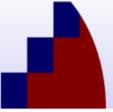


Case Study - Upstream Oil & Gas



Client: Global Exploration & Production

Integrated Business Planning manages the components of the production wedge to integrate planning across exploration, operations, finance, and marketing.

Business Challenges:

- Aggressive growth plans and commitments
- Compress cash cycle time while managing to capital and LOE budgets
- Manage and integrate exploration, mature wells, growth/new wells, and infrastructure needs in a fast-paced environment
- Improve cross functional decision making across groups with different reporting lines
- Improve inputs, coordination, and on-going management of budget parameters and commitments

Challenge

This business unit of a global corporation is a large operator in the DJ Basin with rights to more than 800,000 acres and planned investment of \$10B over a five year period. The region had committed to deliver an aggressive production plan that required improving production performance of existing wells and executing on a large portfolio of new wells that would leverage horizontal drilling and hydraulic fracturing technologies. Our project team needed to improve processes and coordination across functions to enable more efficient planning and execution to reduce cycle times and meet capital and LOE budgets.

Solution

After training the leadership and project teams on the principles of IBP, our team developed a design that aligned with the financial reporting and organizational structure of the business. The organizational structure was also changing and our effort integrated accordingly. IBP is about planning and managing performance across the business by disaggregating the plan amongst major components, managing within each component, and then bringing them together at the management team level for integration, cross-functional decision making, and management of the overall integrated plan. IBP also helps to define boundaries for decision making at middle and upper management levels.

We defined IBP components to manage exploration, existing base production, new development production, marketing and infrastructure, and a leader level component across the top.

For each IBP component and the overall business, we defined the key planning drivers (e.g. wells, rigs, capital, production, reserves) and brought data together from various systems to provide a report set with a view of the data appropriate for each component to manage their respective part of the plan. These are then rolled up to manage at the asset level. While managing historical KPIs and performance to budget is a key goal, the emphasis is also on the forecast and the implications for the set of planning drivers when a decision must be made for the business.

Outcomes

The IBP process now provides the framework for managing the intermediate-term business:

- Establishes a single plan of record
- KPIs and a view of the plan that manages the underlying processes for each IBP component
- Structured means to raise and address cross functional issues
- Improved definitions for roles & responsibilities and structure for budget inputs and development

In combination with improvements to underlying process improvements, the effort produced a cash acceleration exceeding \$200 MM.