

About our organization

Deloitte offers clients a broad range of fully integrated services in areas that include accounting, assurance and advisory, risk, tax, management, financial advisory, technology, and human capital consulting. With the added strength of the global Deloitte Touche Tohmatsu Limited member firm network, Deloitte has the ability to offer a true global, integrated approach to business issues combining insight and innovation from multiple disciplines with a wide range of business and industry knowledge to help organizations excel anywhere in the world. Our global organization has:

- Over 200,000 employees located in 48 member firms across 700 offices in more than 150 countries
- Fiscal year 2013 revenues totaling \$32.4 billion
- Service providers to nearly 80% of 2012 Fortune Global Fortune 500® companies

About our Oil & Gas practice

Deloitte's Oil & Gas practice has a presence on every continent and in each major oil and gas region around the globe. Our practice:

- Includes 3,100+ experienced professionals, combining a dedicated group with subject matter specialists across the entire oil and gas industry
- Publishes regular thought leadership and insights to help clients stay ahead of emerging trends
- Provides services to majors, independents, national oil companies, and oilfield services companies, including those in the logistics and shipping sectors
- Supports clients through 13 specialized Centers of Excellence across the globe, including the United States, Canada, Brazil, Europe, the Middle East, Africa, Asia, and Australia

Deloitte Center for Energy Solutions

The Deloitte Center for Energy Solutions (the "Center") provides a forum for innovation, thought leadership, groundbreaking research, and industry collaboration to help companies solve the most complex energy challenges.

Through the Center, Deloitte's Energy & Resources practice leads the debate on critical topics on the minds of executives — from the impact of legislative and regulatory policy, to operational efficiency, to sustainable and profitable growth. We provide comprehensive solutions through a global network of specialists and thought leaders.

With locations in Houston and Washington, DC, the Deloitte Center for Energy Solutions offers interaction through seminars, roundtables, and other forms of engagement, where established and growing companies can come together to learn, discuss, and debate.

Connecting to industry insight

Deloitte brings together energy executives from around the globe for an in-depth analysis of key developments and challenges facing today's global and domestic energy markets at its annual conferences.

- Deloitte Energy Conference: to learn more, contact EnergyConference@deloitte.com
- Deloitte Oil & Gas Conference: to learn more, contact OilandGasConference@deloitte.com

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Deloitte Oil & Gas Serving U.S. inbound investors





The North American Energy Renaissance

The widespread deployment of hydraulic fracturing and horizontal drilling technologies has sparked a shale revolution in North America – changing the conversation in a few short years from concern over a natural gas deficit to how producers will find markets for burgeoning supplies. Total U.S. natural gas supply increased 27% between 2007 and 2013 largely due to shale gas production, and the U.S. Energy Information Administration estimates U.S. dry shale gas production will double to almost 46 Bcf/d by 2040, accounting for more than 50% of U.S. natural gas supply. The energy renaissance has now spread to tight oil production and growth in midstream and downstream assets.

The energy renaissance in North America is attracting capital, fueling industrial and economic growth and a growing inbound investment in the United States. During 2013, merger and acquisition (M&A) activity in North American unconventional resources nearly tripled since 2008, with approximately 40% of the M&A investment in North American shale plays representing investment of inbound capital.*

As the global economic landscape of the energy industry changes, more international companies are seeking to invest in the U.S. oil and gas industry. Deloitte provides a multi-disciplinary, integrated approach to assist companies investing in the U.S. across the entire investment lifecycle.

Representative case studies

A **Chinese conglomerate**, whose core businesses include energy and chemicals, engaged Deloitte for assistance in establishing a U.S. subsidiary and purchasing a substantial percentage of a large U.S. independent oil and gas exploration and production company's leasehold interests in the form of a "cash and carry" joint venture. Deloitte performed financial and tax due diligence, as well as tax structuring assistance on the establishment and financing of the transaction, the U.S. subsidiary, and the joint venture tax partnership arrangement.

Deloitte assisted a **major European integrated electricity and natural gas company** in its inbound investment into a U.S. partnership to form a global liquefied natural gas company. Our team performed tax due diligence and provided tax structuring assistance on the establishment and financing of the transaction, as well as the tax partnership arrangement.

