



OIL INDUSTRY ECONOMICS

FROM WELLHEAD TO GAS PUMP

Presented by Energy Management Institute



Understand the economic principles necessary to navigate the volatile waters of the international and domestic oil complex!

COURSE DATES & LOCATIONS

- August 2-3, 2017: Houston, TX
- August 23-24, 2017: Washington, DC

REGISTER TODAY!

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DETAILS INSIDE



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Why You Should Attend

EMI's Oil Industry Economics: From Wellhead to Gas Pump will explain the influences that establish the global price of crude oil in the upstream and every facet of refined product in the downstream. Never has it been so important to understand the dynamics that drive the industry.

A global battle for market share is raging in the oil industry as we cycle through the second major price collapse in less than a decade. Every industry and every economy in every corner of the world is impacted by this global commodity. Countries either produce oil or consume it impacting not only the cost of energy but the cost all items bought, sold, produced, or transported. OPEC has lost its hold on the market and is fighting to regain dominance...but at what price?

With the United States taking the lead, North America has become the new powerhouse in world oil production. The U.S. and Canada are quickly displacing imports with domestically produced barrels. So much oil is being produced that exports may be on the horizon. Add the third piece of the equation, Mexico, and you've got a perfect storm of a new opportunity. The nationalized monopoly of PEMEX is being deregulated and soon production from the southern Gulf of Mexico could reverse a decade long decline to add even more barrels. 2014 saw the United States breaking all time production records but will it continue?

The Saudi's may be weathering the storm just fine but other OPEC member economies are being ravaged by low prices. Russia is facing the same crushing blows with oil revenues draining from government coffers. And it's not all roses for North America as it was high oil prices that led to unprecedented production growth in the first place. Where will we go from here?

What You Will Learn

The oil industry is very complex with international economics driving every aspect and every decision. This course will delve into the detailed economics from the wellhead to the final consumption point. With this course, we will assemble the key operational characteristics and associated economics of each major industry component giving you a solid understanding of the complete industry.

Some of the areas the course will focus on are:

- Exploration and production economics
- The economics of producing or temporarily shutting in oil
- Economics of gathering oil
- Economics of moving oil to the manufacturing sector from all major methods
- Economics of the new freight markets
- Basic refining economics of various types of refiners and refineries.
- Refinery economic optimization

Continued on Next Page

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9am - 5pm both days

■ **August 23-24, 2017: Washington, DC**
9am - 5pm both days

See last page for venue addresses.

REGISTER ONLINE

EMI CERTIFICATION CREDIT



This course earns 6 credits towards EMI Certification.

Not enrolled? Learn more about EMI's Certification Program and enroll today at cert.emi.org

REGISTRATION FEES

1st delegate: \$1,995

2nd delegate: \$1,795

3rd delegate: \$1,600



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- Economics of moving refined products to various spot markets by various methods...truck, rail, pipeline, barges and ocean-going vessels
 - Economics of moving products to wholesale and retail levels
 - How the economics relate to various pricing methods at each level
 - Economics of storing crude oil
 - All about the economics of crude oil arbitrage trading
 - Macro economics of worldwide energy complex
-

Who Should Attend

- Major Oil & Large Independent:
 - Refiners
 - Marketers
 - Supply & Distribution personnel
 - Exchange Personnel
 - Terminal managers
 - Risk Managers
 - Wholesale and Commercial managers
 - Traders
 - Wholesale/Marketing Companies
 - Jobbers/Diesel Fuel Distributors
 - Every Level of the Trading Community, both Physical and Financial
 - Truck Stop & Retail Chain Operators:
 - Fuel purchaser
 - Hedgers
 - Marketers
 - End-Users:
 - Trucking Companies
 - Barge and Shipping Companies
 - Commercial and Private Airline Fleets
 - Government Agencies – Federal – State-Municipal
 - Shipping Companies
 - Lenders to the Oil Industry
 - Futures & OTC Brokers
 - Media Companies
 - Oil Reporters
 - Oil Analysts
-

CPE Credits



This course earns 13 CPE credits.

Energy Management Institute is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors.



State boards of accountancy have final authority on the acceptance of individual courses for CPE credit. Complaints regarding registered sponsors may be addressed to the National Registry of CPE Sponsors, 150 Fourth Avenue North, Suite 700, Nashville, TN, 37219-2417. Web site: www.learningmarket.org.



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Course Syllabus

Session 1: Upstream Economics

This session will cover both off-shore and land-based drilling and producing economics. We will review the cost of drilling, the economics of producing a find, as well as the economics of some of the most interesting existing oil areas around the world. This session will also highlight the break-even economics of many major producing areas around the world. The question as to when to produce and when to shut in will be presented

Session 2: Crude Oil Transportation

This session will detail the economics of moving oil from the well to the refinery. Tremendous change is sweeping through these Midstream activities as traditional regions of production give way to new fields. Many of today's producing areas are void of traditional infrastructure rewriting the rules of truck, rail and pipeline economics. These shifts are causing well-established pricing differentials to change and are redefining global trading partners. Significant quantities of physical oil continue to move via ocean-going vessel to refineries all over the world. We'll look at tanker options and how those decisions and global chokepoints impact price. This session will also explore freight trading activity and the use of forward freight agreements.

