

From: Shaw, Neil
Sent: Thu Nov 29 17:49:57 2007
To: Inglis, Andy G (UPSTREAM); Bly, Mark R
Cc: Shaw, Neil
Subject: GOM Transformation - Pre-Read
Importance: Normal
Attachments: GoMSPU_Org_v1ppt.ppt

Andy / Mark,

Please find attached some pre-read for our discussion on Friday. I would like to cover the following topics

<< ... >>

1. Overall Transition Plan

- The approach I have taken to diagnose the business and decide what needs to change and how
- My first impressions and early views of the team on the key interventions that are needed

2. 5 Strategic Themes

- The framework that we are evolving to shape the transformation of the SPU along 5 key themes of people, safe and reliable operations, predictable project delivery, 4 specific areas where we need to transform the business and creating a real culture change on performance management.

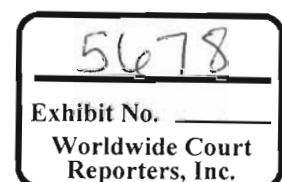
3. GOM Organisation

- Key concepts and drivers to shape the new organisation (alignment with strategy, business impact of SPU functionality, flatten the structure (spans and layers) and performance management)
- Structure - my proposal and some other options considered
- Leadership selection - review / agree my direct reports

4. Forward Plan

- Critical path is leadership selection - tier 2 (my directs) before Christmas
- Plan is to select tier 3 by mid Jan following 2007 performance ratings, review of returning expats, discipline input.
- Plan to announce end Jan - Strategic themes, new organisation down to tier 3, forward plan to complete transformation

Neil



GOM Transformation



A.Inglis / M.Bly review

30th November

Agenda

1. Overall Transition Plan
 - First Impressions
 - Early View of Interventions
2. 5 Strategic Themes to focus transformation
3. GOM Organisation
 - Concept, Focus Areas, Key Drivers
 - Structure and Leadership Selection
4. Forward Plan
 - Leadership selection
 - Communications

Transition Plan



Phase	Key Activities
Listen & Learn	<ul style="list-style-type: none"> Connect with organization LT Meeting Oct 29/30 1st town hall – 11/1 Bain Simplification
Analyze the Business	<ul style="list-style-type: none"> Analyze the Business <ul style="list-style-type: none"> What works well – build on What needs to improve What gets in the way of great Performance Appoint Tier 2 Leadership Develop Organisation to Tier 3
Develop & Communicate Transformation Plan	<ul style="list-style-type: none"> Appoint the new leadership team to Tier 3 Develop Detailed Transformation Plan Communicate to staff MOC Org changes

GOM – First Impressions



Strategy

- Missing - No sub strategies below the '#1 in the GOM#' vision, no clarity on the vital priorities and necessary intervention plans
- Conveyor belt - E&A needs better integration

Organisation

- Leadership - More to do to truly create 1 SPT, multiple silos with little standardisation and learning, greater XT teamwork needed
- Structure - Heavy organisation, distant from front line, people playing up a level vs down, need to flatten and focus down on operational delivery
- Capability Gaps - At the root cause of many issues given technological challenges and complexity, need to systematically build and highgrade capability

Culture

- Performance - Outcomes explained vs managed, Holistic performance management process missing.
- Lack of: 1. truth telling on performance, 2. emotional intensity around issues, 3. sense of urgency, 4 attention to detail, 5. rigour around planning
- Need change agents at multiple levels

GOM - Diagnostic Early View



What Needs to Improve

Intervention

<p>1. Drilling Performance</p>	<ul style="list-style-type: none"> • Centralised D&C organisation to drive standardisation, learning and CPI and better utilise scarce resource • Quality leadership – need K.Lacy and H.Thierans, both are aligned and working together on org design
<p>2. Subsea projects</p>	<ul style="list-style-type: none"> • Strengthened leadership and capability – G.Imm agreed and R.Marshall agreed as PGM King South/Dorado • Design programme organisation to drive standardisation, learning and CPI.
<p>3. Strategic Cost Management</p>	<ul style="list-style-type: none"> • Creating a plan and performance management process • PSCM – Leadership upgrade announced with W.Long, leverage scope and scale, instill discipline around PSCM • Every \$ matters culture – missing today
<p>4. Strategic Integration - Access/Exploration/Appraisal</p>	<ul style="list-style-type: none"> • Needing to join up the machine • Exploration deep dive planned for January, should include view across the conveyor belt • Historically under-appraised, need the right balance of \$ across the value chain
<p>5. Intensity of Performance Management</p>	<ul style="list-style-type: none"> • Missing today, culture of explaining outcomes • Establishing processes for performance management • New organisation a catalyst for greater focus on operational performance

