



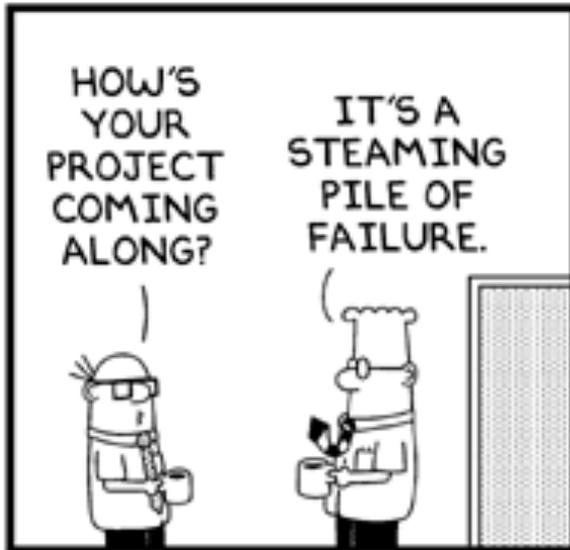
The Case For Change

Ram Shenoy

Project Production Symposium

December 9, 2015

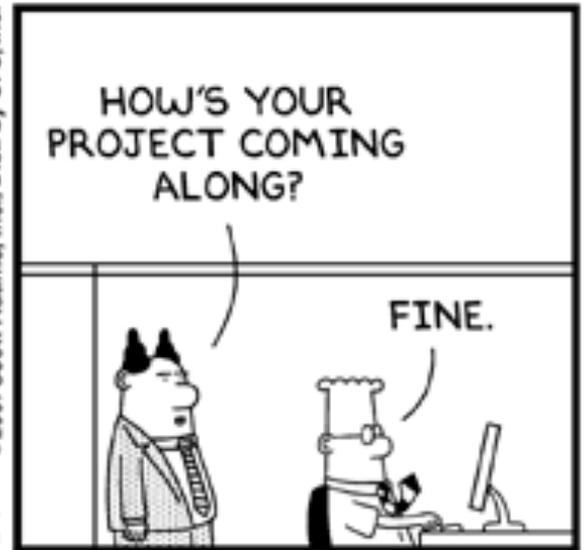
“Best practices” on project execution have a long history – and yet...