A **large Japanese conglomerate**, whose core businesses include research, exploration, development, production, and sale of oil, natural gas, and other mineral resources, engaged Deloitte as it established its network of subsidiaries in the United States. Deloitte performed accounting, tax, and business advisory services to the U.S. subsidiaries and assisted in their effort to get their first financial statements audited under International Financial Reporting Standards (IFRS) as well as under U.S. generally accepted accounting principles (GAAP). In addition, Deloitte provided substantial assistance with the client's understanding of the documentation and audit requirements of Big 4 audit firms in the United States.

Deloitte represented a **large Indian company** in establishing a U.S. subsidiary and purchasing a percentage of a U.S. exploration and production company's shale gas acreage in the form of a cash and carry joint venture. Deloitte performed tax due diligence and provided tax structuring assistance on the establishment and financing of the transaction, the U.S. subsidiary, and the joint venture tax partnership arrangement. In addition, Deloitte provided substantial assistance with the client's understanding of U.S. oil and gas and general taxation in conjunction with the company's modeling of its potential investment.

* Source: PLS Inc. and Derrick Petroleum Services Global M&A Database

You've decided to invest – Now what?

Understand the business purpose – What are your short and long term objectives for entering the market?

Strategy	Business model	Market analysis
Growth Stability Brand awareness Industry expertise	Impact to legal entity structure	Competition Risk Economy

Define your investment – What nature and structure of investment most efficiently and effectively achieves your objectives?

Legal entity	Entity capital structure	Transfer pricing/fixed assets/inventory management
Corporate structure Licensing and/or franchising Branch or subsidiary Partnership	Equity Cash Debt Interest rates	Transaction flows Related/third party transactions
Utilization of investment funds	Direct and indirect tax environment	Merger and acquisition
Repatriation/further capitalization Borrowing/lending Exchange rate impacts	Entity taxation transactions Strategic tax positioning Tax deferral opportunities	Inorganic growth/expansion options Strategic alliances Joint venture Target screening, corporate finance, due diligence, and integration

Qualify to do business – What are the necessary steps to meet the requirements to conduct business?

International, local business and industry specific requirements	Registrations and licenses	Regulatory issues
Knowledge People Customs Suppliers and markets	Fees Systems Agencies Requirements Timing	Stability Process Time

Secure and manage talent – What are the considerations in identifying, recruiting, securing, and managing talent?

Local hires vs. expats	Employment contracts
Equity and pension plan registration and reporting mechanisms Training, knowledge, and skillset Workforce planning	At-will Collective bargaining groups Exceptions

Establish compliance platform – What are the compliance requirements and how do you efficiently meet them?

Direct and indirect tax reporting	Payroll withholding and reporting	Compliance with regulatory environment
Direct/Indirect Timing Regulatory issues Import/export compliance reporting	Payroll outsourcing or set up Withholding Reporting	Supply requirements Direct materials

Set up enabling areas – What support services are needed to conduct business?

Payroll	Accounting and finance	Information technology
Payroll, contracts, and settlements Income tax and social security Compliance with labor, social, and tax provisions	Application of local accounting standards IFRS-US GAAP Analysis of ledger accounts	Platforms Adaptability Infrastructure Security and data privacy System selection and implementation
Business process services	Tax and legal	
Purchases Inventories Fixed assets Treasury Budget and forecast Reporting	Tax compliance (income tax, VAT, municipalities, contributions, etc.) Legal representation Transfer pricing Central bank reporting and records	

Optimize the investment – What enhancements can further propel the ongoing business?

Align talent and deployment	Align business model with operations	Supply chain optimization operations
Compensation model Sales strategy Talent events Measurements	Standardization Automation Internal protocols Internal procedures	Standardization Automation Best resources

Why Deloitte?

Deloitte offers a multidisciplinary, integrated approach delivered globally across the entire inbound investment transaction lifecycle. Our experienced team of specialists can help your company make the most of its North American investment with support through every step of the transaction, from your market entry strategy to ongoing operations.