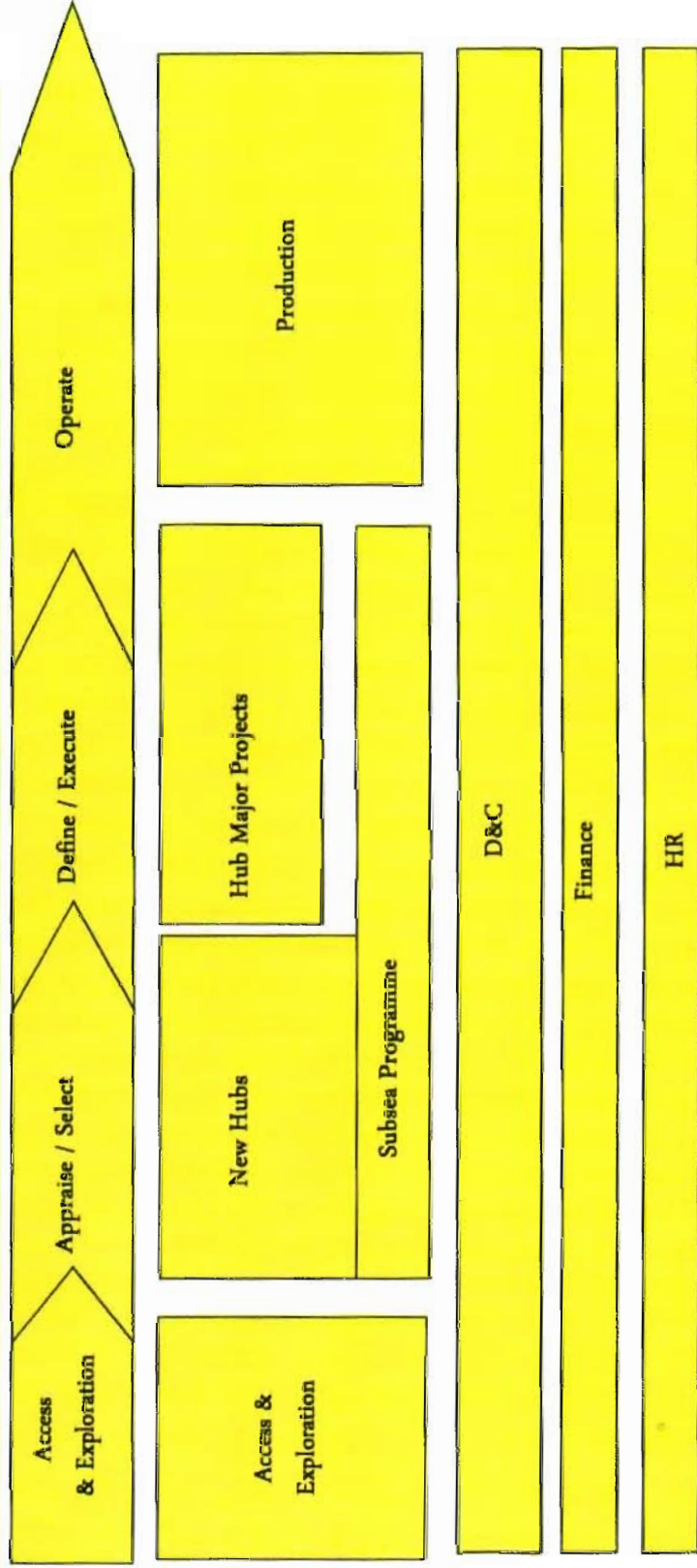
#1 in the GOM – 5 strategic themes

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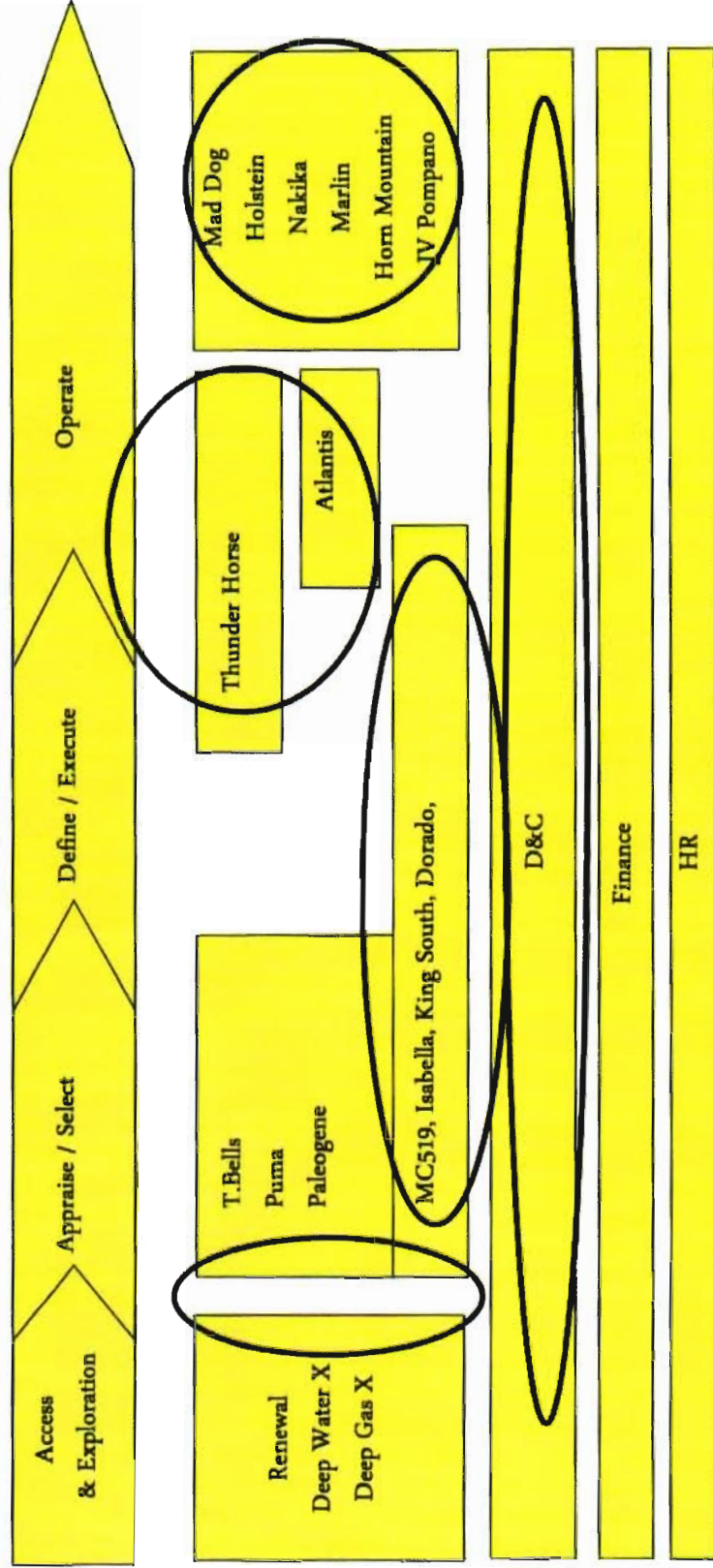
1	People	<ul style="list-style-type: none">• Systematically building world class organizational capability and resourcing for success• Deeply engage everyone in continuous performance improvement
2	Safe & Reliable Operations	<ul style="list-style-type: none">• Performance manage improvement and learn from gaps• Embrace OMS as a key enabler to the business• Deliver world class ramp-up for Atlantis and Thunder Horse
3	Predictable Project Delivery	<ul style="list-style-type: none">• Create standardised programme of new Hubs and subsea tiebacks to drive continuous improvement and learning
4	SPU Transformation	<ul style="list-style-type: none">• Strategic Integration of Access, Exploration and Appraisal to replace resources and create a conveyor belt of new projects• Centralised D&C organisation to drive consistent performance through standardisation, learning and utilisation of scarce skills• Strategic cost management – Active demand management, PSCM transformation, every \$ matters culture• Leverage technology to progress resources (incl. Paleogene)
5	Intense Performance Management	<ul style="list-style-type: none">• Deliver what we say – managing the outcome vs explaining it.• Transparent and standardised KPI's – used and acted on

