



ACQUISITION & DIVESTITURE OF PETROLEUM PROPERTY

Many mistakes made in the buying and selling of petroleum properties can be very expensive. Trial and error is not the way to learn. Students will learn what buyers and sellers need to know to understand the entire process related to the acquisition and divestiture of individual producing or discovered non-producing assets. Important topics include: motivated vs. non-motivated sellers, seller evaluations, marketing options, the divestment process, the acquisition process, unique lifecycle risks and valuation methodologies. Also included are determining the price, like-kind exchanges, new field discoveries, constructing the offers, preferential rights, bonding protection, negotiating the contract, due diligence, industry activity and company mergers. Due diligence tips, the impact of lower oil and gas prices, troubled operators, financial statement analysis, banker and investor attitudes and the growing number of bankruptcy filings are included. Case histories and lectures will be used.

BANKRUPTCY ISSUES FOR TROUBLED OIL VENTURES AND MINERAL OWNERS

Oil prices are recovering too late to save many drillers drowning in debt. Both Sand Ridge Energy and Linn Energy recently filed for Chapter 11 with billions in debt. There have already been at least 29 U.S. oil and gas bankruptcies this year alone. The default rate among exploration and production junk bonds has soared to a record 27% over the past 12 months. Sand Ridge stock was trading at \$80 per share back in 2008, but recently it was worth just two cents. In this new and timely course students will examine the impact of potential and already filed bankruptcy cases and learn about effective methods for dealing with troubled oil ventures. They will learn about successful strategies for operators, non-operators, and service companies. Special attention will be paid to the concerns of mineral and royalty interests as they are often creditors too. Related topics covered include: notices, the right to reject certain contracts and leases, royalty creditors' secured status and relevant differences in state laws. Unique E&P Issues occurring when first filing the case include: financing an entity during the case, mineral lien claimants, royalty and other payments, critical vendors and suppliers. Issues unique to oil and gas bankruptcies to be covered include: title issues, lien avoidance, whether or not an oil and gas lease is subject to §365 and treatment of JOAs and farmouts. Selected issues Related to §363 sales include: sale of a co-owners' interest, data rooms and confidentiality agreements. Lectures and cases will be used.

INTRODUCTION TO OIL COMPANY FINANCIAL ANALYSIS

Oil and gas companies often have volatile stock prices and challenging amounts of debt, especially in the economic downturns that seem to come along all too often. This class was created for non-financial shareholders, managers, lenders, financial advisors and oil company employees interested in the forces that influence stock values. The bottom line in any company is expressed in the language of finance. Students will examine financial concepts in a non-technical, practical way so that non-financial professionals and others may understand and appreciate this aspect of the business. Students will learn about the following topics: factors impacting oil and gas prices; fundamentals of valuation (including asset vs. income-based techniques; accounting value vs. economic value; future and present value theory; internal rate of return and other methods), accounting systems for oil and gas (including reserve recognition accounting, cost depletion and percentage depletion), financial statement analysis (including common and industry specific energy ratios), valuation of common stock (including guidelines for estimating value, IRS and SEC guidelines) as well as competitive comparisons, segment valuation including proved reserves, acreage, transportation, pipelines, tankers, refineries, industry structure, financial analysis and evaluation of refineries, value of reserves-in-the-ground, corporate restructuring, legal and tax concerns for mergers and valuation of bonds and preferred stock.

CLASS TIMES:

Friday, Saturday & Sunday: 8:30am to 4:30pm (1 hour lunch + breaks)

All times are Mountain Time

For more program info or to register for other classes, visit our webpage at: www.daniels.du.edu/elm

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