data and applied entries.

FAQs for the Upstream Petroleum Accounting course

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Q1 What is the "Upstream Petroleum Accounting" course about?

It explains the accounting rules specific to oil and gas exploration and production, covering successful efforts and full cost methods, depletion calculations, joint interest billing, production sharing contract revenue, and decommissioning provisions.

Q2 What are the key benefits of the "Upstream Petroleum Accounting" course?

Participants record exploration and development costs correctly, calculate depletion with greater accuracy, and handle joint venture billing without disputes. They also recognise entitlement revenue properly and report decommissioning obligations in line with IFRS, reducing audit findings.

Q3 What skills will I gain from the "Upstream Petroleum Accounting" course?

Applying the successful efforts and full cost methods to upstream expenditure; calculating depreciation, depletion and amortisation using the unit-of-production method; preparing joint interest billings and supporting partner audits; and accounting for production sharing contract entitlement and decommissioning provisions.

Q4 What tools, methods, or standards are covered in the "Upstream Petroleum Accounting" course?

The course covers IFRS 6 for exploration and evaluation assets, IAS 16 for property, plant and equipment, IAS 36 for impairment, IAS 37 for decommissioning provisions, the unit-of-production depletion method, successful efforts and full cost accounting, joint operating agreements and joint interest billing, cost oil and profit oil mechanics, lifting and underlift accounting, and extractive industry disclosure requirements.

Q5 How is the "Upstream Petroleum Accounting" course applied in real-world practice?

Participants classify costs under both accounting methods, calculate depletion for a producing field, prepare a joint interest billing statement, reconcile entitlement against lifting under a production sharing contract, and assemble an upstream accounting review pack tasks that mirror the work of petroleum accounting teams.