GOM SPU Organization - Concept



- Creating standardised 'production lines' across each element of the chain.
- Maintaining a conveyor belt to level load the 'lines' to drive efficiency
- Bias for standardisation
- Systematically build world class capability given technological challenges
- Must be great at D&C - 75% capital and spread rates of \$850k/day

GOM SPU Organization – 5 Focal points



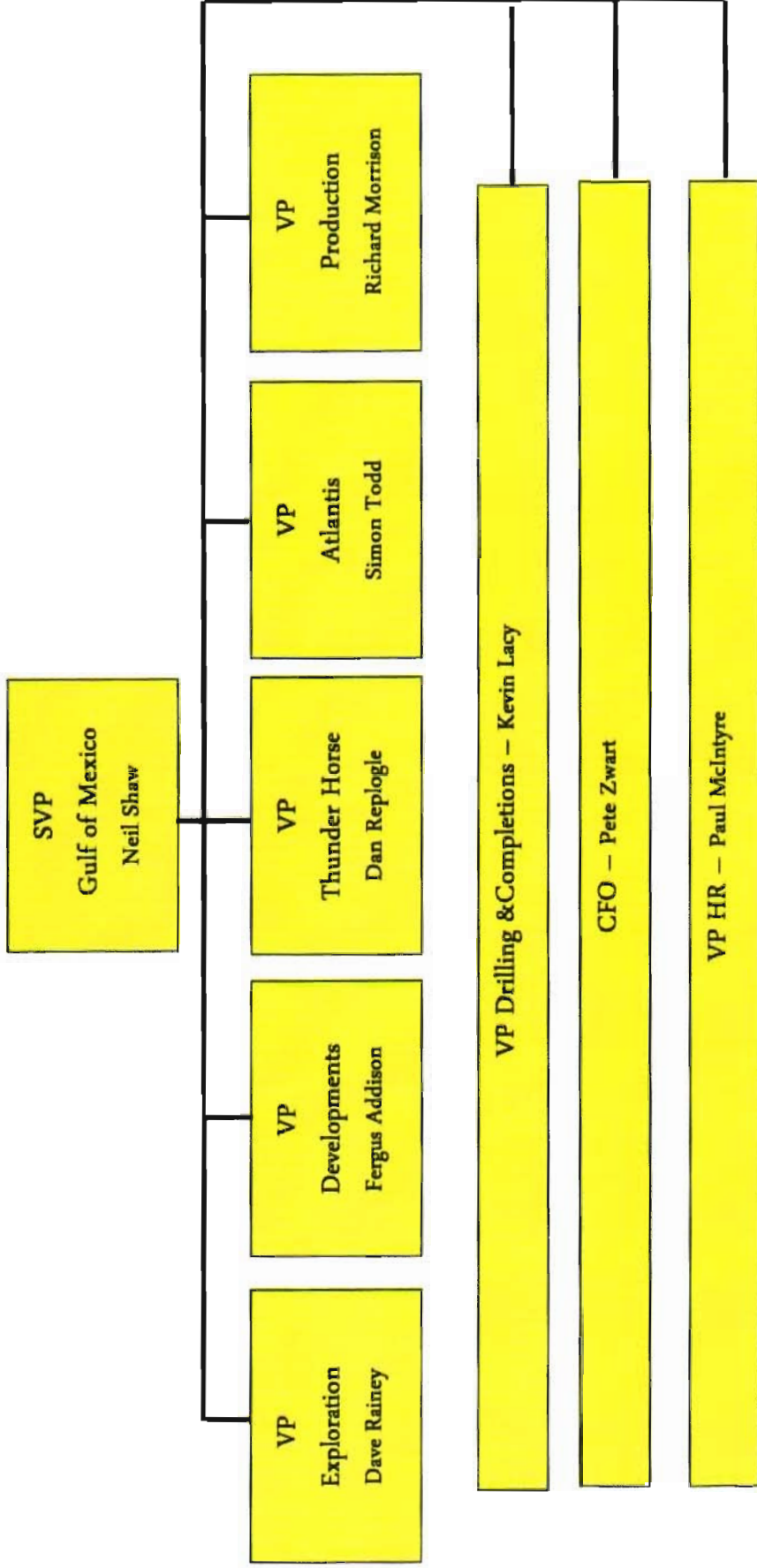
- TH/AT – Rigorous performance management on start-up/ramp-up
- D&C – Major intervention to centralise organisation and standardise
- Subsea – Establish the subsea programme with the right capability
- E&A – better strategic integration to create the conveyor belt
- Production – Laser like focus on efficiency and continuous improvement

