



# **Value Creation via Contingent Resources**

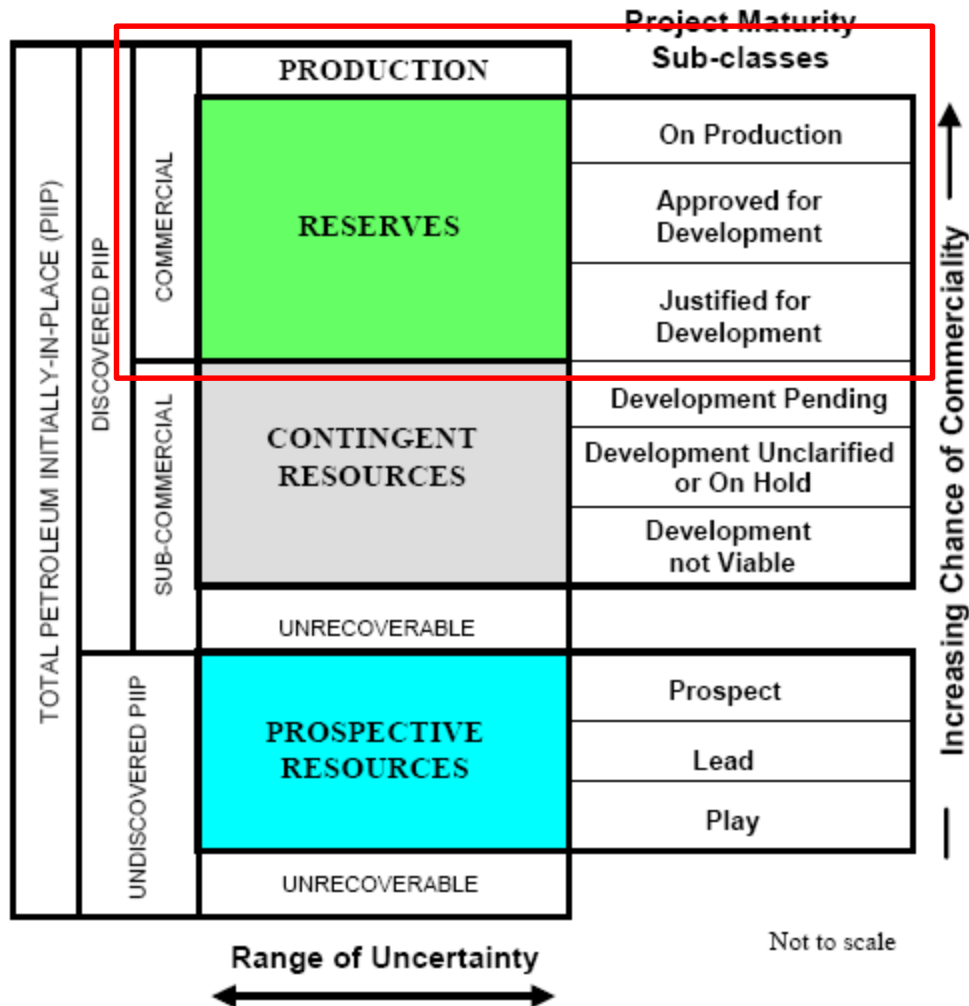
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# Value - PRMS

