



IHS Markit™

Upstream Oil and Gas Regulatory Consulting



IHS Markit upstream oil and gas regulatory consulting assists energy companies to achieve worldwide regulatory compliance and governments around the world to attract international investment in the energy sector

As oil and gas companies and government agencies adapt to ever evolving global energy markets, effective regulatory compliance management and attraction of international investments are mission critical for them. Corporate managers must ensure that they know and comply with complex oil and gas regulations in multiple jurisdictions and adhere to industry best practices in order to minimize risks, reduce costs and avoid disruption. Government officials seek to attract energy investment while protecting national interests, safeguarding communities and environmental resources from potential risks.

The upstream oil and gas regulatory consulting team at IHS Markit can help you attract international investments into the energy sector as well as manage legal and regulatory compliance challenges and transform them into opportunities for progress.



Benefits of IHS Markit Upstream Oil and Gas Regulatory Consulting:



A range of in-house expertise and capabilities comprised of multi-lingual energy lawyers, economists, regulatory specialists, policy and research analysts and information technology developers



In-depth insights into petroleum policies, legislation, regulations, contracts, licensing rounds, marketing and negotiation strategies in any jurisdiction worldwide



Access to most up-to-date oil and gas legislation and regulations, recent petroleum contracts and have a view on best practices in regulating upstream oil and gas regulation

Our key offerings include:



Energy Policy and Master Plan Development



Drafting Laws and Regulations



Benchmarking of Contractual and Fiscal Terms



Licensing Round Strategy and Execution Support



Regulatory Compliance



Litigation Support

Upstream Oil and Gas Regulatory Consulting offerings are broken down into six key categories:



Energy Policy and Master Plan Development

- Strengthen policymaking for environmentally sound energy sector development
- Development of energy policies that further the nation's economic policy objectives
- Development of master plans that enable growth of domestic and export markets for natural gas
- Assessment of economic impact of proposed energy policy initiatives



Drafting Laws and Regulations

- Assistance in drafting regulations covering all aspects of resource development:
 - E&P regulations
 - Petroleum taxation
 - Industrial and operational safety
 - Protection of the environment
 - LNG taxation
 - Natural gas market
- Development of regulatory impact and cost benefit analysis of proposed regulations
- Stakeholder engagement and public consultation



Benchmarking of Contractual and Fiscal Terms

- Comparative assessments and in-depth analysis of oil and gas fiscal systems
- Independent expert review of contractual and fiscal terms
- Development of composite indexes comparing fiscal systems to measure profitability, revenue risk and stability
- Designing or updating appropriate fiscal policies and terms for petroleum industry



Licensing Round Strategy and Execution Support

- Development of an upstream licensing strategy
- Assistance in preparation of bid rounds, including but not limited to:
 - Fiscal and contractual benchmarking
 - Development of fiscal and contractual terms and model contract
 - Development of terms of reference and tender protocols
 - Development and execution of licensing round marketing strategy
 - Establishment of digital and virtual data rooms
- Bid round execution support
- Negotiation support



Regulatory Compliance

- Identification and collation of legal documents
- Legal Translation of applicable laws, regulations and standards
- Project applicability determination
- Regulatory analysis – permitting and reporting obligation
- Database/systems development
- Compliance management
- Consultancy Support Services
- Regulatory training



Litigation Support

- Expert witness and arbitration testimony and reports
- Economic impact assessment
- Litigation strategy/question formulation
- Cost /benefit analyses
- Asset/business valuation
- Contract dispute/arbitration support
- Border dispute support



Energy Policy Development

Develop an energy policy that draw from international best practices and enable sustainable development of energy resources.

Case Study

Situation

The Ministry of an Eastern European Country engaged IHS Markit to undertake a policy dialogue with regulatory and industry stakeholders to provide an authoritative and independent understanding of country's conventional and unconventional natural gas potential and the implications for the country's energy future.

Solution

The Policy Dialogue process was designed to foster substantive discussion and debate on the critical issues facing the country's natural gas sector with the goal of advancing a series of recommendations to facilitate the sector's optimal development.

