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This may also be of interest

Petroleum Economics
and Contracts in E&P

PETROLEUM CONTRACTS IN E&P

Multicriteria Decision
Making (MCDM)

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Specialist Instructor

Jhoan Cordoba
Economist MSc Statistics, MBA

Jhoan is an economist & MBA with specialization in Statistics. He has extensive experience in hydrocarbon economics modeling and evaluations, oil pricing, royalty and tax regimes. Jhoan has worked with the Venezuelan regulatory body for the natural gas retail sector, ENAGAS, with the Venezuelan Ministry of Energy and Petroleum Trading, with Supply Division of PDVSA, the Central Bank of Venezuela, and with S&P Global Platts a global leading commodity price reporting agency, as a Senior Price Analyst and member of the Oil Editorial Team covering oil and refined products for EMEA and methodology development for crude oil pricing in the Middle East, Americas and Europe.

He is the co-founder of Quantvox Ltd trading energy, metals and FX and also a founder of Leopardus Petroleum, an E&P company focused on acquiring and developing oil and gas fields in Latin America, currently Chairman and CEO leading the fundraising strategy.

Jhoan lectures economics and oil marketing trading subjects in association with MineaOil Ltd.

Description

This course is a 5-days program to provide updated and practical lessons in the international crude oil marketing and trading and the related topics of supply-demand, transportation, refining and recent regulatory changes. It is designed for young professionals entering trading industry and is also ideal for use as part of an induction program for other professionals with no previous experience in trading and needs to accelerate the transference to the marketing function of the business.

Delegates are introduced to the key elements affecting the international market of oil trading. Crude valuation, ocean tanker transport and freight are explored together with a basic overview of terminals and pipelines. The structure of a refinery will be explained in the context of the need to produce marketable products. Aspects of product quality will be covered together with the key refining processes needed to achieve them. Delegates will also learn about the different key markets, the pricing and the mechanisms involved in oil trading and hedging and price risk management techniques.

Through the medium of case studies, delegates will increase the understanding of the relevant concepts and terminologies, learn to analyse the market sentiment, practice trading decisions and understand the implications of the regulatory changes in the energy world. This course utilizes a variety of learning techniques to ensure maximum understanding, comprehension and retention of the information presented, includes presentations, discussion, practical activities, videos, team practice exercises and case studies.

Objectives

- Apply consistent and comprehensive framework to analyze the international oil market.
- Understand the key elements affecting the international market of oil trading.
- Define marketing strategies, trading, and hedging decisions.
- Effectively identify markets opportunities and use of trading instruments to capture value.
- Understand the synergies between trading, refining and transport.
- Evaluate the impacts of the new regulations in the oil trading activity and prices.

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Audience

- Young professionals, oil analyst and traders
- Professionals who want to have an integrated vision on the oil market, trading and prices.
- Professionals who have an interest in a transition to the trading function
- Anyone who wants to become a successful trader in their work role.
- Personnel from functional support areas that require interaction with the marketing and trading activity..

This training can be done in house based on workshop sessions for groups of delegates with interest in understanding the principles of crude oil marketing and trading.

Content

Day 1

Oil Fundamentals and Trading:

- Introduction & Fundamentals of International Oil Supply and Demand
- Global Oil Business – Exploration, Extraction, Refining, Marketing, Transportation, Storage
- Crude Oil and Product Markets
- Regional view, North Sea, Mediterranean, West Africa, United States, Middle East, Asia Pacific & Latin America
- Crude oil and refined products: Trade flows and global disbalances
- Refinery, Refinery configuration: Crude Oil Distillation and Conversion, Refining Products
- Crude Oil Classifications, Quality Indicators. Crude Oil Characterization by Assays
- Net Refining Margin Calculation
- Value of Crude Oil and the Determining Factors in Crude Selection
- Transportation, Shipping and Freights. Tankers and chartering
- World scale and Freight Market. Freight exposure and freight forwards
- IMO 2020 and oil price implications
- Oil Terminals, Storage Capacity, Contracts, Stocks, and Inventories

Day 2

Operation, logistics & marketing strategy

- Typical Market Players, Major Vertically Integrated
- Crude Oil Producers Only, Refinery Only & Trading Companies
- Marketing Strategy and Planning
- Equity Production and Crude Allocation. Long Term Contract and Spot Barrels
- Trading Spot Cargoes. Market Analysis and Price Analysis
- Oil Tender Structure. Official Selling Price (OSP)
- Formulas and monthly adjustment
- Crude Oil and Product Scheduling
- General Trading Terms and Conditions. Lifting Orders
- Shipping operations: Single voyage and Time charter
- Alternatives on dis-charge. Vessel nominations. Chains and Book outs
- Pricing mechanisms & Price exposure



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Day 3

Crude oil market prices

- Trading Physical Crude Oil and Logistics.
- Trading Fundamentals and Supply Chain
- Term Sales and International Commerce Terminology
- Physical Market. Spot Markets
- Long Term Contracts. Forward Contracts. Forward curves
- Paper Market
- Cleared and OTC
- Futures, Swaps Options

Day 4

Crude Oil Price Components

- The Market-Related Oil Pricing System and Formula Pricing
- Benchmark Crudes. Criteria for Ideal Benchmarks & Benchmarks in Formula Pricing
- Oil Price Reporting Agencies and Price Discovery Process
- The Brent Market and related instruments
- The WTI and US Benchmarks
- The Dubai-Oman Market
- Fixed Prices. Absolute Price. Outright flat prices
- Parameters: Quality, Timing, Currency, Location, Taxes and Duties
- Floating Prices: Differentials to Published Quotes. Differential to Futures
- Exchange Future for Physical. Differentials and Spreads. Quality Differential
- Light-Heavy Spread. High-Low Sulfur Spread
- Crack Spread. Crude Oil-Product Spreads
- Calendar (Time) Spread. Cash-Future Spread
- Intermarket (Geographic) Spreads
- NWE-MED. USGC-NEW. Arbitrages Calculations
- The Futures Market. Degree of standardization
- Initial Margin, Maintenance Margin and Margin Call. Mark-to-Market.
- Variation Margin. Cash Settlement
- Physical Delivery. Exchange for Physical Delivery
- Cost of carry. Contango / Backwardation structure

Day 5

Paper Market and Hedging

- Hedging the Absolute Value of Crude Oil. Basic Hedging Theory.
- Basis Risk Pay off diagrams, Different Types of Hedging
- Buying (Long) Hedge. Selling (Short) Hedge. Fixed Price Hedge (Buying/Selling Forward)
- Offset Hedge Patterns. Rolling a Futures Hedge
- Swaps Contracts. The "Contract for Difference"
- Cash Settlement. Swap Pricing. Swap Mechanics & Options
- Put/Call, Long/Short Pay off diagrams
- In-The-Money, At-The-Money, Out-Of-The-Money
- Premium: determinants of the option value
- Option Style. Liquidation Option positions :
- Exercising, Covering Offsetting, Abandoning
- Option Strategy

End of the Training