*Project maturity based resources classification*

*„Projects which are associated with petroleum accumulation evaluation.“*



## RESERVES:

- ✓ discovered
- ✓ recoverable
- ✓ commercial
- ✓ remaining

## Contingent Resources:

- ✓ discovered
- potentially recoverable
- sub-commercial**

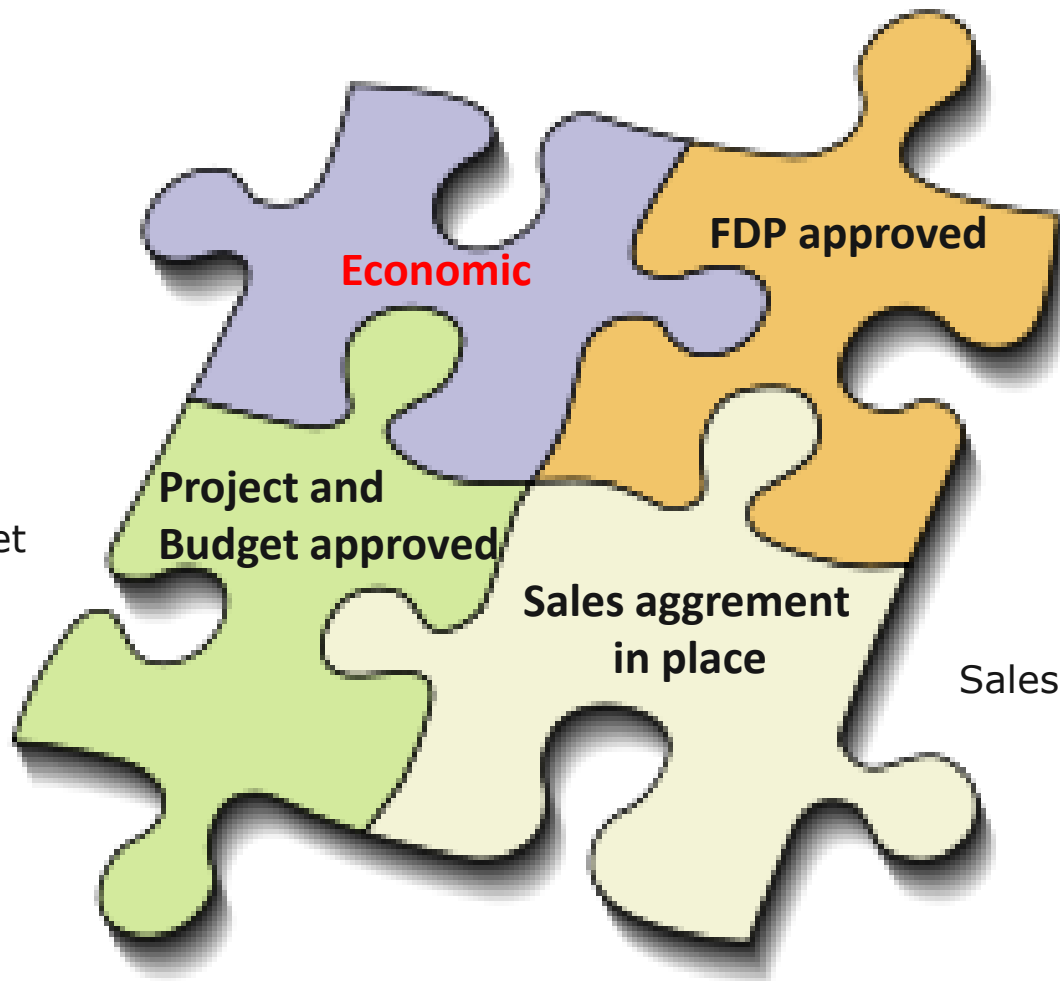


# Commerciality

*Commercial vs. Economic*

NPV > 0 with the  
company price  
and cost profile

Project and Budget  
are committed  
by Company(ies)

