



Project Management in Oil & Gas 2009

“Improving Project Management
through Robust Planning”

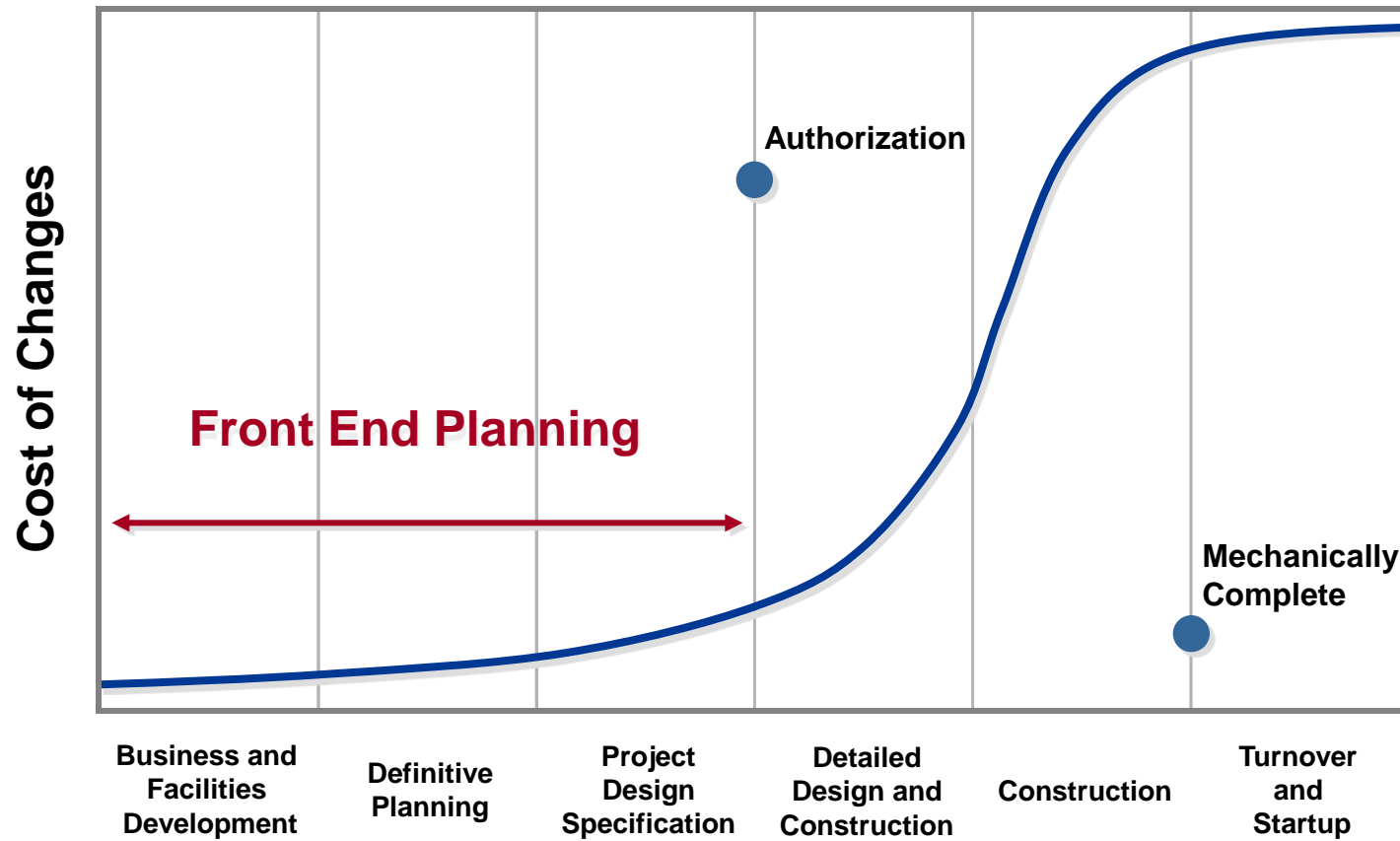


Robust Project Planning... An Overview

- Slowing Down to Speed Up
- East and West
- Front End Planning vs. Project Execution Planning
- Confidential Case Study
- For Consideration

Slowing Down to Speed up

Influence of Changes on Cost



East and West

Viva Le Différence

Location / Culture / Business / Regulations (Variables)
dictate differing Project Execution Plans

McKinsey Study – Lessons from Asia *

- Aggressive goals
- CEO Involvement
- Focus on Material Management
- Cost Optimization at outset, switch to Schedule Focus

* McKinsey on Finance No. 28, Summer 2008

Front End Planning vs Project Execution Planning

Project Execution Planning:

Implementation of an approach to manage project development risks through know how, systems, work processes, and technology.

