



THE CHEMICAL ENGINEERING MAJOR

International Oil Supply Transportation Refining and Trading

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Description:

International Oil Supply, Transportation, Refining and Trading has been the premier course of its kind for over 30 years by continually evolving and carefully adapting to meet current industry needs. With that experience, we are pleased to respond to market demand and offer a three-day condensed version of this classic week long course. Delegates will garner the knowledge generations of oil professionals before them have relied on while meeting the current demands for less time out of the office and efficient travel spend.

This course provides an overview of the oil supply chain - crude oil from source to refinery, processing, trading and the onwards movement of oil products. It is designed for new or recent entrants to the oil industry, and is also ideal for use as part of an induction programme or for bringing those transferring disciplines up to speed. Through the medium of a series of progressive, specific exercises, delegates will address day-to-day problems in order to understand the relevant commercial driving forces in this area.

After learning about the fundamentals, delegates will cover the valuation of crude oil. Ocean tanker transport and freight will be explored together with an overview of terminals and pipelines. The structure of a refinery will be explained in the context of the need to produce marketable products. Key aspects of product quality will be covered together with the major refining processes needed to achieve them. The course moves on

to cover oil markets and pricing, oil trading contracts, and an introductory guide to paper markets and hedging using futures.

Who Should Attend:

- New entrants to the oil industry, and staff from integrated functions such as supply, trading and logistics
- Managers changing disciplines into the midstream or downstream
- Professional personnel inside and outside oil companies who interface with supply, refining, trading and transportation functions and who need an understanding of this sector, such as legal, banking, insurance, finance and production

What you will learn:

- How to value crude oil based on product market prices
- How to evaluate spot tanker freight costs
- How to evaluate crude netbacks and refining margins and alternative crude break evens
- How tankers are chartered
- How spot oil purchase/sale contracts are structured
- How a refinery is structured
- The significance of non-tanker logistics - pipelines, storage, rail and road
- Key points on product quality; how key specifications are met
- Fundamental economic drivers of the supply chain
- How the international crude oil and products markets are priced

- Futures markets: characteristics and use
- The basic use of hedging within a trading environment

Upon completion of this course your employees will have:

Manager's Return on Investment

- A full understanding of each element in the oil supply chain – transportation of crude, refining, transportation of products, pipelines, storage, trading and sales – and the economics of each stage.
- “Hands-on” practice in key calculations used in supply and trading, including freight using World scale, GPW & netback, refining margins, crude and product pricing mechanisms and logistics costs.
- An appreciation of the interrelationship between crude quality, refinery processes, blending and product market quality requirements.
- An introduction to international oil pricing and the use of paper instruments for handling risk management.
- Recourse to the knowledge and experience of a world-class faculty and visiting lecturers; and the opportunity to interact and work together with other delegates from a large range of organisations and cultures.

Contents:

Market Fundamentals

Crude Oil

- Types
- Assay
- Yield
- Crude value
- Calculation of gross product worth and netback
 - The Refinery
- Structure of simple, upgrading and complex refineries
- Description, function and yields of the various refining processes
- Refining costs and refinery margins
- Future refining issues
 - Product Quality
- Key specifications for main product grades
- How quality specifications are achieved
- Cost implications of quality
 - Logistics
- Tanker freight & World scale
- Chartering
- Pipelines, terminals and storage
- Oil losses
 - Contracts
- Formulation of the contract
- Oil contract purchase and sale terms
- The tanker contract (charter-party)

- Oil Markets
- Nature of pricing mechanisms and price reporting
- Crude oil markets
- Products markets
- Forward markets
- Futures markets
- Introduction to derivatives
- Use of hedging
 - Exercises and Case Studies will include:
 - Gross product worth
 - Freight
 - Netback, refining margin and break evens
 - Quality & specifications
 - Blending
 - Pipeline economics
 - Price Exposure
 - Hedging