Organisational Drivers



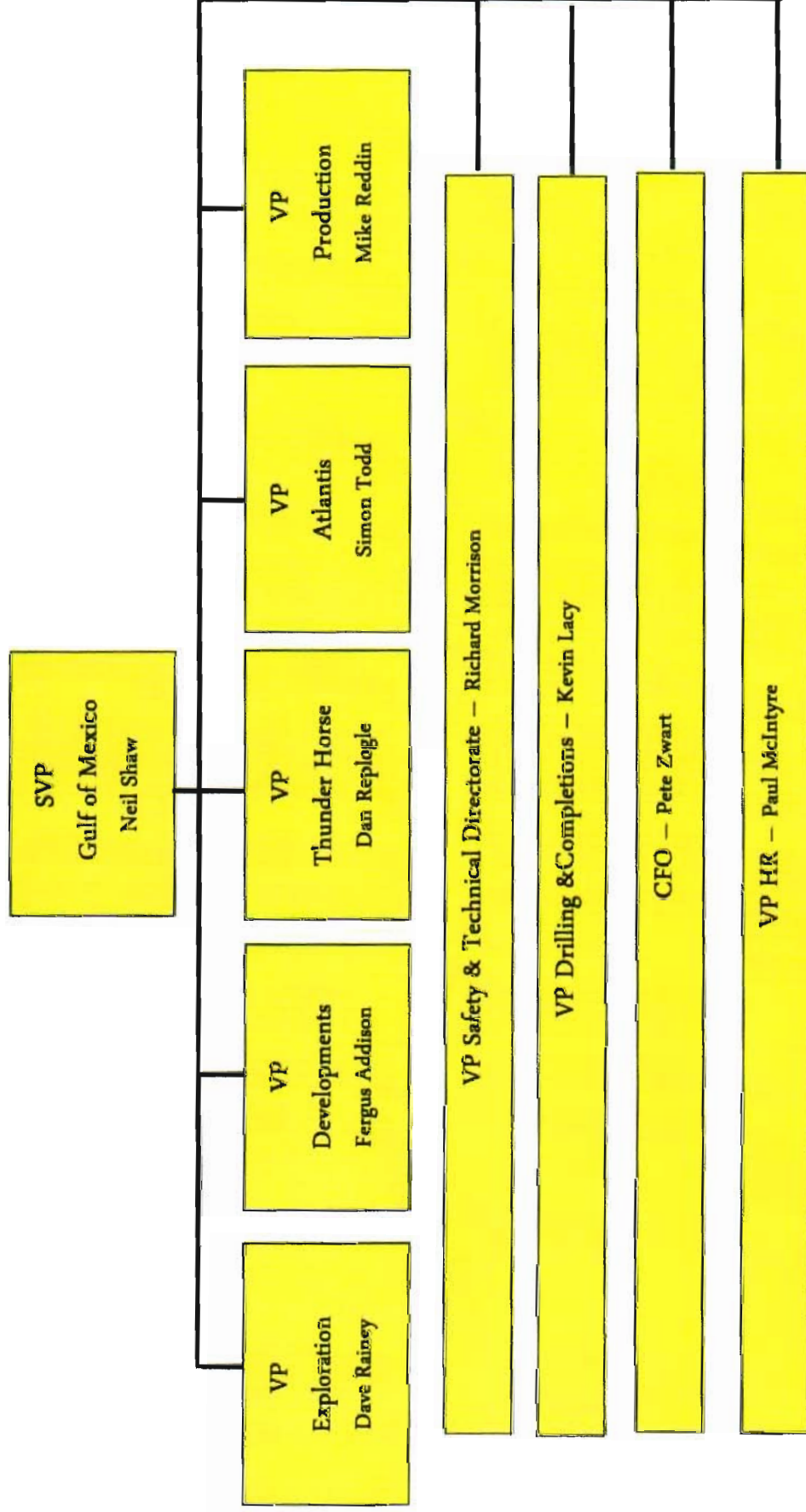
- **Align Structure to Strategy**
 - Creating the 1st quartile 'Standardised Production Lines' across the value chain:
 - Access & Exploration, Developments, Production
 - Drilling & Completions
 - Focus on Thunder Horse and Atlantis ramp-up given Group significance
 - ISPU / OBC and reduce from 12 to 5 PUs
 - Focus on 13 assets as the units of business delivery with their individual AP / CIP
- **Improve Functional impact to line delivery**
 - Eliminate the Safety & Technical Directorate (currently 290BP staff, 93 contractors)
 - Embed SPU Functional Leaders in the PUs and challenge the scale of functionality and the efficiency of shared services needed to create business impact
 - XT leadership of functional areas (get them out of their silo) and retain Functional leaders to maintain x-SPU functional excellence
- **Flatten the Organisation**
 - Increase span of control, remove layers, improve connectivity with front line
 - simplify through "activity work-out" by stopping and reducing activity
- **Intensity of Performance Management**
 - Cascade of Accountability and KPI's from the SPU AP/CIP to the Front Line via the asset CIP's.
 - KPI's – standardised, used inform interventions
 - Behaviour – managing the outcome vs explaining it, emotional ownership of performance