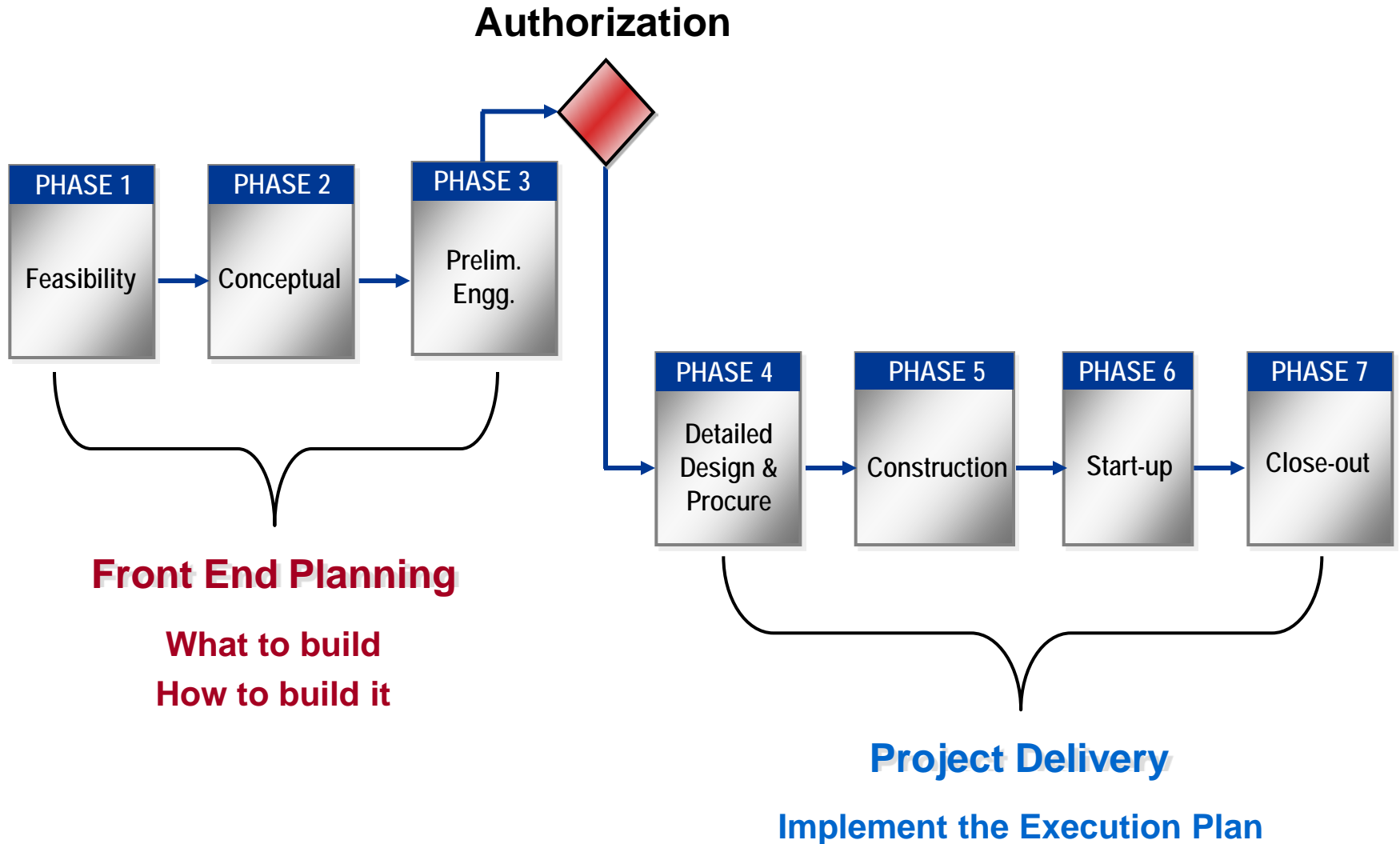
It seeks to manage change

Front End Planning:

The completion of those steps necessary to optimize the potential of achieving defined commercial/business objectives.

It seeks to mitigate change

Project Phases



Front End Planning

Purpose is to develop a detailed understanding of a project to minimize / mitigate change.

Four Key Outcomes:

- Aligned corporate functions around project financial objectives and project scope
- Site specific preliminary engineering
- A definitive project execution plan
- A 10% cost estimate, & a realistic schedule

Key Deliverables of Front End Planning

Site Related

- Soils Data
- Environmental requirements (Permits)
- Plot Plan (including equipment lay out)
- Safety Plan (local conditions)

Engineering Development

- Feedstock / Product Requirements
- Technology Selection
- Detailed Scope of Facilities
- PFD's, P&ID's, H&MB
- Major Equipment Specs
- Cost Estimate

Project Execution Planning

- Contracting Strategy
- Team Nomination, Roles, Alignment
- Integrated Schedule
- Project Controls
- Change Mgt Plan
- Risk Mgt Plan
- Commissioning / Start up / Operating Plans

For Consideration...

Differentiate Project Execution Planning (PEP) from Front End Planning (FEP)

Ensure both are Robust

Third party engagement in FEP assessment?

Integrate global Best Practices in FEP

Adapt PEP to local variables

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Thank You