



Efficiency Task Force Update

March 2016

A note from John Pearson, Oil & Gas UK co-chair and Efficiency Task Force leader



In late September, Oil & Gas UK launched the Efficiency Task Force (ETF). The objective of the ETF is to drive a pan-industry improvement in efficiency over the next two years and beyond, creating a sustainable industry at low oil price.

There can be little doubt that we need to pull together and tackle our collective cost base. I think we should set a target of getting lifting costs to below \$15 – from the high of over \$29 – if we're going to secure the future of this industry.

I hope you find this update from the group of interest – you can see a lot has happened in our first six months, thanks to the dedication of our pan-industry team.

We'll aim to update you on a regular basis on progress across all projects. In the meantime, if you'd like more information, or to get involved with the projects below, please email us at: efficiency@oilandgasuk.co.uk.

John

An overview from Stephen Marcos Jones, business development director, Oil & Gas UK



To put our sector in competitive shape for the future and to demonstrate resilience in the face of an oil price that has continued its decline into 2016, the industry's Efficiency Task Force (ETF) is intensifying its efforts. A number of pan-industry projects aimed at improving efficiency and reducing the cost base are now nearing completion.

Here, we outline the progress being made on a selection of ETF projects since its official launch in September last year. Today, the Efficiency Task Force is working with its Steering Group to shape its vision for the year identifying the gaps in efficiency we next need to turn our attention to. The group will then work with the Oil & Gas UK Board to reassess and revise the current programme of activity to deliver maximum value.

This group is run by industry for industry and we greatly value your feedback as our work progresses, to share your challenges and good practice, please do use the Rapid Efficiency Exchange portal at portal.oilandgasuk.co.uk.

Stephen

Business Processes

The **Inventory Rationalisation** project brings together operators to see how they can rationalise their inventory holdings to reduce the costs associated with the storage and maintenance of materials. The ETF is working with Ampelius Trading on a trial trading platform where companies can share details of their inventories. Following implementation this month the group will look at developing best practice.

In the **Compression Systems** project, the ETF has identified a group of operators who are accountable for the bulk of compression system outages on the UK Continental Shelf (UKCS) – the biggest cause of unplanned maintenance. At a recent meeting of the **Compression Systems** work group in February, it was agreed that the main output should be a guidance document in spring 2016 for efficient gas compression operations. An industry workshop will be held in May and will include those companies aiming to make an improvement in their efficiency in this area.



Standardisation

The **Subsea Technology** work group has analysed the potential cost savings from carrying out projects to existing industry standards rather than bespoke requirements. The outcome reveals that savings of 18 to 25 per cent are possible, if a more standard, as opposed to bespoke, process is followed. In addition, qualitative research in the review shows the importance of collaboration, positive relationships and trust throughout the supply chain, as well as strong leadership. The group will now identify how best to engage with industry to implement the findings.

The **Valves** group is in the process of finalising the outline for its project, which will explore how companies can work together to reduce the costs associated with valve maintenance and supply across the basin. The British Valve and Actuator Association (BVAA) is progressing work to address the widespread and costly use of bespoke valves.

Meanwhile, the **Well Plugging and Abandonment (P&A)** group analysed data from extensive thru-tubing P&A projects in the Gulf of Mexico to provide a business case for promoting greater use of thru-tubing P&A on the UKCS. This project is being taken forward by Oil & Gas UK's Decommissioning Work Group.

Culture, Co-operation & Behaviours

In order to drive further engagement and to measure the impact of the **Industry Behaviours Charter** launched in December last year, a Collaboration Index (in association with Deloitte) is being compiled. A number of contractors will be asked to provide confidential feedback on how operator companies are collaborating with the wider supply chain, resulting in a performance measurement tool for operators and guidance for areas of focus for the ETF. Initial results are expected shortly.

The Rapid Efficiency Exchange (REE), a portal for sharing successful stories in improving efficiency and for exchanging knowledge, currently holds 36 case studies and has received over 200 'likes' from those visiting the site. Interested parties can contribute to the site at portal.oilandgasuk.co.uk.

Efficiency Task Force News

Sharing common challenges

There is increased focus on sharing common industry challenges on the REE. The response has been positive.

Shell UK posted its concerns regarding the management of valves – it requires bespoke valves while manufacturers are set up for high volumes of standard valves, resulting in high costs and long lead delivery times for the company. Within a matter of days of posting, Shell was contacted by a contractor who is already working with another operator on the same issue. That operator was happy to arrange a joint visit with Shell to the contractor two days later. While it is still early days, this shows how companies can make quick connections and find support to overcome common challenges through the portal.

Engaging experts in continuous improvement

The **Oil and Gas Continuous Improvement (CI) Network**, established in September 2015 in the North East of Scotland, has been brought under the banner of Oil & Gas UK and expanded to include efficiency champions from across industry - with 25 companies now participating. The network will be responsible for identifying both success stories and challenges from the industry. These findings will then be shared by uploading to the REE, supporting work to embed changes in behaviour across industry.

Efficiency Roadshows

The ETF has put together proposals for a whole series of in-house **Efficiency Roadshows** – a way for companies to engage their workforce in the pan-industry efficiency drive in their own offices.

Initial roadshows will be taking place at Global Energy, Amec Foster Wheeler and ConocoPhillips and the task force aims to hold a number of these on-site town hall meetings by the end of the year.