GOM SPU Organisation – Proposal



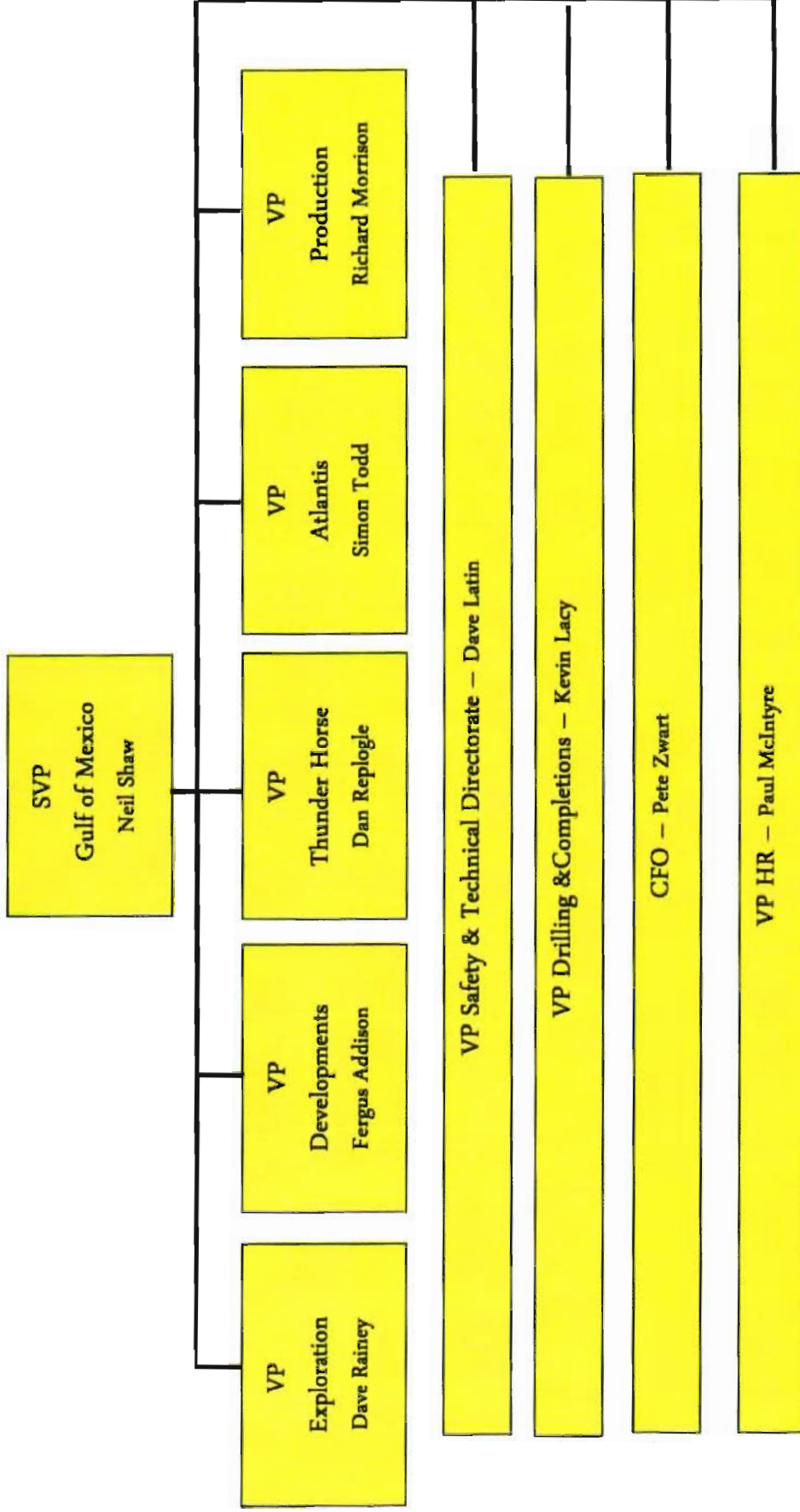
- Thunder Horse and Atlantis as Direct reports
- Centralised Drilling Org
- Technical Directorate embedded in the PU's
- Morrison as VP Production

GOM SPU Organisation – Option A



- Thunder Horse and Atlantis as Direct reports Reddin as VP Production
- Centralised Drilling Org
- Technical Directorate remains – some tune-up's Morrison as TD

