

Opportunities and challenges in the current market environment.

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Welcome

Oil & gas – just strong headwinds – or in need of a fundamental re-think?

"The sector is broken and irrelevant. It needs to stop what it's doing or be brave enough to do it differently or better."

Nick Cooper – CEO Ophir Energy plc: Sunday Times Business 10th March 2016

"The model is indeed broken. The reality is that fit-for-purpose companies will have to be formed out of this. The rest should die"

Anonymous investor: Sunday Times Business 10th March 2016

Economically relevant

Shale had made the US"the inadvertent swing producer"

Daniel Yergin quoted in the FT 21st March 2016

"if oil rises much above \$50/bbl, drilling shale wells in the US will start to look attractive again."

FT 21st March 2016

There remain questions around the investment appetite in the [shale] sector – but broadly this sets a target for what is economically relevant.

Opportunities & challenges

Three general themes for improving value

❖ Standardisation:

- ❖ Specifications and delivery processes;
- ❖ Adopting consistent specifications - delivering predictability;
- ❖ Doing things smarter.

❖ Better cooperation:

- ❖ Re-thinking relationships within the supply chain.

❖ New technology:

- ❖ Reducing capex through process intensification;
- ❖ Increased automation – reducing manning levels and opex.

“By taking a broader view and reducing complexity and standardising processes, materials and documentation, industry players can develop a long term sustainable cost base to adjust to this lower margin environment.”

Elisabeth Torstad CEO DNV GL Oil & Gas

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