IHS Markit consultants addressed in the research process followed by a critical workshops and conference the following key questions:

- Market questions – domestic consumption and imports
- Regulatory questions – appropriate contractual and legal framework
- Realizing country's resource potential – resource assessment of conventional and unconventional gas
- Infrastructure Requirements – pipeline and storage as well as regional gas transportation systems

Result

The Policy Dialogue process fostered substantive discussion and debate on the critical issues facing the country's natural gas sector with the goal of advancing a series of recommendations to facilitate the sector's optimal development.



Drafting Laws and Regulations

Explore the legal framework when developing legislation and regulations to encourage investment and development strategies, as well as strengthen regulation competencies that comply with international best practices.

Case Study

Situation

After the opening of a country's energy sector to foreign oil and gas investment the governmental agencies responsible for regulation of hydrocarbon E&P activities in the country faced the daunting task of enacting regulations that balanced the country's need for investment in hydrocarbon sector with industrial and operational safety and protection of environment. The regulatory agency responsible for industrial safety and environmental protection in the hydrocarbon sector offered specialized consulting services for identification of international best practices and standards in the field of industrial safety, operational safety and environmental protection and insurance and development of a proposal for adoption of for specific activities and installations in the hydrocarbon sector.

Solution

IHS Markit consultants:

- Identified and analyzed international practices and standards in the field of industrial safety, operational safety and environmental protection for exploration and production of hydrocarbons
- Developed a proposal for adoption of regulations related to industrial safety, operational safety and environmental protection
- Identified international practices and standards in the field of industrial safety, operational safety and environmental protection
- Developed regulatory impact and cost benefit analysis of proposed Industrial safety, operational safety and environmental protection regulations
- Assisted the government with answers to comments provided by other government agencies and the oil and gas industry and service companies during the public consultation period

Result

The regulations developed jointly by IHS Markit and the regulator was approved and published by the executive branch.





Benchmarking of Contractual and Fiscal Terms

Compare and provide in-depth analysis of oil and gas fiscal systems and regimes against peer groups or develop composite indexes comparing fiscal systems to measure profitability, revenue risk and stability.

Case Study

Situation

The governmental agency of a North American country published a report, which suggested that the government's return on oil and gas leases was lower than the returns of other resource owners and called for a reassessment of the federal oil and gas fiscal systems. The agency commissioned IHS Markit a study to compare the oil and gas fiscal systems that apply on offshore and onshore lands with oil and gas fiscal systems adopted by other countries that compete for investments in the oil and gas upstream industry.

Solution

IHS Markit consultants developed a report that compares the oil and gas federal fiscal systems against a selected peer group of jurisdictions that compete for investment in the upstream oil and gas industry.

IHS Markit consultants also developed a composite index that compares fiscal systems on government take as well as measures of profitability, revenue risk, and fiscal stability in relation to the relative prospectivity and policy objectives.

Result

Governmental agencies were informed about the competitive position of the country's fiscal systems, and ultimately IHS Markit influenced their policy decisions related to royalty rates.



Licensing Round Strategy and Execution Support

Develop licensing round strategy, plan and execute roadshows, prepare terms of reference, fiscal, contractual and other relevant terms, and analyze bids received from energy companies to better negotiate from a position of strength and knowledge

Case Study

Situation

The Petroleum Agency of an Eastern European Country wished to develop the fiscal terms and contractual arrangements to attract foreign investment in offshore petroleum exploration and production as part of the 1st Offshore Licensing Round.

Solution

IHS Markit consultants:

- Benchmarked country's fiscal terms against a basket of 10 other relevant countries to assess the country's competitiveness to investors, and recommended adjustments to the fiscal terms.
- Reviewed the current Petroleum Law and Regulations and developed a model Production Sharing Contract (PSC).
- Developed the bid guidance document that included procedural details, selection criteria and a weighted scoring system geared towards encouraging companies to carry out exploration drilling activities.
- Supported the licensing around events, presenting on the fiscal terms and guiding potential applicants through the bidding procedure and key contractual terms.

Result

The country was able to adjust its fiscal terms to make them more attractive to investors and carry out a successful bid round launch and roadshows.





Regulatory Compliance

Develop, maintain and populate an enterprise compliance solution for country or worldwide operations and gain a competitive advantage; access immediate answers to regulatory questions, reduce risk and manage information throughout the life-cycle of a petroleum investment.