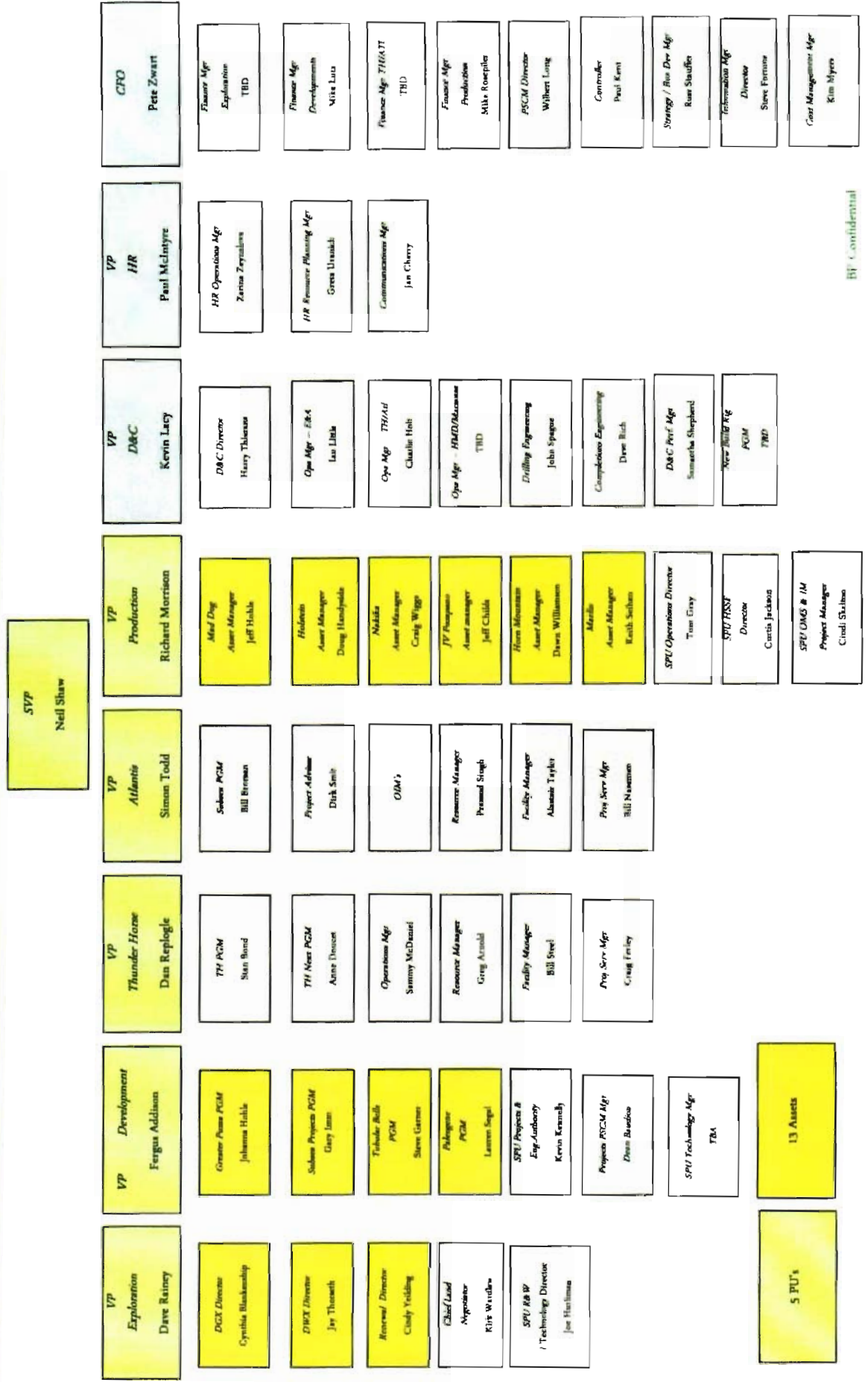
GOM SPU Organisation – Option B



- Thunder Horse and Atlantis as Direct reports Morrison as VP Production
- Centralised Drilling Org
- Technical Directorate remains – some tune-up's Latin as TD



GoM SPU Organisation – Proposal



GOM Transformation – Leadership Selection



- VP Exploration – Timing on Rainey future move?, Retaining Archibald as successor?, risk Archibald may leave
- VP Developments – Addison
- VP Thunder Horse – Replogle
- VP Atlantis – Todd, Repat early 09 and backfill with Jeff Hohle
- VP Production – Morrison
- VP D&C – Lacy, will need AGI / MRB explicit support to KL, also need to retain and motivate Thierans through transition
- VP HR – McIntyre
- CFO – Zwart – announced
- Reddin future?

