

# Unlocking Value in a Low Oil Price Environment

Helping clients exceed production targets when CAPEX is constrained and OPEX budgets are reduced

As we look into 2015, with a soft and uncertain oil price environment, many Oil and Gas companies are reducing their capital programs. A major priority for many companies will be maximizing the margin performance of base production through:

- increased operating efficiency
- increased capital efficiency
- decreased operating cost

In the current environment, operating efficiency, capital efficiency and cost management have become increasingly important. Although current price conditions are not what anyone would desire, progressive companies will respond in a way that maximizes margin in the near term, while leveraging the external pressure to make sustainable changes in culture and capability for longer term efficiency and margin benefits.



## Organizational Space™

At Evolve, we understand what it takes to tap into your potential. We help you get results by using the Organizational Space™ Model that cuts across all aspects of the business. We partner with your leaders to reach and engage the wider workforce in how they can drive value by clarifying and streamlining work processes, accelerating cross-functional decision-making,

### Human Debottlenecking: How to utilize your people to improve short-term margin and long-term efficiency

Process control and production optimization

Integrated planning

Lean ways of working

CAPEX prioritization

Supply chain rationalization

Clarity of roles and accountabilities

Execution focus

Margin-driving leadership behaviors

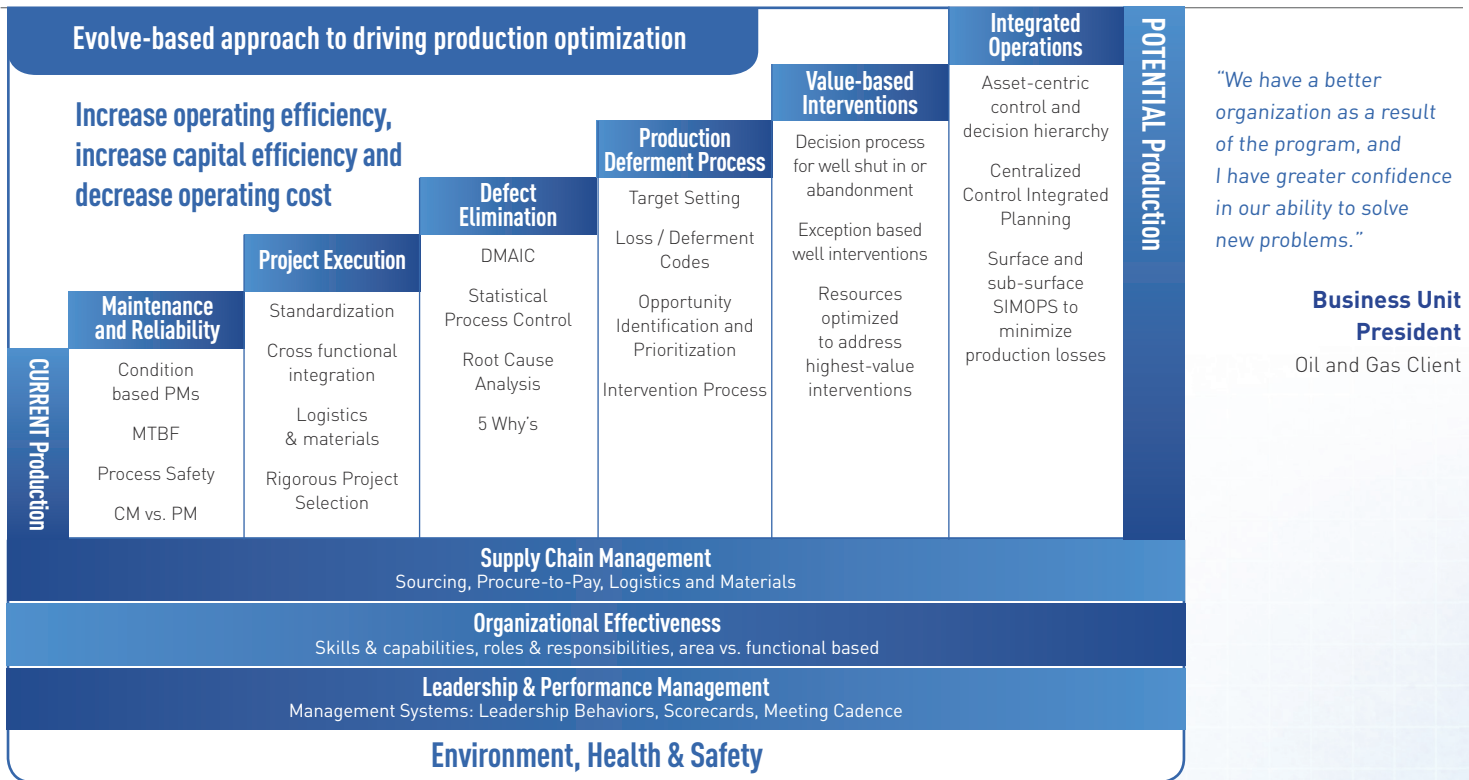
*“Many of our clients are discovering that substantial improvements in safety, production and costs can be achieved by maximizing the performance of the people who work there – something we refer to as “Human Debottlenecking™.”*

