



DEEPWATER TRADITIONAL OPERATORS VIEWPOINT

COMMON ALIGNMENT

- Desire of each company to maximize their financial earnings
- Health/Safety/Environmental focus and alignment

WHERE IS THE VALUE?

THINK: LIFE OF FIELD

- Production is the value driven.
- Quality in construction is essential.
- What is the impact on lifting cost?

PRINCIPLES FOR DEEPWATER PROJECTS

- A belief that a fair price should be paid for a fair service.
- Do not empower and put total trust in the contractors.
- Select contractors who provide the best service and overall most competitive value.
- The role of an oil company is to integrate contractors.
- **Quality not Schedule** driven process once the manufacturing activities commence.

ALIGNMENT OF COMPANIES WORKING DEEPWATER DEVELOPMENT

- **Adequate time invested by all parties**
 - Understanding, developing, monitoring, and enforcing partnership
 - An integration plan for all parties
- **Appreciation of the cultural differences between companies**
- **The operator's role and expectation of involvement**
 - Management of multiple interfaces
 - A limited number involved

FOCUS ON CORE COMPETENCY

- Understand and appreciation of risk
- Leverage of staff ability
- Focus on:
 - Engineer it properly
 - Manufacture it to specifications
 - Active engineering QA/QC
 - Full System Integration Test

Understanding Risks

What are the major risks?

- Reserves
- Oil Price
- Legislation changes
- Currency
- Production contract type
- Production uptime
- More/less wells after development
- Well servicing availability
- Completion reliability
- Development costs
- Opex costs
- Schedule delays
- Many others

INDUSTRY SUCCESSES

- **Drilling Rig Contracting**
 - Incentive contracts
 - Limited and exposure of risk
- **DeepStar**
 - Industry Collaboration