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Upstream Standard Costing and Lifting Cost Variance Training Course

14 – 18 June 2027
London

Upstream Standard Costing and Lifting Cost Variance Training Course

Ref: 1764_64734 **Date:** 14 – 18 June 2027 **Location:** London **Fees:** 5900 GBP

Upstream Standard Costing and Lifting Cost Variance is a 1-week training course for cost accountants and finance controllers in oil and gas exploration and production, built around one field cost variance report. Volatile crude prices, ageing reservoirs and pressure from partners to justify every well intervention make it essential to know why actual field costs drift from standard. Jupiter Prime Training delivers this course on Upstream Standard Costing and Lifting Cost Variance.

Why Upstream Standard Costing and Lifting Cost Variance Matters Now

Three groups now press upstream finance for sharper cost answers. Joint venture partners and host-government partners query every overrun billed through the joint account. Asset managers need lifting cost per barrel by field to decide which wells to work over, shut in or abandon. Boards facing price swings demand break-even figures they can trust. Organisations that set credible standards spot chemical, power and contractor overruns early and redirect budgets; those relying on last year's actuals discover problems after the quarter closes. The course rests on established standard costing, flexible budgeting and activity-based costing methods applied to production operations.

Who Gains Most from Upstream Standard Costing and Lifting Cost Variance

- Cost accountants who allocate field operating expenditure to wells, facilities and cost centres
- Finance controllers who report monthly operating cost against budget to asset leadership
- Joint venture accountants who prepare billings and answer partner audit queries
- Planning analysts who build production cost forecasts and break-even models
- Operations finance partners who challenge contractor and maintenance spending at site level

Asset finance groups whose accountants, controllers and planners serve the same producing fields gain most when attending together.

Upstream Standard Costing and Lifting Cost Variance Capabilities

Participants leave able to set field cost standards, explain variances and link them to barrels produced.

- Design cost standards per well, per facility and per barrel — asset budget approval
- Calculate price, usage and volume variances on field operating cost — monthly controller reporting
- Build a flexible budget that adjusts for actual production rates — performance discussions with asset managers
- Assess lifting cost per barrel by field and well group — workover and shut-in decisions
- Apply activity-based drivers to shared facilities and logistics — fair allocation between partners
- Communicate variance root causes with corrective actions — operations and joint venture partners

Key Upstream Standard Costing and Lifting Cost Variance Terms

- Standard cost — a planned cost per unit of activity or output, set before the period and used as the benchmark for actual spend.
- Lifting cost — the operating cost of bringing oil or gas from the reservoir to the wellhead and through field processing.
- Cost variance — the difference between actual cost and standard cost, split into price, usage and volume effects.
- Flexible budget — a budget recalculated at the actual production level so cost comparisons remove volume effects.
- Cost driver — an activity measure such as well count, fluid volume or rig days that explains how costs behave.
- Joint account — the record of shared operating costs billed by the operator to partners under a joint operating agreement.

Upstream Standard Costing and Lifting Cost Variance Day by Day

Day 1: Field Cost Structures and Pressures

- Upstream Operating Cost Categories — Separating Fixed and Variable Field Spend
- Well, Facility and Field Cost Centres — Setting the Costing Hierarchy
- Production Decline and Reservoir Maturity — Effect on Unit Costs
- Partner and Board Reporting Expectations — Defining Required Cost Views
- Actual Cost Capture From Field Systems — Reliable Source Records

Day 2: Setting Cost Standards

- Engineered Standards for Chemicals, Power and Water Handling — Unit Cost Targets
- Historical and Benchmark Standards — Choosing a Defensible Basis
- Contractor Rate Cards and Maintenance Standards — Service Cost Expectations
- Activity-Based Drivers for Shared Facilities — Allocating Common Costs
- Standard Revision Rules — When to Reset Field Standards

Day 3: Variance Analysis Methods

- Price and Usage Variances — Isolating Rate Versus Consumption Effects
- Volume and Mix Variances — Separating Production Changes From Efficiency
- Flexible Budgets at Actual Output — Fair Performance Comparison
- Variance Thresholds and Materiality Rules — Choosing What to Investigate
- Examples From Offshore Platforms and Onshore Gas Fields — Typical Variance Patterns

Day 4: Lifting Cost Decisions

- Lifting Cost per Barrel by Field — Comparing Asset Performance
- Well-Level Cost Ranking — Workover, Shut-In and Abandonment Choices
- Break-Even Price Modelling — Testing Field Resilience to Price Swings
- Joint Account Billing and Partner Queries — Defending Charged Costs
- Cost Reduction Levers in Production Operations — Prioritising Corrective Actions

Day 5: Practising the Cost Variance Report

- Field Standards Set — Confirming the Report Baseline
- Variance Decomposition on Sample Field Data — Finding the Largest Drivers
- Lifting Cost Dashboard Layout — Presenting Results to Asset Leadership
- Peer Challenge of Variance Explanations — Testing Root Cause Logic
- Cost Variance Report — Final Findings, Actions and Owners

Applying Upstream Standard Costing and Lifting Cost Variance After the Course

- Recalculate one field's monthly operating cost against a flexible budget and split the gap into price, usage and volume variances.
- Rank wells in a producing asset by lifting cost per barrel and share the list with the asset manager before the next workover meeting.

Upstream Standard Costing and Lifting Cost Variance Questions FAQ

What is Upstream Standard Costing and Lifting Cost Variance and why does it matter now?

It is the practice of setting planned field costs and explaining why actual costs differ. It matters now because price swings, mature reservoirs and partner scrutiny demand clear, defensible operating cost figures.

Which roles gain most from Upstream Standard Costing and Lifting Cost Variance training?

Cost accountants, finance controllers and joint venture accountants in exploration and production gain most. Planning analysts and operations finance partners who challenge field spending also benefit.

How does Upstream Standard Costing and Lifting Cost Variance differ from a refinery cost accounting course?

It focuses on wells, field facilities and barrels lifted rather than processing units and product yields. Standards, drivers and decisions all relate to production operations.

What do you bring back from Upstream Standard Costing and Lifting Cost Variance training?

You bring back a cost variance report for a field, with standards, variance splits, lifting cost rankings and corrective actions ready for asset leadership.

Upstream Standard Costing and Lifting Cost Variance: The Way Forward

The cost variance report gives each participant a repeatable monthly tool for one producing field. Its first use is deciding which overruns need corrective action before the next budget cycle. Controllers, asset managers and partner representatives read it together. After the first quarter, revisit the standards themselves to check whether they still reflect current reservoir behaviour and contractor rates.