and identifying and reinforcing common behaviors and leadership capability. Our approach helps leaders learn to enable their people to make critical decisions at the right level and frequency. Most importantly, we do this by leveraging your existing investments and improvement efforts without relying on major CAPEX investments to improve output.

Across every Oil and Gas organization, people need to believe that the potential for new learning and higher levels of performance are possible. The value of overcoming these perceived limits is not about a specific production target or utilization rate. It is connected to the value you create as a leader when your people challenge their limit on any given day, under any given circumstance they are presented with at that time, and achieve more than they thought possible. This mindset helps to remove barriers and enable your experts to do what they do best.



# Evolve Partners: Your Partner for “Human Debottlenecking”



“We have a better organization as a result of the program, and I have greater confidence in our ability to solve new problems.”

**Business Unit President**  
Oil and Gas Client

In a low oil price environment, operations executives are rarely forgiven for not meeting production commitments in the annual business plan even when CAPEX is constrained and OPEX budgets are reduced. Evolve’s people-focused, systemic approach helps clients meet and even exceed production targets despite the cost pressures driven by oil price volatility.

## POINT OF VIEW

### Typical Challenges

**Maintaining** production levels requires exception based well surveillance and rigorous selection of sustaining CAPEX projects

**Continuing** the compression of cycle times in the midst of the instability caused by contractor rationalization

**Delivering** on commitments to investors by revising and communicating forecasts to maintain investor credibility

**Motivating** the workforce to deliver on promises with reduced workforce and resources

### Evolve Approach

**ENGAGING:** Engage the entire organization at the outset of the program to conduct studies, identify tactical improvements, recognize behavior gaps and build and present the case for action to executive leadership. Coach stakeholders along the improvement journey

**STRUCTURED:** Mobilize the improvement program across 4-5 themes: i.e. *Reliability, Production Optimization, Project Execution, Leadership & Performance Management*. These themes are chartered with outcomes, milestones, and results plans that are reviewed weekly

**EXPERIENTIAL:** Align the improvement program design and the capability development of key reliability improvement tools and models directly around the actual improvement initiatives

**RESULTS FOCUS:** Drive the program team towards a “First Result” to build momentum. Track and communicate results frequently. Share learnings and celebrate success

## TYPICAL RESULTS

**5-10%**   
Improvement in output   
characterized by increase in direct operating efficiency, reduced day to day variation, reduced production loss during work overs and turnarounds

**5-20%**   
Improvement in return on capital   
characterized by better project selection, on-time and on-schedule project execution

**5-30%**   
Cost reduction   
characterized by more focused organizational structure, tighter controls and approvals, attacking spend trigger events, and decreased lease operating expenses

**Best demonstrated production that EXCEEDS best demonstrated capacity with little or no CAPEX invested**



### Evolve Partners, US

Galleria Financial Center  
5075 Westheimer Road, Suite 1177  
Houston, TX 77056  
t: +1 (281) 661-5000  
e: infoUS@evolve.cc

### Evolve Partners, Canada

Suncor Energy Centre  
#5100, 150-6th Avenue S.W.,  
Calgary, AB T2P 3Y7  
t: +1 (403) 538-2147  
e: infoCAN@evolve.cc