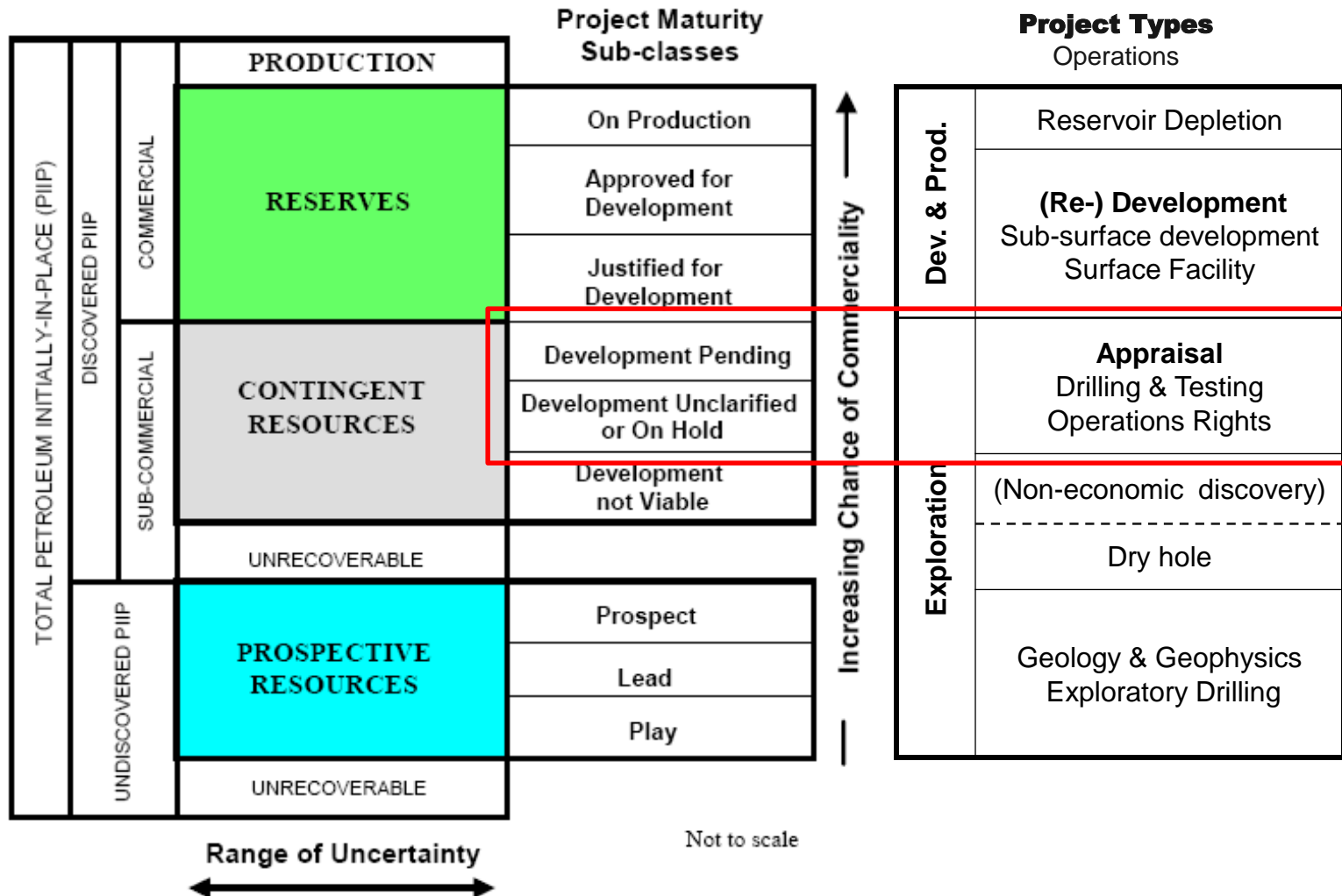


Operations  
are permitted  
by Authorities

Sales and transportation  
Agreements are  
in place

# Efficient appraisal program creates value

*Appraisal is a complex project phase including technical and non-technical issues*



# Contingent resources

## PRMS definitions and *guideline*

*„...the estimated recoverable quantities for a new discovery will be classified as Contingent Resources while further appraisal and/or evaluation is carried out”*

### **Contingent Resources - Development Pending:**

A discovered accumulation where project activities are ongoing to justify commercial development in the foreseeable future.

*„Ongoing Appraisal ”:*

*„Note that disappointing appraisal/evaluation results could lead to a re-classification of the project to “On Hold” or “Not Viable” status.”*