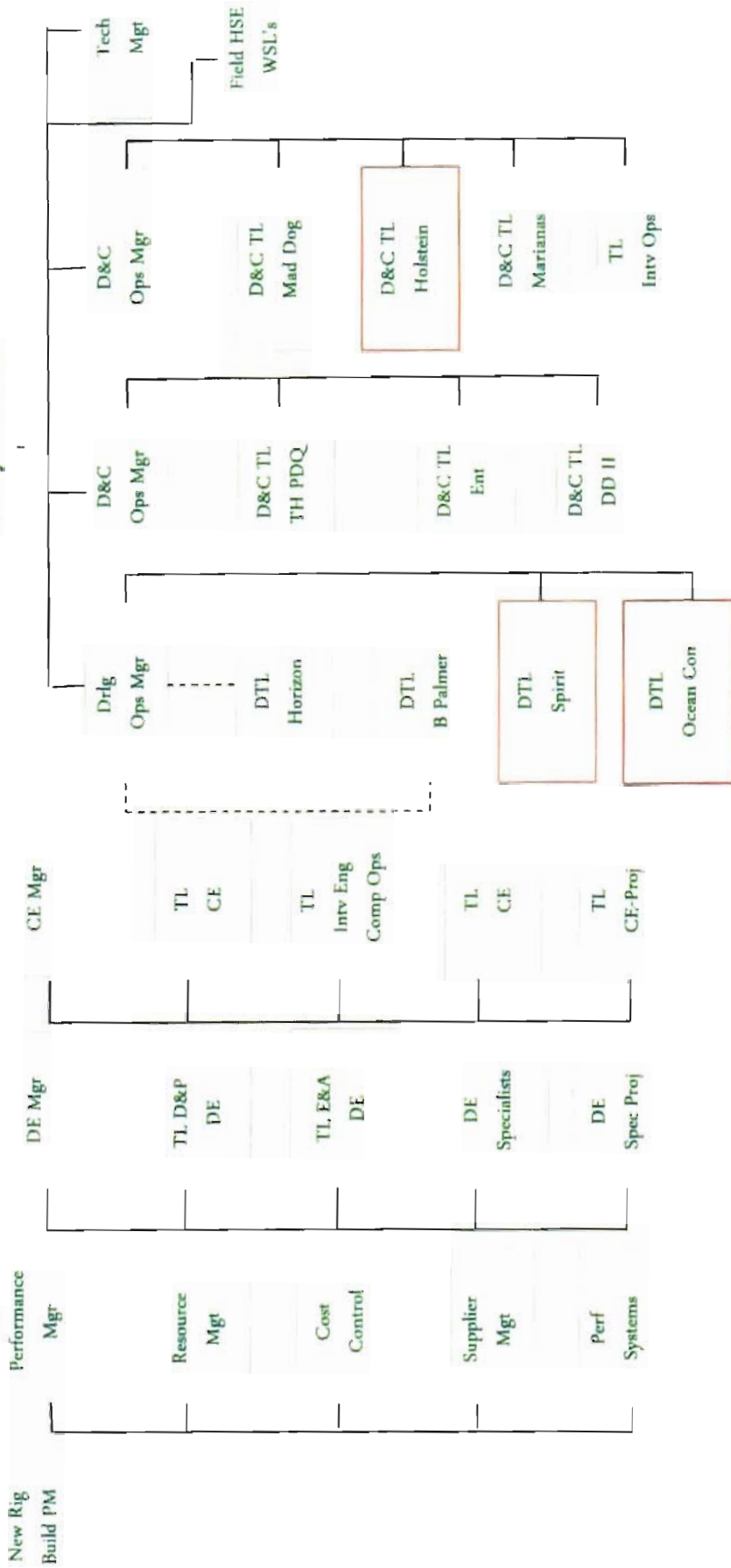
Proposed GoM D&C Organization



VP D&C

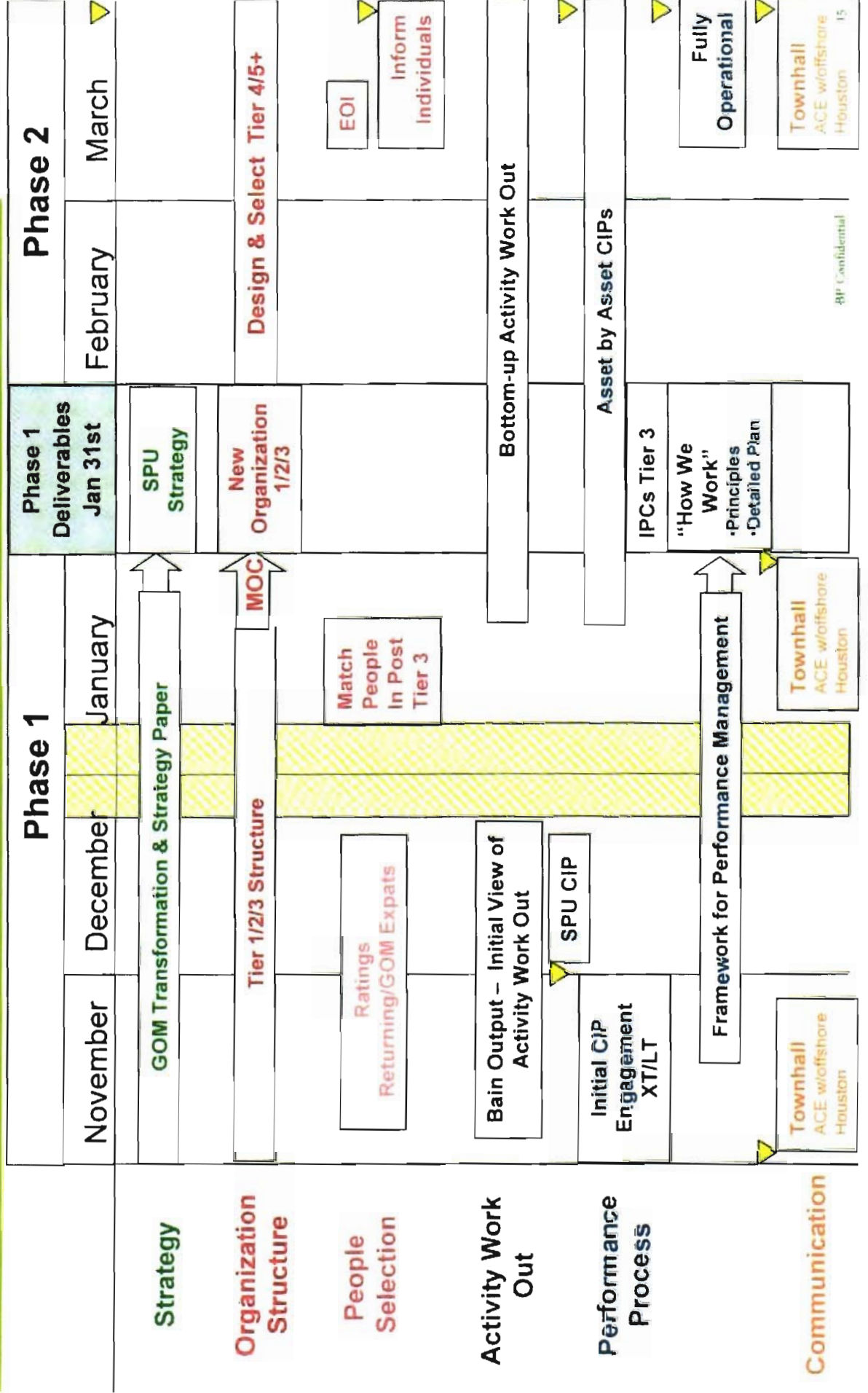
Kevin Lacy

Wells Director
