Valuation of Oil and Gas

A valuation of oil and gas reserves requires an appreciation of both the quality and quantity of recoverable reserves, as well as the ultimate objective of the valuation. For investors, lenders and exploration and production (E&P) companies, working with experts who have a thorough understanding of appropriate valuation methods can, ultimately, lead to better operating or financing decisions.

The industry is divided:

- **Upstream Companies:** Also known as Exploration & Production, or E&P, companies, they focus on finding and extracting minerals and resources from the ground.

- **Midstream Companies:** They focus on transporting oil, gas, and other commodities to companies that will sell them. This is mostly done via “pipelines” that carry these commodities over great distances.

- **Downstream Companies:** They refine and market commodities turn them into something useful like jet fuel, automobile gasoline, diesel, etc – and then sell them to customers.

- **Oil Field Services:** They provide services to the petroleum exploration and production industry but do not typically produce petroleum themselves.

- **Integrated Majors:** These companies do everything above, just in different proportions. The most common combination is to focus on upstream and downstream, and then leave the rest to dedicated specialists.

What are the common valuation methods?

Generally, three basic approaches are used
• The income approach, which attempts to estimate the present value of future cash flow
• The asset approach, which establishes the net fair market value of a company's existing assets
• The market approach, which uses data gathered from similar companies or industry transactions to apply metrics to the subject company.

Why RBSA?

RBSA has extensive experience in the fair market value appraisal of oil and gas properties. Government agencies, banks, public companies, law firms and property owners have hired our appraisal experts for a broad range of purposes.

We have provided Market Value Estimates for:

• Oil and gas royalty interests
• Financial reporting
• Reserve and resource reporting
• Acquisition, divestiture or joint venture transactions
• Tax planning and reporting
• Estate planning (including estate taxes and estate value)

Often, more than one method is used, and the eventual final value is derived from or converges on the values from all the methods used.

Credentials:

Following are select credentials in Valuation of Oil and Gas:

• Financial Advisory Services for Valuation of participating interest in Oil & Gas reserves and resources, Intangible Assets, Tangible Assets, Current Assets and Liabilities related to 21 Oil & Gas Blocks / Properties in India Acquired by BP Exploration Alpha Limited (BPXA)
• Valuation and Due Diligence of Business, Tangible and Intangible Assets of Gail / Gail Gas / VMSS at Vadodara City for their City Gas Distribution Project. Joint Venture Advisory, Business Plan preparation and review.
• Valuation of GAIL Assets across India having an gross block of more than Rs. 33,000 Crore and re-instatement value of more than Rs. 67,000 Crore for Insurance Purpose.
• Valuation of Assets of Ras Lanuf Refinery of Libya for Acquisition by Indian Oil Corporation Limited having a crude refining capacity of 10 Million MT p.a.
• Valuation of specified Plant and Machinery of Shaleem Petroleum Co SAOC, Oman.
• Valuation of Specified Fixed Assets of Kirloskar Oil Engines Ltd for the purpose of acquisition by Eaton Corporation & Purchase Price Allocation under US GAAP.
• Valuation of Fixed Assets of Naturol Bio-Diesel Limited on behalf of IDBI, Mumbai.
• Valuation of Specified Assets of Numaligarh Refinery Limited for the purpose of Sale.
• Valuation of Specified Mud Logging Units at various location of Oil Field Instrumentation (India) Limited for Securitization Purpose.
• Valuation of Tangible and Intangible Assets of Greater Calcutta Gas Supply Corporation Limited for the purpose of Acquisition by HPCL.
• Valuation of Two Onshore Oil Rigs at Gujarat & Andhra Pradesh of L&T Infrastructure Finance Company Ltd for Security purposes.
• Valuation of Assets of Tide Water Oil Limited (TWOL) for Proposed Acquisition by Oil and Natural Gas Corporation Limited (ONGC).
• Valuation of more than 500 Retail Outlets and Multi-facility Retail Outlets of BPCL, IOCL and HPCL for the purpose of new site acquisition and/or determination of lease rentals.
• Valuation of entire portfolio of Retail Outlets (Petrol Pumps) of Reliance Industries across India for Management Review and Lessor's interest Acquisition by Reliance Industries.
• Valuation of Assets of DMT, KTU, PSF, Xylene Unit including all related assets for proposed sale of Bongaigaon Refinery and Petrochemicals Limited (Now part of Indian Oil Corporation Limited) situated at Bongaigaon, Assam, India.

RBSA Services

• Valuation Of Trademark
• Arbitration Valuation
• Company Act Valuation
• Debt Syndications
• Dispute Valuation
• Valuation Of Assets
• Valuation Of Startups
• ESOP Valuation
• Feasibility Studies
Valuation

- Business Valuation
- Valuation of Brands, Intangible Assets & Intellectual Property
- Valuation of Financial Securities, Instruments & Derivatives
- Valuation of Industrial Assets, Plant & Machinery
- Valuation of Real Estate
- Valuation of Infrastructure Assets & Specialized Assets
- Purchase Price Allocations for Mergers & Acquisitions
- Impairment Studies for Tangible Assets
- Impairment Studies for Intangible Assets & Goodwill
- Mines, Mineral Advisory and Valuation
- Valuation of ESOPs and Sweat Equity
- Valuation for Tax, Transfer Pricing and Company Law Matters
- Fairness Opinions

Investment Banking

- Mergers & Acquisitions
- Transaction Structuring & Advisory
- Due Diligence – Financial, Tax and Business
- Fairness Opinion
- Corporate Finance Advisory
- Corporate Restructuring, Business Reorganization
- Partner Search and Joint Ventures

Advisory Services

Financial Advisory for Dispute & Litigation

- Valuation & Financial Advisory Services
- Loss Assessment, Damages & Loss of Profit Analysis
- Independent Expert testimony
- Anti-trust & Competition Advisory
- Post-Acquisition Disputes, Joint Venture & Shareholder Disputes
- Civil & Construction Disputes, Real Estate Disputes
- Environment Damage Assessment
- Intellectual Property Rights Dispute
- Forensic Audit
**Strategic & Risk Advisory Services**

- Techno Economic Feasibility Studies
- Economic Viability & Financial Appraisal
- Business Plan Preparation

**Real Estate Advisory Services**

- Financial Modeling and Highest & Best Use Studies
- Investment Related Due-Diligence Exercises

**Infrastructure Advisory Services**

- Bid Advisory and Bid Process Management
- Preparation of Information Memorandums
- Preparation of Detailed Project Reports

**Technical Assurance Services**

- Technical Due Diligence Reviews for Mergers & Acquisition
- Lender's & Investor's Engineer Services
- Independent Engineer's Services
- Technical Opinion and Audits
- Chartered Engineer's Opinion & Certification
- Project Cost Investigations & Forensic Advisory
- Project Appraisal and Monitoring

**International Reach**

- Australia
- Bahrain
- China
- Europe
- Germany