Case Study

Situation

A major oil company's corporate objective was to achieve 100% compliance and they therefore elected to outsource non-core business to develop, maintain and populate an enterprise compliance solution for their worldwide operations.

Solution

IHS Markit Consultants:

- Developed a compliance management solution and populated it with the laws and regulations of a jurisdiction where the client was making a multi-billion dollar investment
- Completed pilot project to subsequent contracts to develop a further five versions of the database and analyze laws and regulations in multiple jurisdictions, and populate the database with the resulting information
- Continued consultancy work including preparation of process flow roadmaps, permit auditing studies and benchmarking exercises for advocacy purpose

Result

The client gained the competitive advantage of an up-to-date compliance management solution providing immediate answers to regulatory questions and managing information throughout the life-cycle of a petroleum investment. IHS Markit continues to provide support in all aspects of the system (software, data gathering, translation, legal analysis, database maintenance and consulting).

REGULATIONS

RULES - LAW

REQUIREMENTS

COMPLIANCE

STANDARDS

TRANSPARENCY

POLICIES



Litigation Support

Provide independent expert opinions in support of litigation or international arbitration related to upstream oil and gas transactions, nationalizations, fiscal systems and other investment disputes.

Case Study

Situation

A client had an ongoing tax dispute with the U.S. tax authorities regarding the treatment of its tax liabilities abroad. The client was preparing to stand a trial in the Court and required expert witness testimony in support of the case it was submitting.

Solution

IHS Markit Consultants:

- Prepared an expert witness report for submission to a hearing
- The report synthesized the analysis of historical developments in contracting by international oil & gas companies in the Middle East and the subsequent evolution of foreign tax credits by Western governments
- The report synthesized the analysis of the history of the role of different elements of the governments in the Middle East in promulgating taxation laws

Result

IHS Markit prepared and submitted an expert witness report that was presented to the U.S. State Tax Authorities. Based on this report and further negotiations the dispute was finally settled without court hearings. The project saved the client ~\$100M.



What our clients say:

“We are continued to be impressed with IHS Markit consulting quality and very happy with the level and quality of communication and interaction.”

Global Manufacturing Company

“The IHS Markit Compliance Management Solution is a life saver. A very powerful piece of a software. Really, really useful.”

Super Major Oil and Gas Company

“Fiscal terms have been defined with the assistance of a leading consultancy firm IHS Markit and an extensive benchmarking exercise has been undertaken to ensure that we will be competitive with both our regional and global peers”.

Senior official, Eastern European Country

“IHS Markit was prompted and responsive and maintained a stance of objectivity and independent judgement, which was consistent with the intent of the project.”

Senior official, North American Country

“High standards have been set by the IHS Markit Consulting group”

Senior official, South Asian Country

For more information:

<https://ihsmarkit.com/upstream-regulatory-consulting>

About IHS Markit

IHS Markit (Nasdaq: INFO) is a world leader in critical information, analytics and solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 key business and government customers, including 85 percent of the Fortune Global 500 and the world's leading financial institutions. Headquartered in London, IHS Markit is committed to sustainable, profitable growth.

Our consultants are a part of IHS Markit's Upstream Insight team, delivering actionable commercial and strategic advisory services to help decision-makers maximize their opportunities for value creation through investments in the global E&P sector. Our team of industry experts analyze the interplay of geopolitical structures, government priorities, corporate strategies, and global markets and technologies to deliver forward-looking insights and solutions that lead to more informed and efficient decisions. Upstream Insight's and solutions are available via recurring reports, interactive analytics, robust datasets, and bespoke engagements with experts.

Contact us:

Michael Marinovic

Vice-President

T +1 (713) 369 2547

E michael.marinovic@ihsmarkit.com

Jim Thomas

Vice-President

T +44 (0) 203 1593493

E jim.thomas@ihsmarkit.com

Irena Agalliu

Vice-President

T +1 (713) 369 2569

E irena.agalliu@ihsmarkit.com

Yelena Shliomenzon

Director

T +44 (0) 203 1593305

E yelena.shliomenzon@ihsmarkit.com