
Petroleum Accounting: Cost Recovery, Partner Billing and Reserves Course

5 – 9 September 2027
Doha





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Programme Summary

Petroleum accounting for cost recovery, partner billing and reserves is a one-week training course for senior finance leaders at strategic level, culminating in a petroleum accounting policy and reporting review for their own organisation. Upstream finance teams handle exploration write-offs, joint venture billing, cost recovery and reserves-based depletion that general accounting rarely covers. The approach links the governing standards, contract terms and reserves data into numbers boards and partners can trust. Mars Training Centre UK delivers this programme in petroleum accounting.

The Business Case

Errors in cost recovery claims, partner billing or depletion rates move cash between operators, partners and governments, and they surface late in audits and disputes. Leaders who understand how contracts, standards and reserves drive the accounts protect recoverable costs and settle partner audits faster.

- Recoverable Cost Protection: Improves as cost pools, recovery limits and allowable charges are tracked against contract terms.
- Partner Audit Exposure: Falls as joint interest billing, overhead charges and cash calls follow the agreed accounting procedure.
- Reporting Credibility: Strengthens as depletion, impairment and decommissioning figures rest on consistent reserves and cost data.

Principles and Evidence Base

- IFRS 6 Exploration for and Evaluation of Mineral Resources: Governs exploration and evaluation costs and the successful efforts and full cost choices examined in Session 1.
- IFRS 11 Joint Arrangements and the AIPN Model JOA Accounting Procedure: Frame joint operation accounting, partner billing and audit rights in Session 2.
- SPE Petroleum Resources Management System SPE-PRMS: Defines the reserves categories that drive units of production depletion in Session 4.
- IAS 16, IAS 36 and IAS 37: Set out depreciation, impairment and decommissioning provisions applied in Session 4.

Intended Participants

- Leaders accountable for the financial statements of exploration and production entities.
- Finance heads who approve cost recovery statements under production sharing contracts.
- Managers responsible for joint venture accounting, cash calls and partner billing.
- Leaders who direct non-operator audits or respond to partner and government audits.



The programme serves national oil companies, international and independent operators, non-operating partners and the finance teams of petroleum ministries and service companies.

Learning Outcomes

1. Participants will be able to evaluate accounting policy choices for exploration and evaluation expenditure.
2. Participants will be able to construct joint venture billing and cash call processes that withstand partner audit.
3. Participants will be able to calculate cost oil, profit oil and entitlement under a production sharing contract.
4. Participants will be able to diagnose errors in depletion, impairment and decommissioning figures linked to reserves.
5. Participants will be able to prioritise performance indicators for upstream boards and partners.
6. Participants will be able to justify improvements to petroleum accounting policies and controls.

Programme Structure

Day 1: Petroleum Accounting Foundations and Exploration Costs

How should exploration and evaluation spending be recognised and reported?

- Upstream Value Chain and Its Accounting Events
- IFRS 6 Exploration and Evaluation Assets
- Successful Efforts and Full Cost Methods Compared
- Dry Hole Write-Offs and Transfer to Development
- Licence Acquisition and Farm-In Accounting

Day 2: Joint Ventures and Partner Billing

How are shared costs billed, recovered and audited among partners?

- IFRS 11 Joint Operations and Interests
- AIPN Model JOA Accounting Procedure
- Cash Calls and Joint Interest Billing
- Overhead Recovery and Direct Charge Rules
- Non-Operator Audit Planning and Exceptions

Day 3: Production Sharing Contracts and Cost Recovery

How do contract terms decide who receives each barrel and each recovered cost?



- Concession and Production Sharing Regimes Compared
- Cost Oil Pools and Recovery Limits
- Profit Oil Split and Entitlement Calculation
- Lifting Imbalances, Overlift and Underlift
- Cost Recovery Statements for Host Governments

Day 4: Reserves, Depletion and Decommissioning

How do reserves estimates shape depletion, impairment and closure liabilities?

- SPE-PRMS Reserves and Resources Classification
- Units of Production Depletion Under IAS 16
- Impairment Testing of Oil and Gas Assets Under IAS 36
- Decommissioning Provisions Under IAS 37
- Reserves and Cost Disclosures to Investors

Day 5: Applying Petroleum Accounting to Board and Partner Reporting

How are policies, contracts and reserves combined into reporting that boards and partners accept?

- Upstream Indicators: Finding, Development and Lifting Cost per Barrel
- Cost Recovery Reconciliation for a Participant Contract
- Partner Billing Control Review
- Peer Challenge of Accounting Policy Choices
- Petroleum Accounting Policy and Reporting Review Presentation

Methodology

The programme is built around structured exercises on case data from exploration, development and producing assets under both concession and production sharing regimes. Participants calculate entitlements, test partner bills and rework depletion figures, then compare their own policies with the methods studied.

- Suggested activity: Calculating cost oil and profit oil for a producing contract area over three periods.
- Suggested activity: Auditing a set of joint interest bills against an accounting procedure.
- Suggested activity: Recalculating depletion after a downward reserves revision.

Capstone Output

Each participant completes a petroleum accounting policy and reporting review for their organisation. It records policy choices, gaps in cost recovery and billing controls, reserves-linked reporting risks and board indicators, with actions for the audit committee.



Frequently Asked Questions

Is petroleum accounting training suitable for finance leaders new to the upstream sector?

Yes. It assumes senior finance experience and knowledge of IFRS, and explains upstream contract and reserves terms as they arise.

Which standards underpin petroleum accounting for cost recovery and reserves?

It draws on IFRS 6, IFRS 11, IAS 16, IAS 36 and IAS 37, the AIPN model JOA accounting procedure and the SPE Petroleum Resources Management System.

How is the petroleum accounting policy and reporting review used at work?

You take back a review that sets out policy gaps, control actions and board indicators for discussion with your finance or audit committee.

How does petroleum accounting differ from general IFRS reporting programmes?

It covers upstream matters such as exploration write-offs, partner billing, cost recovery and reserves-based depletion, which general IFRS programmes treat only briefly.