Session 3: Refinery Operations

Once the refiner accumulates all of their crude oil feedstocks, what are the economics of getting it into usable, marketable products? How is it done and how do economics and government-mandated specifications intermix? What are the economics of various types of refineries? What are the economics that have motivated companies like Valero to grow to the largest independent refiner in the US? Why have major integrated companies reduced their refinery exposure? These are just a few of the questions that will be discussed about the topic of refinery economics.

Session 4: Refinery Optimization

This discussion will lead to the second part of this session regarding the valuation of crude oil. We will discuss crude oil netbacks and refinery optimization using linear programming models, and how refiners ultimately select the optimum slate of feedstock's to maximize the profit of the oil products sold from the refinery. Since all of the physical crude oil that is produced must be refined, a tremendous amount of physical oil trading is centered on the refinery. This session will also delve into how the economics impact trading and supply and where those concepts meet in this arena.

Session 5: Refinery Opportunities

International/export refiners are becoming increasingly major players in this evolving part of the oil infrastructure. This session will take a brief look at the evolving prospects for those producing fuel. What are the economics that make building refineries in various places around the world interesting enough to supply markets? How does the U.S. crude oil export ban impact these opportunities? How are economics evolving for the US and China, the two largest consumers of refined products in the world?

Session 6: Downstream Distribution

Now that the crude oil has been transformed into useable products we must get them to the consumer. This session will begin the process of delving into the economics of moving gasoline, diesel, jet fuels, etc. to the various levels of the downstream oil infrastructure...spot, wholesale and retail. We will compare the economics of moving product by truck, rail, pipeline, Jones Act vessels and international flag ocean-going transports. This session is mostly focused on the economics of refined product movements to the large bulk consumers and large oil resellers.



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Course Syllabus (continued)

Session 7: Wholesale Economics – Seller’s Perspective

This session will now focus on the economics of the wholesale level of the infrastructure from the perspective of those selling product. The vast majority of oil that is consumed in places like the US move to the wholesale (or rack) system before they reach the final retail consumer. We will detail the economics of product at wholesale and the market factors that influence price levels. Finally how do financial markets influence the economics of refined products at these points in the distribution network. Our examination highlights the seller’s motivations in this process.

Session 8: Wholesale Economics – Buyer’s Perspective

Buyer’s have several options for procuring product in the wholesale market. Refined products can be purchased based on indices pegged to various levels of the energy infrastructure – spot, wholesale, NYMEX. This session will approach the methodologies of index-based purchasing from the buyer’s perspective. We will look at the economics involved with the various practices used by small, medium, and large wholesale buyers.

Session 9: Retail Economics

The last level of the downstream oil industry is the retail gasoline pump. It would seem that this level would have the most economic transparency since prices are so visibly displayed. However there is a great deal of misunderstanding and distrust at the retail level. Fuel is sold at well over 100,000 locations including traditional service stations, truck stops, and convenience stores. We’ll breakdown the economics at these different types of operations and see who’s making money and who isn’t. This session will detail the final components of price between the wholesale terminal and the retail pump.

Session 10: Trade & Hedge Economics

Throughout the Oil Economics course, the concepts of trading and hedging enter into the discussion at many points. This session will dig deeper into the concepts and their related economics. Trading and hedging is incorporated into every level of the market from the upstream protection of crude values; crack spreads at the refinery; refined product in transit, and retail margins. Exchange traded financial markets are the overriding umbrella that provide stability and surety of economics one day and white knuckle volatility the next.

Session 11: Storage Economics

This session will cover the economics of storing crude oil prior to the manufacturing process as well as storing various refined products after the refining process is over. Before we delve into the economics we will elaborate on who stores oil and why they do it. We will differentiate storing oil from a logistic viewpoint versus an opportunistic economic perspective. This session will introduce you to all of the economic aspects of storing oil and what it is telling us about the marketplace.

Session 12: State of the Energy Complex

This session will delve into the dynamic and evolving aspects of the world’s geopolitics that influence economics. Why are energy prices where they are? History will help understand some of the reason. What are causes for high prices and what are simply symptoms? Why are geopolitics and security of supply so important today and significantly less important just 10 years ago? What is the energy price model and what does that mean for the next few years? This session will delve into the major market drivers with a detailed description as to what to expect going forward.



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Learn From the Experts that Experts Trust

EMI experts are frequent editorial contributors to petroleum magazines & are trusted by today's leading news sources.

