



Andrew C. Thompson

Senior Consultant

Practice Focus

Law & economic analysis and advocacy; tax/fiscal analysis and advising; petroleum & minerals resource development projects; financial engineering; financial risk management and hedging; formation of joint ventures and business combinations; project finance/structured finance; dispute resolution; fiscal systems for petroleum and minerals projects; taxation of financial instruments/transactions; and transfer pricing including development of real options techniques.

Practice Description/Experience

Dr. Andrew C. Thompson has nine years of experience as an energy executive, eight years of experience as a professor of finance, four years of tax structuring experience, and seven years of mixed law & economics advising on large international business transactions. His energy industry experience includes exposure to all business units of a fully integrated oil company and to the natural gas transmission and distribution business. He has worked both as a financial executive and in an operational capacity involving market development and the negotiation of natural gas sales and transportation agreements. As a financial executive his projects included acquisitions and divestitures (of properties and companies), financial evaluation of major capital projects for purposes of making investment decisions, development of oil lease bidding models, and participating in restructuring task forces for underperforming business units. As a professor of finance, he taught graduate level courses in corporate finance, investments, and financial risk management (e.g., hedging of interest rate, currency, and commodity price risk, valuation of financial derivatives, arbitrage, speculation and management of investment portfolio risk). He also taught executive education courses customized for organizations (e.g., banking regulators, bank trading desk employees). As a professor of finance, his research focused on extending contingent claim valuation techniques (e.g., option pricing theory) to the valuation of energy assets, contracts and capital projects (“real options”). Examples include: deriving option pricing theory models to value oil leases or licenses (for use in bidding), and deriving option pricing theory models to value complex purchase volume options embedded in natural gas sales contracts. After earning a J.D., he provided global tax structuring services. His tax structuring projects have included: hedging; tax efficient capitalization of businesses; restructuring global trading operations involving commodities and commodities derivatives; designing financial instruments and financial contracts to mitigate cross-border tax exposures; and developing “unspecified methods” in transfer pricing using option pricing theory. A large portion of Andrew’s practice involves integrating economic advisory services with the provision of legal services in international business transactions working closely with law firms.

Prior Professional Experience

- Baker & McKenzie, National Partner (Director) in oil & gas strategy team;
- International Tax Structuring and Financial Transactions, Washington National Tax Services, PricewaterhouseCoopers LLP, Washington, DC
- Prof. of Finance, Center for Futures and Options, Virginia Tech University
- Prof. of Finance, University of Houston
- Financial management (CFO's special projects group); Natural gas sales contract negotiation (reported to the V.P.), Union Pacific Resources Corp., Fort Worth, TX
- Energy economics and corporate strategy, American Natural Resources, Detroit, MI

Publications

- Derivation of a formula to value an exotic "real option" commonly embedded in natural gas sales contracts (a problem previously unsolved): Valuation of Path-Dependent Contingent Claims over Time: The Case of Take-or-Pay, *Journal of Financial and Quantitative Analysis*, June 1995, 271-293.
- Proposing a new theory in natural resource economics and supporting it with econometric tests that strongly reject prevailing theories: The Hotelling Principle, backwardation of futures prices and the value of developed petroleum reserves – the production constraint hypothesis, *Resource and Energy Economics*, 2001, 133-156.

Professional Affiliations

- Association of International Petroleum Negotiators (AIPN)

Education, Bar Admittance & Professional Certification*Education*

- J.D., University of Virginia, Charlottesville (2003)
- Ph.D. Finance, University of Washington, Seattle (1992)
- M.A. Economics, University of Michigan, Ann Arbor (1979)
- B.A. *summa cum laude*, Economics, University of California Los Angeles, Los Angeles (1978)

Bar Admittance

- District of Columbia
- Virginia

CPA Certification

- District of Columbia
- Virginia
- Arizona

E-mail: dr.andrewthompson@gmail.com

June 20, 2014