



## Project Management in Oil & Gas 2009

“Improving Project Management  
through Robust Planning”

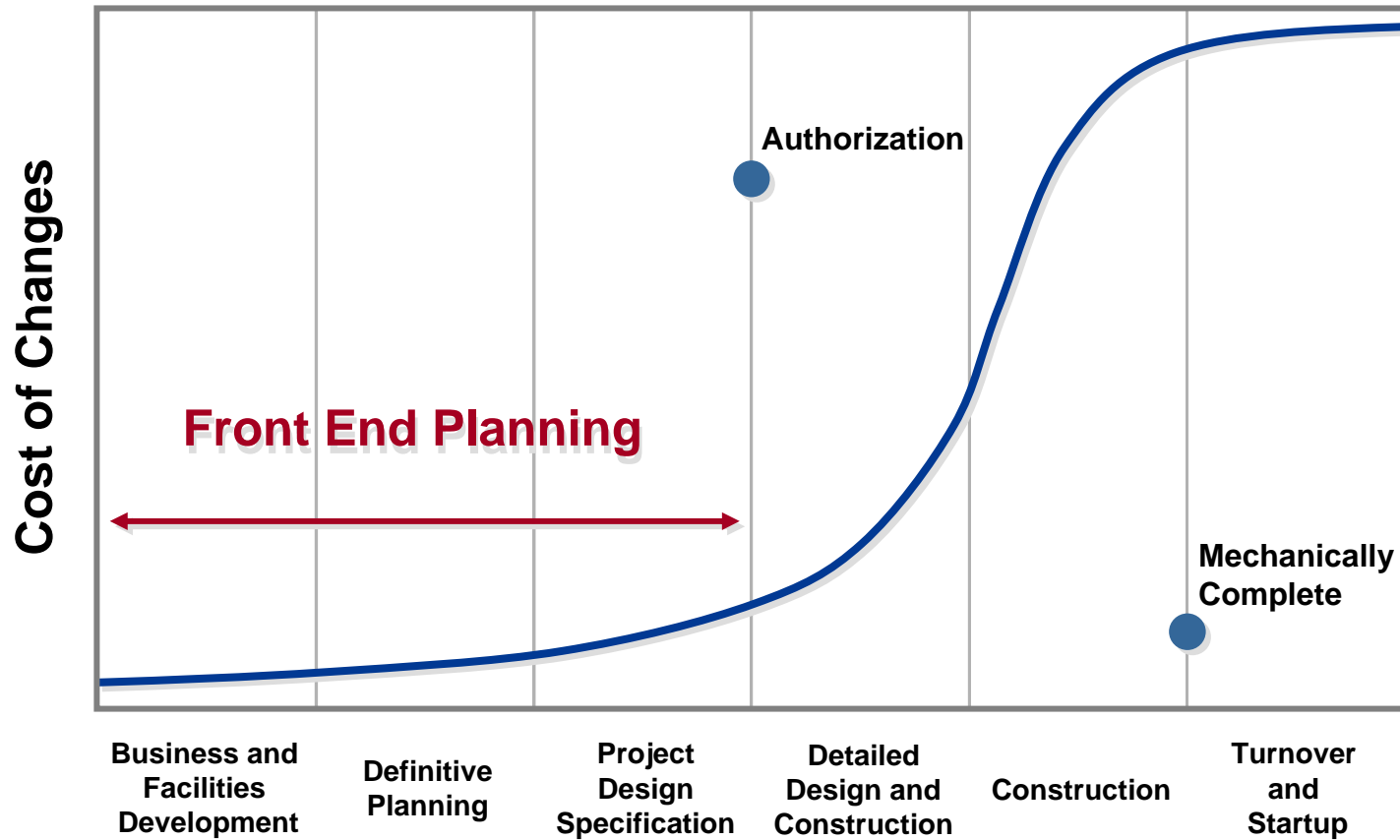


# Robust Project Planning... An Overview

- 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 <sup>\*</sup>
  - Aggressive goals
  - CEO Involvement
  - Focus on Material Management
  - Cost Optimization at outset, switch to Schedule Focus

<sup>\*</sup> 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.