www.dilbert.com
scottadams@aol.com



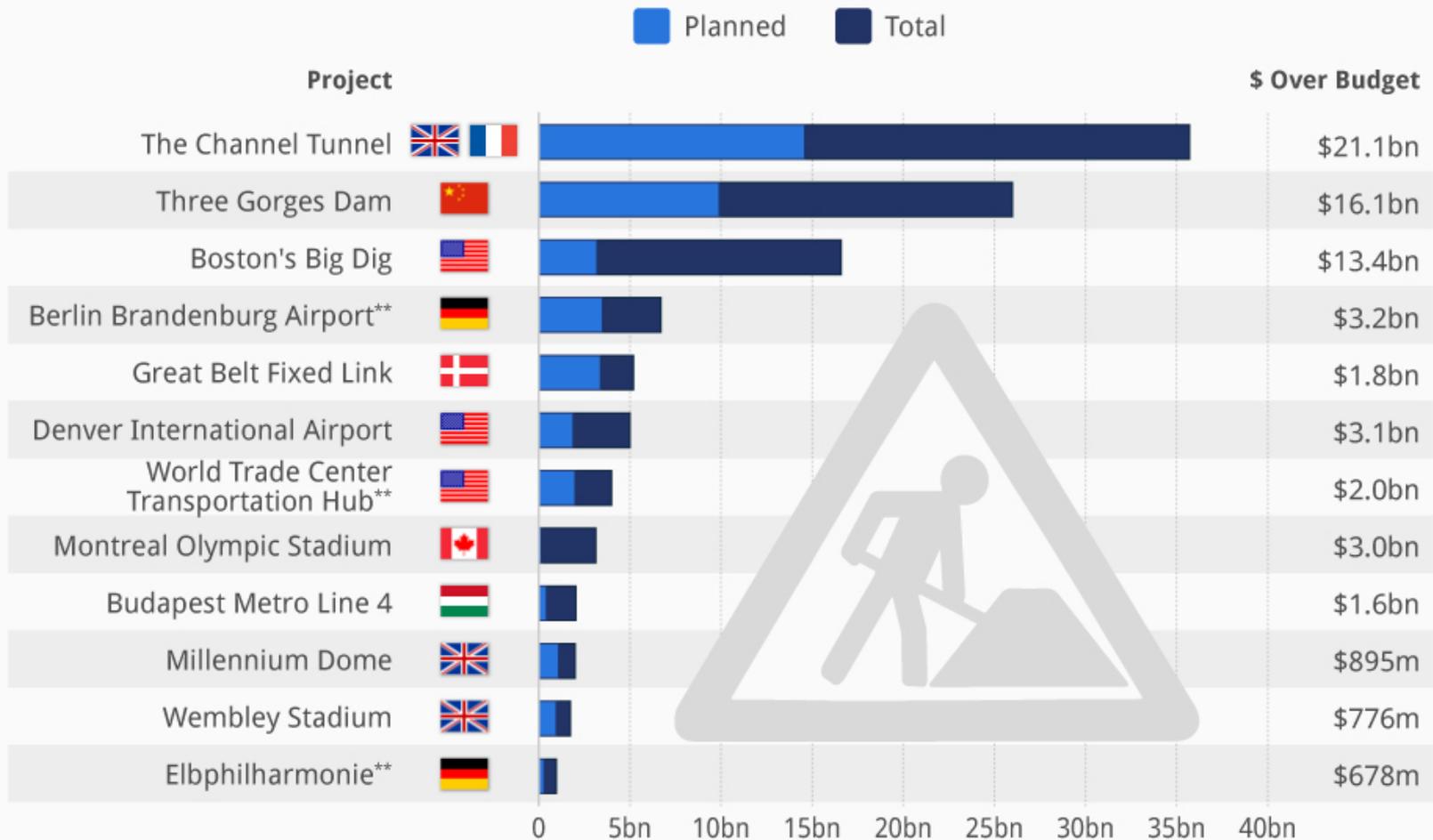
3-15-07 © 2007 Scott Adams, Inc./Dist. by UFS, Inc.



© Scott Adams, Inc./Dist. by UFS, Inc.

