

Exploration Risk Analysis for Managers (2 Days)

This seminar is designed specifically for exploration management and condenses the extensive materials of the "**Exploration Economics, Risk Analysis, and Prospect Evaluation**" course into an accelerated 2-day format, using the optimized E&P portfolio as a constant reference frame. This course focuses on understanding and acting on the consequences of risk analysis (RA). It makes use of (1) realistic games and exercises to illustrate the mechanics and application of statistical and business concepts operative in the oil and gas business, and (2) procedures for analyzing the risk and uncertainty associated with modern petroleum exploration. It identifies fallacies and unintended consequences of many traditional economic measures and procedures which negatively impact financial performance, and it outlines proven techniques for improving technical performance.

The organization of the seminar follows the characteristic chain of considerations that attend most exploration projects, and is especially valuable for familiarizing managers with new concepts and terminology used by their technical staffs to analyze prospects and plays. **It was designed specifically to meet the needs expressed by many professionals who complete the 5-day course: "I wish my managers would take this course -- otherwise, how will we be able to communicate?"**

The seminar integrates the geotechnical, financial, and management aspects of the exploratory prospect as the economic unit of exploration, and introduces the exploration play as the operational unit of exploration. The course is recommended for supervisors and management of all upstream business units, regardless of their professional disciplines. **It is not a substitute for the 5-day course.**

Course Outline

- Day 1:** Introduction to Risk Analysis
Statistics - The Language of Uncertainty
Coping with Uncertainty
Estimating the Size of the Prize
Expected Value and Chance of Prospect Success
Designing Truncation Systems
- Day 2:** Estimating Profitability
Selecting New Plays - The Most Critical Decision
Dealing with Risk Managing
the Portfolio Escaping the
Winner's Curse
Performance Tracking - The Simple Secret
Essential Roles in RA Implementation
Conclusion