Our experts have been featured in:

Futures Magazine • The Wall Street Journal • USA Today • The New York Times • The Washington Post • Journal of Commerce • CNN • NBC • CBS • ABC • Bloomberg • Reuters

EMI's leading industry experts have an average of over 30 years of knowledge and experience in:

**Energy • Commodity trading • Risk management
• Education • Consulting • Financial services**

Plus many years of managing marketing, international trading, manufacturing, consulting, start-up operations and project finance operations of well-known companies; integrated major oil companies as well as international trading companies.

EMI's industry experts have also provided risk and value management analysis, advice, information, and services to a variety of companies in the electric power industry. Clients have included power marketers, integrated utilities, retail power providers, hedge funds, and power plants.

Highlights of our instructors' experience include: • Developing a suite of models for a variety of power markets that quantify value and risk • Managing spark spread portfolios for hedge funds in the power markets • Operating in futures trading pits as a market observer in the power markets • Developing working papers for investigations and performing compliance audits in the power industry • Helping Texaco initiate its first use of futures exchanges as an integral part of hedging/trading strategy • Chief Operating Officer of Triwell Marketing and refining • Director of OPIS, Oil Price Information Service, a management-consulting and educational services group that solely focused on the downstream energy industry • Member of Board of Directors of Longview Refinery • Member of the New York Mercantile Exchange Petroleum Advisory Board • Expert witness for a hearing before the subcommittee on surface transportation for the Commerce, Science, and Transportation Committee of the US Senate • Supplied expert testimony to a US Senate sub-committee hearing on diesel petroleum product pricing • Supplied testimony to the Federal Highway Administration regarding fuel tax evasion • Expert witness in a MTBE litigation against the major oil companies • Publishers of The Daily Hedger, BTU's Daily Gas Wire and BTU's Daily Power Report, which advise thousands of petroleum professionals daily.

Our instructors are frequent expert speakers for numerous petroleum industry events and trade associations including: • DOE DESC World Energy Conference • OPIS Fleet Fueling • CME NYMEX • Fuel Management University • NATSO • ATA • AAA • Dairy Distribution • eyeforEnergy eCommerce • OPIS Supply Summit • CIOMA • American Society of Mechanical Engineers • American Society of Lubricating Engineers • Ambrust Aviation • NACHA.

Over the years EMI has developed a series of intensive courses covering all aspects of Energy from production all the way to managing the impact price and volatility on the margin of end-users, resellers, traders, marketers, shippers, retailers and refiners. Our instructors have had the privilege to instruct thousands of professionals representing all aspects of the energy industry, including every major oil company (i.e. Exxon Mobil, BP, Shell, Equilon, Motiva) major power utilities (i.e. Sempra, Edison Mission, Berkley, Toronto Hydro, Dominion, Conectiv) small marketers (i.e. Sprague, Getty, Southern Counties, Western Petroleum) trucking fleets from 50 to 10,000 (i.e. UPS, U.S. Postal Service, Yellow, Pepsi, Werner), gasoline-powered fleets hyper-markets (i.e. The Pantry, Wawa, BJs Wholesale) and many fortune 500 energy consumers.



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REGISTER ONLINE

Registration Fees:

1st Attendee: \$1,995 for full program

2nd Attendee: \$1,795

3rd Attendee: \$1,600

1 CHOOSE YOUR COURSE DATE/LOCATION

- | | |
|--|---|
| <input type="checkbox"/> August 2-3, 2017
Regus Conference Center
Downtown Houston
Two Allen Center
1200 Smith Street, 16th Floor
Houston, TX 77002
PH: 713.353.4600 | <input type="checkbox"/> August 23-24, 2017
Regus Conference Center
International Square
1875 I Street, NW
5th Floor
Meeting Room: Boardroom
Washington, DC 20006
PH: 202.429.2000 |
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Hotel recommendations for select course locations available online at www.energyinstitution.org/hotels

2 ENTER ENROLLMENT DETAILS

First Name: _____ Last Name: _____

Company Name: _____

Address: _____

City: _____ State: _____ Zip: _____

Phone: _____ Fax: _____ Email Address: _____

3 MAKE PAYMENT CHOICE

Please invoice my company (payment must be received prior to course date)

Pay by credit card (circle one): Mastercard Visa American Express

Card Number: _____ Expiration Date: / /

Card Holder Name: _____

Card Holder Signature: _____

4 SUBMIT REGISTRATION FORM

EMAIL: Send form to register@pmaconference.com.

TEL: Call PMA Conference Management at 201.871.0474

FAX: 253.663.7224

POST: PMA Conference Management
POB 2303
Falls Church, VA 22042

REFUND/CANCELLATION POLICY

Attendees may reschedule for a different date or course with no penalty. Attendees may substitute a colleague in place of themselves as long as prior notice is given to EMI.

Course fees are 100% refundable up to 14 days prior to course date, 80% refundable up to 5 days prior to course date and 50% refundable up to 2 days prior to course date. Cancellations are non-refundable thereafter.