

planned for 2019, says Imran Khan, senior research manager, at Wood Mackenzie. Shell leads deepwater GoM development drilling, with Anadarko and Chevron also active as well.

This continued learning is necessary as it takes longer – perhaps two to three years, often more – for real, structural cost savings to emerge in deepwater, Rodger explains. In basins where drilling has been more sporadic or ceased completely since 2014, companies considering project sanctioning “can’t instantly go back and just drill wells 20% better than they did three years ago.” This makes it harder for cost deflation to happen across the board, and means some basins

are competing stronger than others for the scarce amount of available capital.

Rodger believes that companies will continue to focus on projects with smaller footprints, as it will be harder to convince both banks and investors that spending vast sums on big greenfield projects, particularly outside of North America, is prudent financial strategy. “Still, the majors can’t just do small-cycle, high return investment projects forever, so over time we will still see the best big projects bubble to the top and move forward,” he says, albeit with capital deployed in a more cautious, phased fashion. **OE**

Collaborative contracting

Audrey Leon looks at how BP's new approach to working with its suppliers have led to quicker project start-up.

“We’re not goldplating anymore,” stated BP’s Global Projects Organization Head, David O’Connor, at the supermajor’s Houston Media Day in early December.

O’Connor said BP sought to change the way it does business in the hope of achieving cost cuts and boosting project efficiency and reliability amongst its many suppliers.

“In the past, we would tell our suppliers exactly what we needed and they would give us exactly what we asked for whether they could provide it easily or not,” he said.

O’Connor said BP went to its suppliers to better understand what they can best deliver, and adjusted its requirements to be in line with what they deliver. He also said that BP has begun engaging their suppliers earlier in the process. “No longer do we specify to them everything that we want,” he adds. “We look to them for their solutions to meet our requirements.”

O’Connor said that this new approach has helped BP bring projects in under budget and ahead of schedule. All seven of BP’s (operated and non-operated) projects slated for 2017 have begun – with Zohr achieving first gas in late December 2017.

Rob Kelly, vice president, Technical Functions, Global Projects Organization, also spoke about the new supplier-led approach at the event. “We have simplified and made our standards fit-for-purpose rather than over-engineered,” Kelly said. “Over the last four years, we have been focused on supplier-led solutions and actually having that conversation with our suppliers where we have global agreements and long-term relationships.

“From that, we gained significant benefits because we are actually asking them to build things that they are good at building. And therefore, they know the scope very clearly, and they are very efficient in how they can deliver. Obviously, we get benefit through price and schedule, and in terms of pace, but we also benefit in terms of the quality of what they deliver, building the hundredth thing they have built before, rather than the first bespoke thing they’ve built for BP.”

Into the wild

But, what’s next? BP is looking to modernize and transform the way it currently interacts with suppliers on their global projects, and that means digitalization.

Kelly discussed the importance of digital performance management and how BP is conducting a pilot project with its supplier where the supermajor links into the supplier’s database in the cloud.



The Juniper platform offshore Trinidad and Tobago. Photo from BP.

“Almost in real-time, that allows the project teams to see status, rather than wait 4-6 weeks to get the normal report,” he says. “This is big step change for us. If you can have the right data, sooner, you can make earlier and better decisions.”

Kelly said that BP is trialing this on the Tortue Phase 1a project offshore Mauritania and Senegal.

Another area where BP seeks to boost efficiency is in construction and commissioning.

Kelly highlighted the Juniper project, which BP brought online this year, where the supermajor used “e-completions” or electronic completions to cut down on paper. “When you are doing completions, you can have thousands of systems that need to be checked prior to commissioning.” He said workers were outfitted with ruggedized iPads to do the job instead.

Still, Kelly stresses that suppliers are the key to a successful project. “We only do 10% of the activity – the rest – 90% of activity and man-hours is done by suppliers,” Kelly said. “The change we are trying to make, in becoming more digital in the way we design, procure and construct our projects, we need to work on with the supply chain.

“We are talking about collaborative contracting. We looked at other industries – particularly the infrastructure industry in the UK – if you are working in the same database with transparency of data that is shared, it leads to a different way of working. We spent a lot of time looking at that. We are working toward implementing this in our 2018 projects. It’s very exciting. You have to work more collaboratively with the supply chain.” ▀