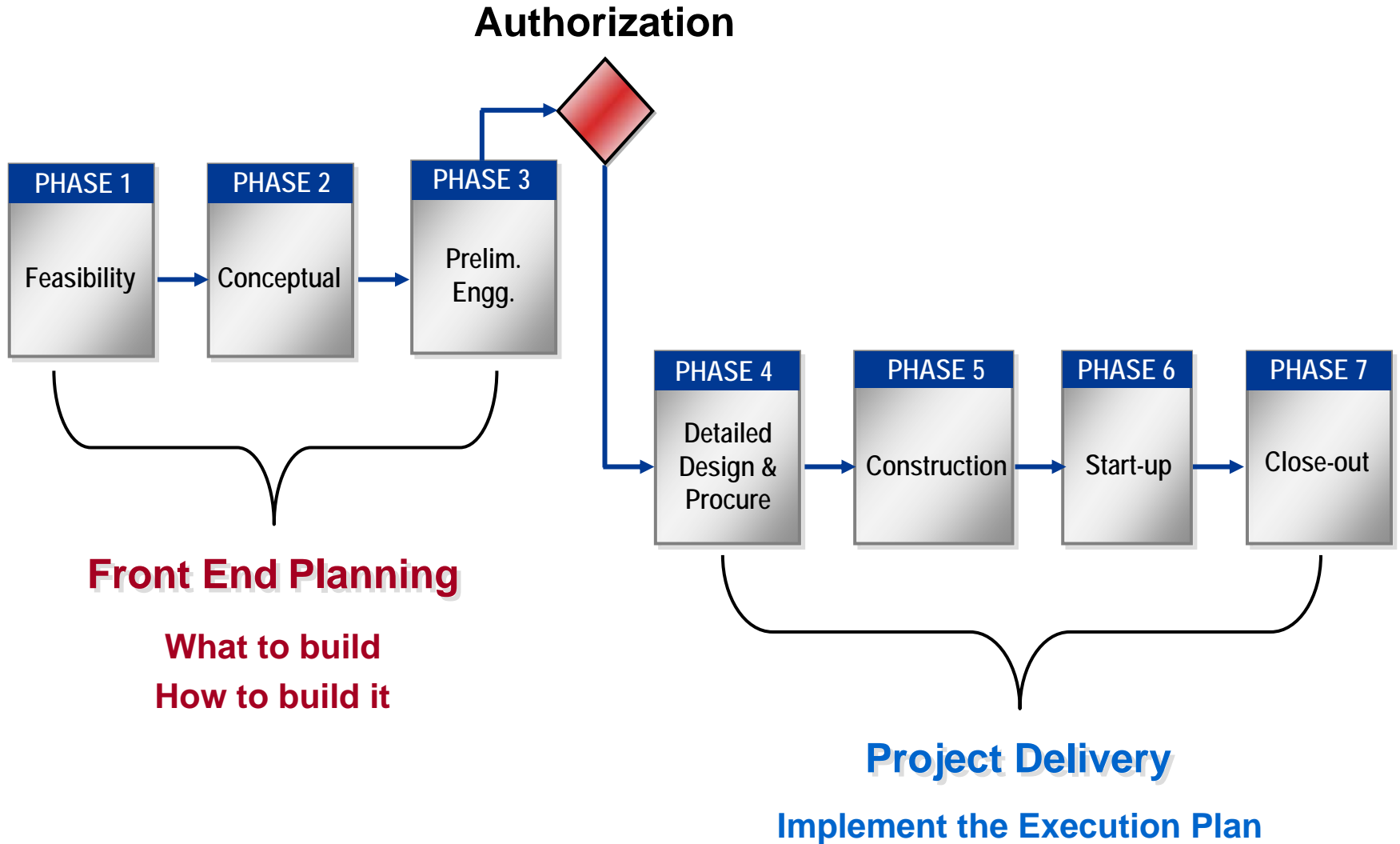
It seeks to manage change

- **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  $\pm 10\%$  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