Over-Budget Construction Projects In Comparison

Selected over-budget construction projects worldwide (in U.S. dollars)*



* Converted to US dollars and adjusted for inflation; ** Still not completed



@Statista_com

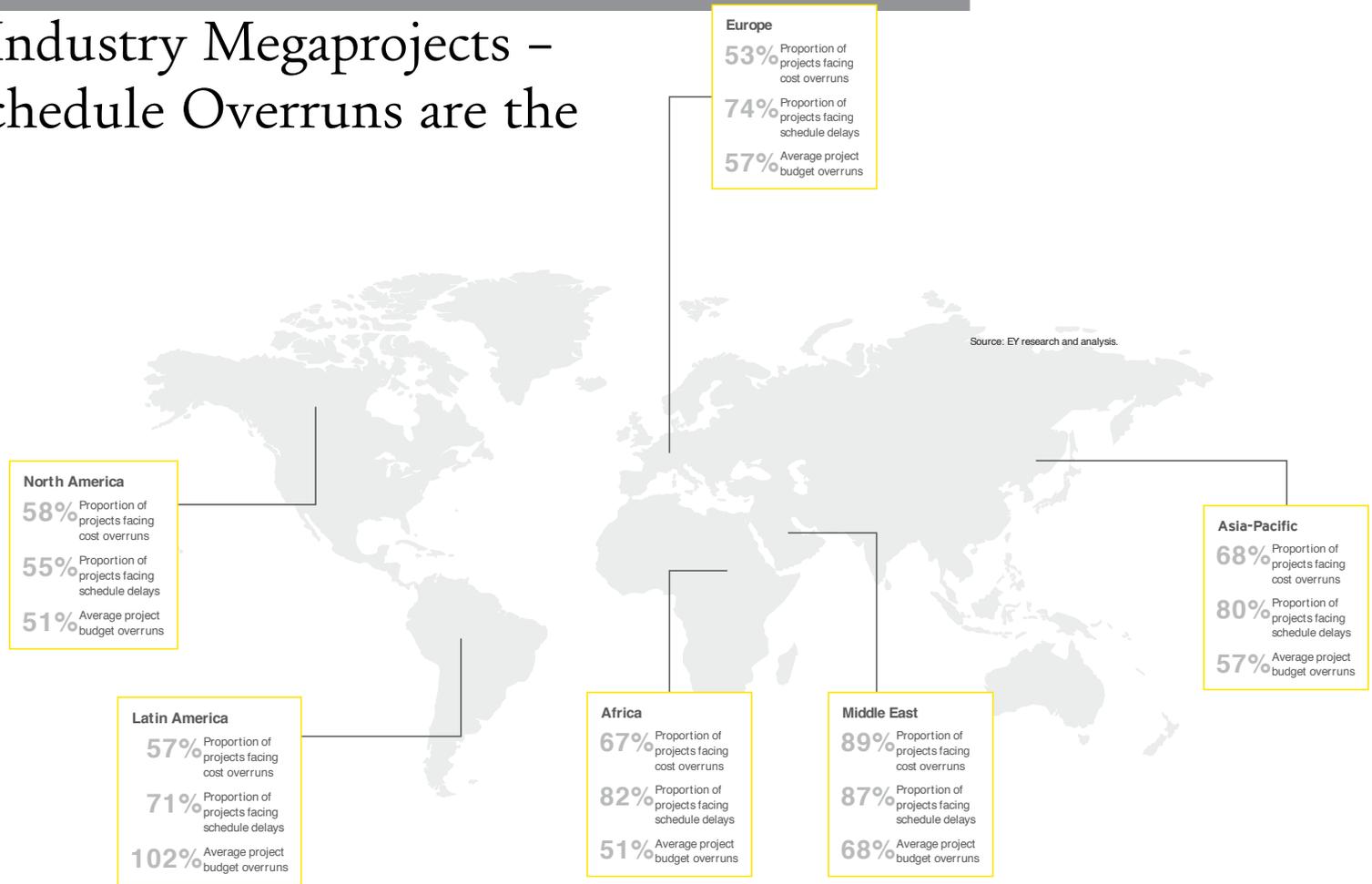
Sources: Podio, Der Spiegel, NY Times

statista

Oil & Gas Industry Megaprojects – Cost and Schedule Overruns are the Norm

64% of the projects are facing cost overruns.

73% of the projects are reporting schedule delays.



Source: Ernst & Young, “Spotlight on Oil & Gas Megaprojects”, 2014

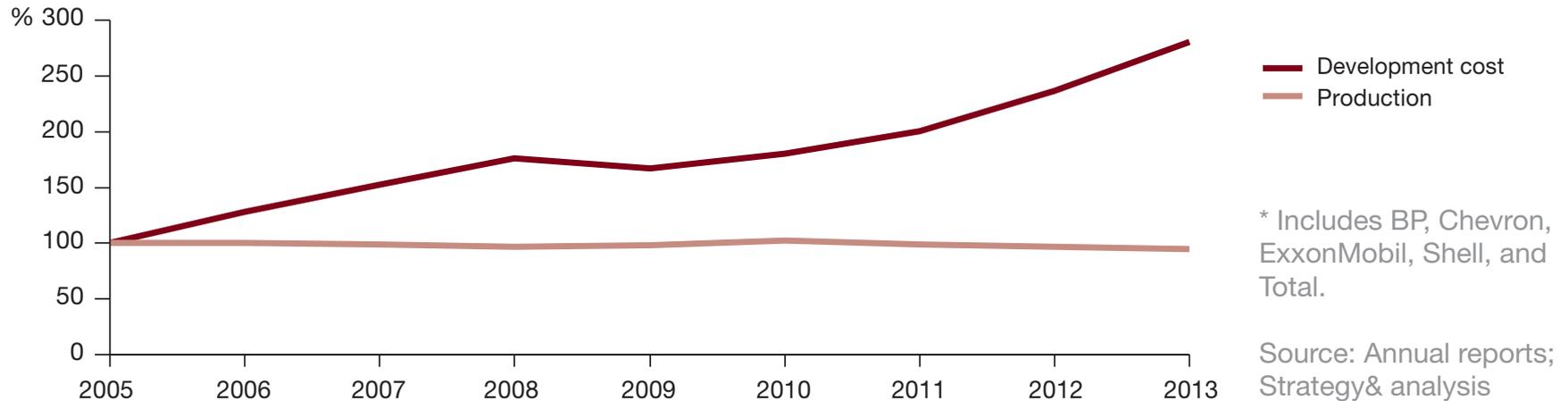


Project Performance Compromises Business Performance & Shareholder Value

Capex and production for five supermajors*

(indexed to 2005)