### **Contingent Resources - Development Unclassified or on Hold:**

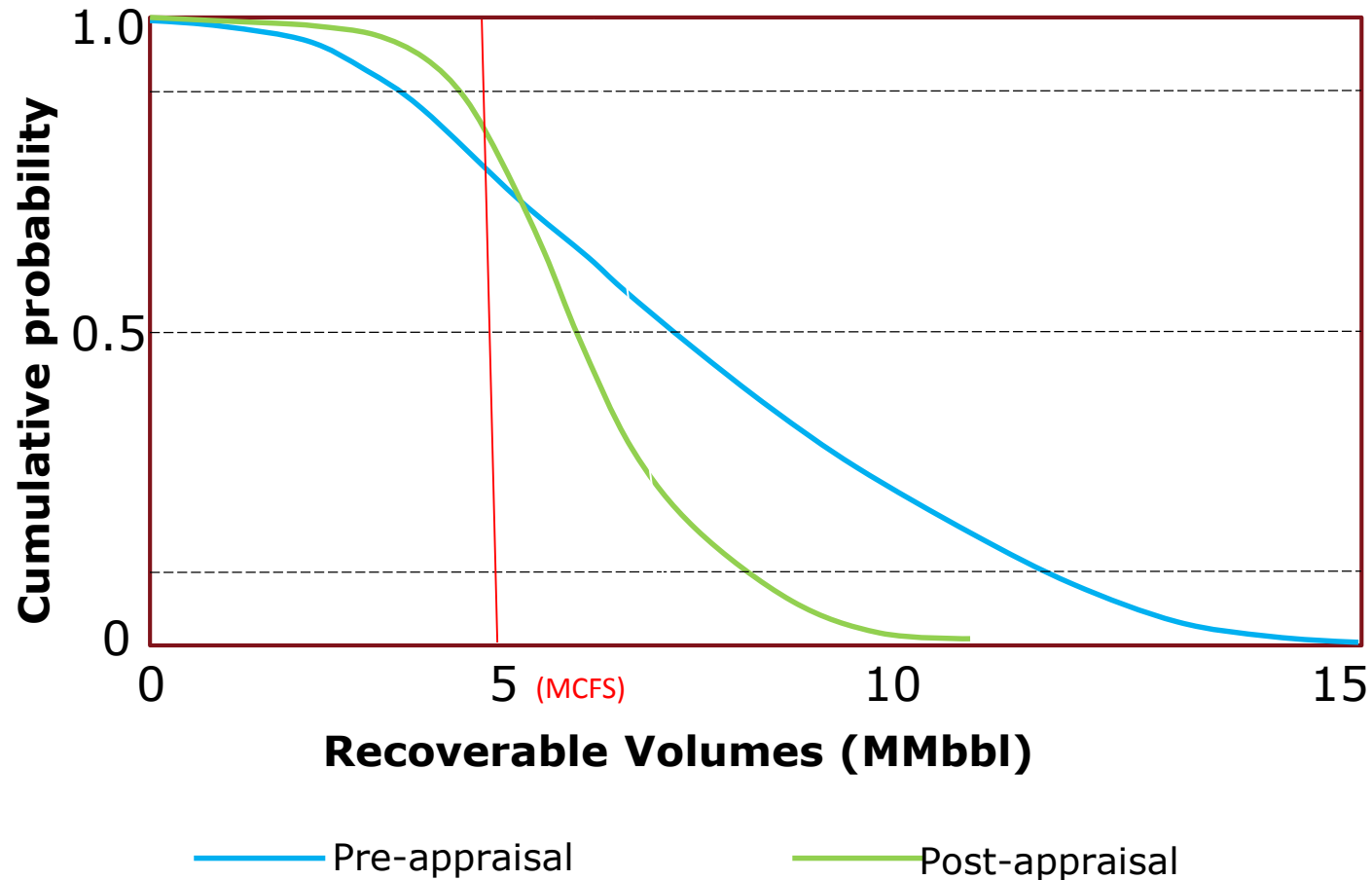
A discovered accumulation where project activities are on hold and/or where justification as a commercial development may be subject to significant delay.

*„Pending Appraisal”:*

*„ The project is seen to have potential for eventual commercial development, but further appraisal/evaluation activities are on hold pending the removal of significant contingencies external to the project, ...”*

# Handling volatility with certain estimates

*Appraisal phase is to reduce uncertainty*



# Handling low and volatile oil price environment

*... with an efficient and complex appraisal phase with certain outcomes*

- ❑ Reliable technical evaluation
- ❑ Executable project(s) definition(s)
- ❑ Prepared permitting and approvals
- ❑ Correct (bottom up) timeline
- ❑ Certain oil price forecast in sensitive period of NPV
- ❑ Measured (pre-contracted) service prices
- ❑ Reliable cost estimates
- ❑ Market survey and prepared sales contract
- ❑ Correct communication

# Conclusion

*Contingent resources classification gives solution in a volatile environment*

- ❑ Well defined and executed complex appraisal brings value or prevent loss
- ❑ Appraisal program targeted resources are Contingent Resources
- ❑ Reserves booking during the appraisal phase is not prohibited
  - ❑ Extended Well Test (EWT) is approved as continues production
  - ❑ Early Production Facility (EPF) is in place
  - ❑ Regular „product” transportation is solved
  - ❑ Sales Agreement is contracted (entitlement allocation is governed by applicable contracts)
  - ❑ Conservative reserves estimate and categorization
  - ❑ Contingent resources report has to be corrected with reserves volumes
- ❑ Contingent Resources has no time-limit
- ❑ Contingent Resources is value in case **reason of contingency is known**



**Thank You for your attention!**

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