Percentage increase



Optimizing the wrong project metrics does not optimize economic performance

Economics metrics

Operational metrics used for peer comparison

Simplified financial calculation

1

WTI breakeven per well

2

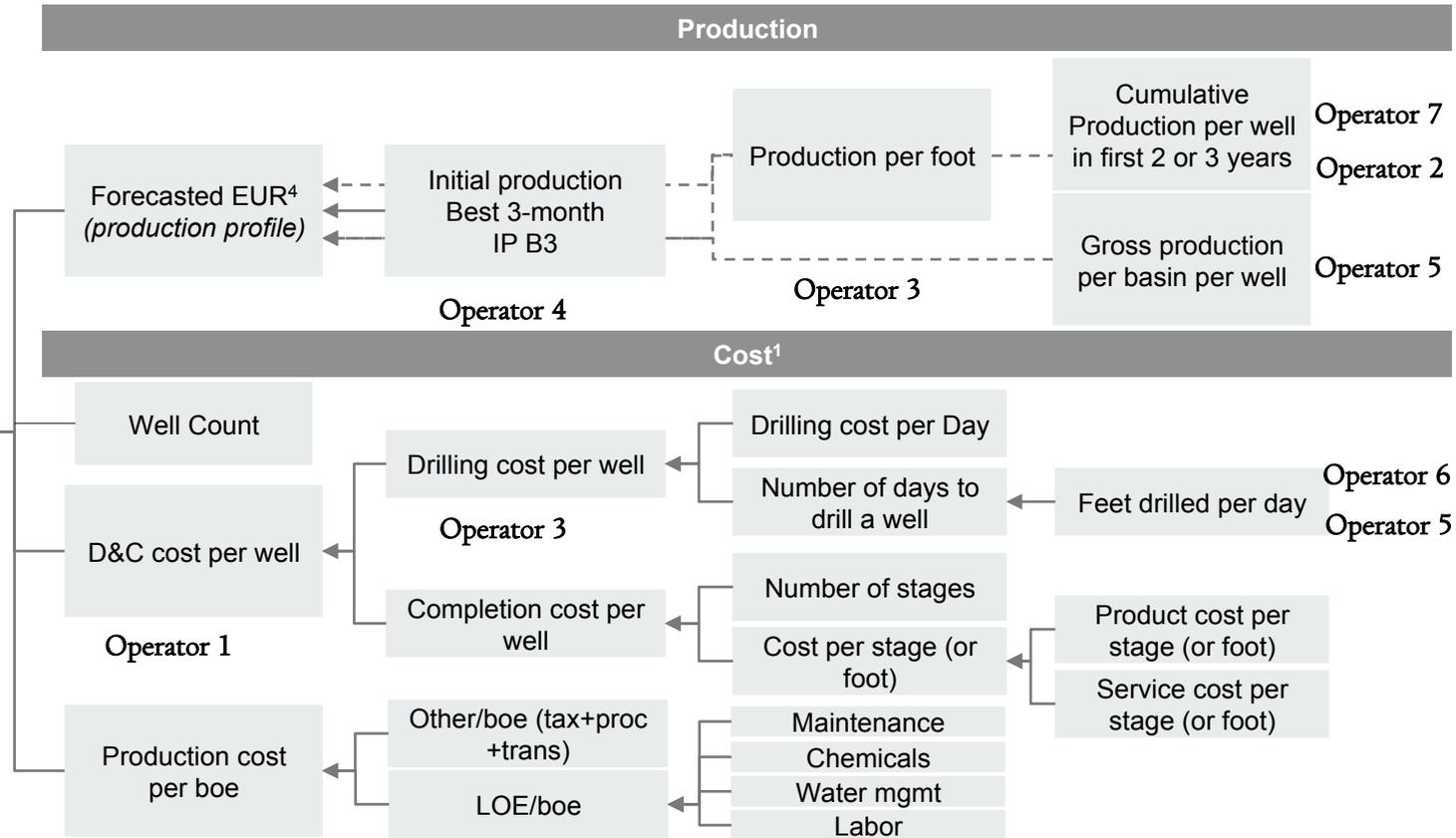
ROCE & ROE

Operator 1

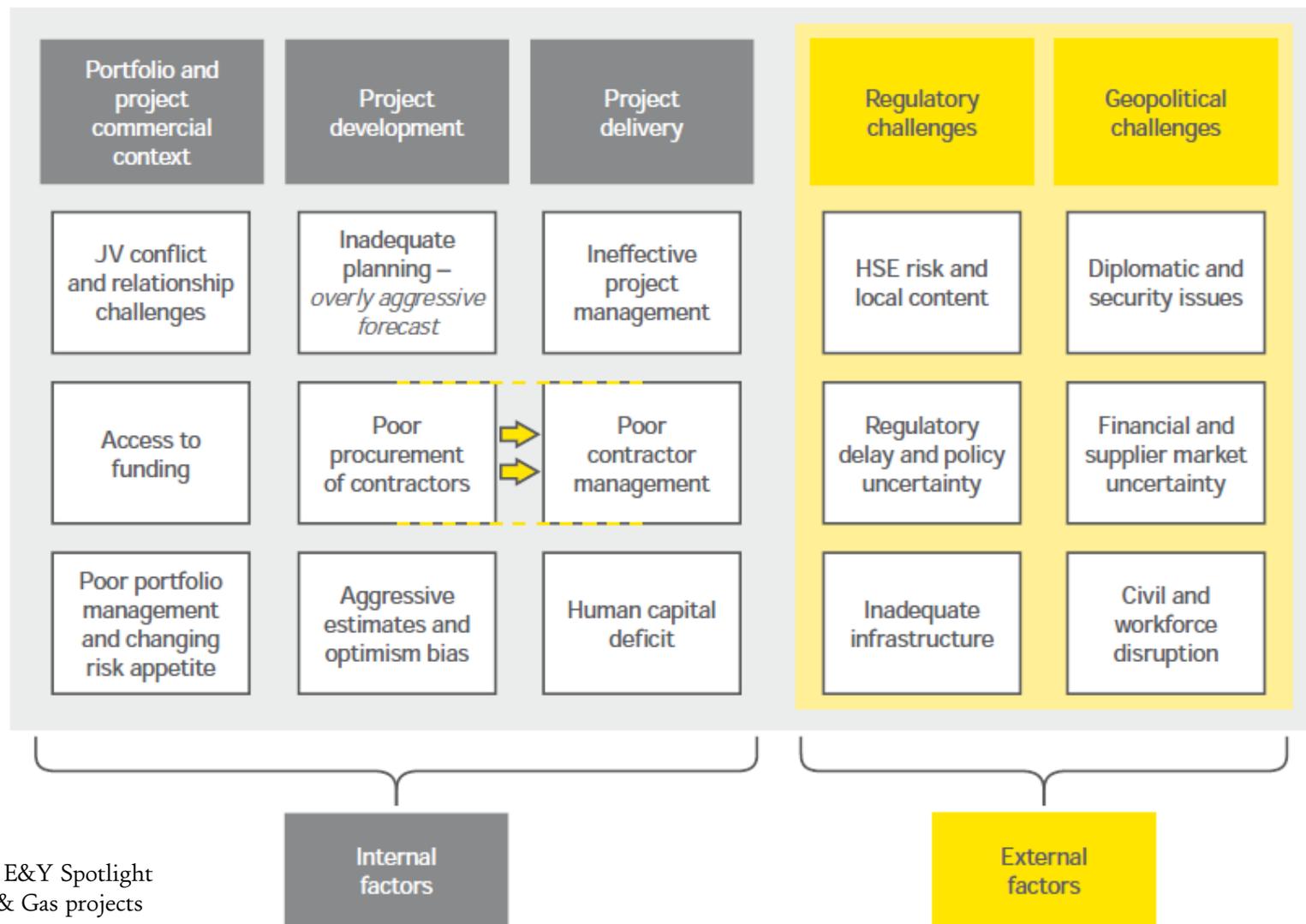
3

EBITDA/ BOE

Operator 2



Root Causes and Remedial Actions are thought to be known – but do they work?



Source: E&Y Spotlight on Oil & Gas projects

Summary

- Projects are not performing
- Project underperformance compromises business performance, customer & shareholder value
- Traditional remedial actions are not a fix
- We are all here to debate, understand and identify better solutions....