Harry Thierrens



GoM Transformation Plan

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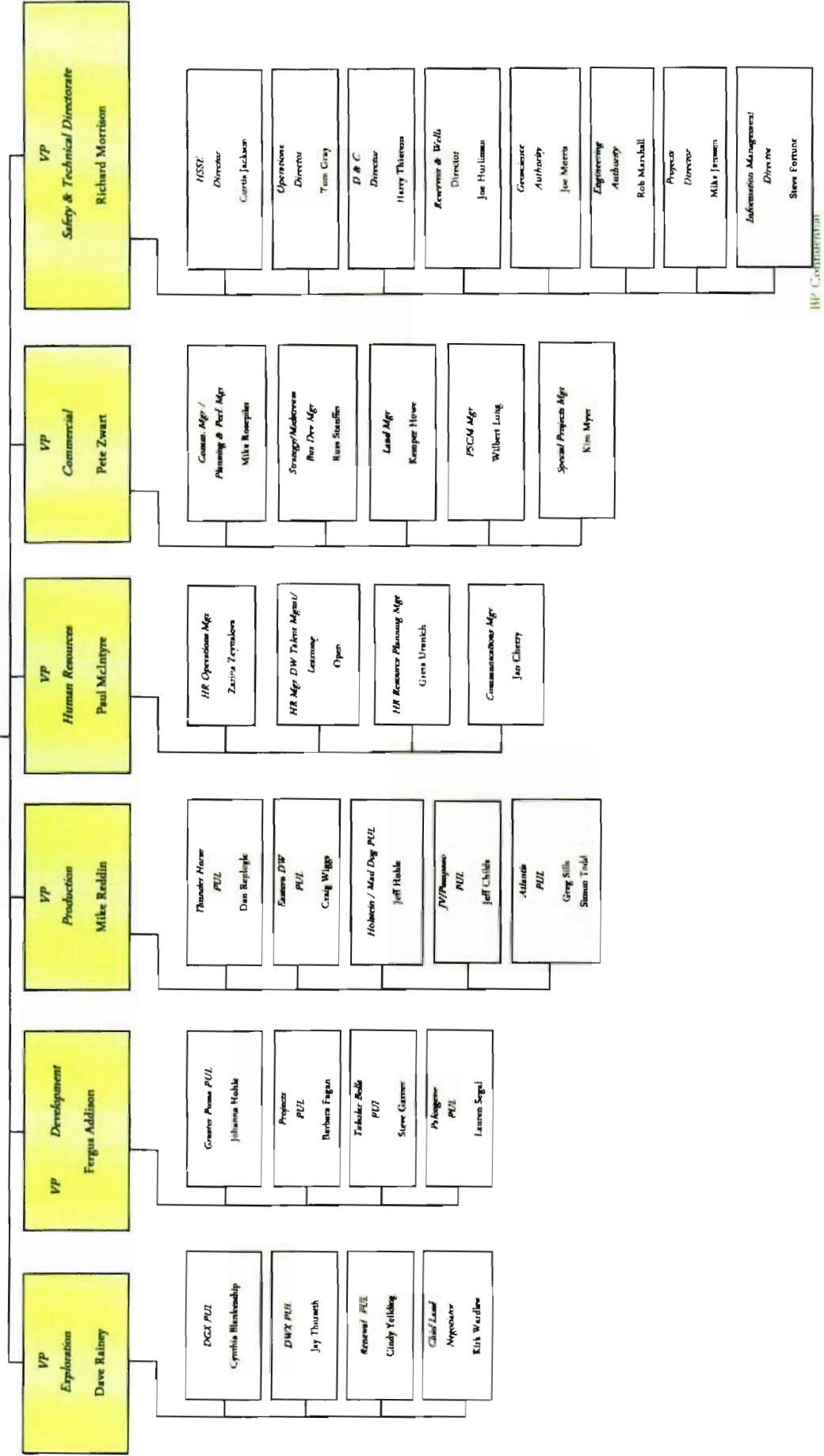


Back-UP

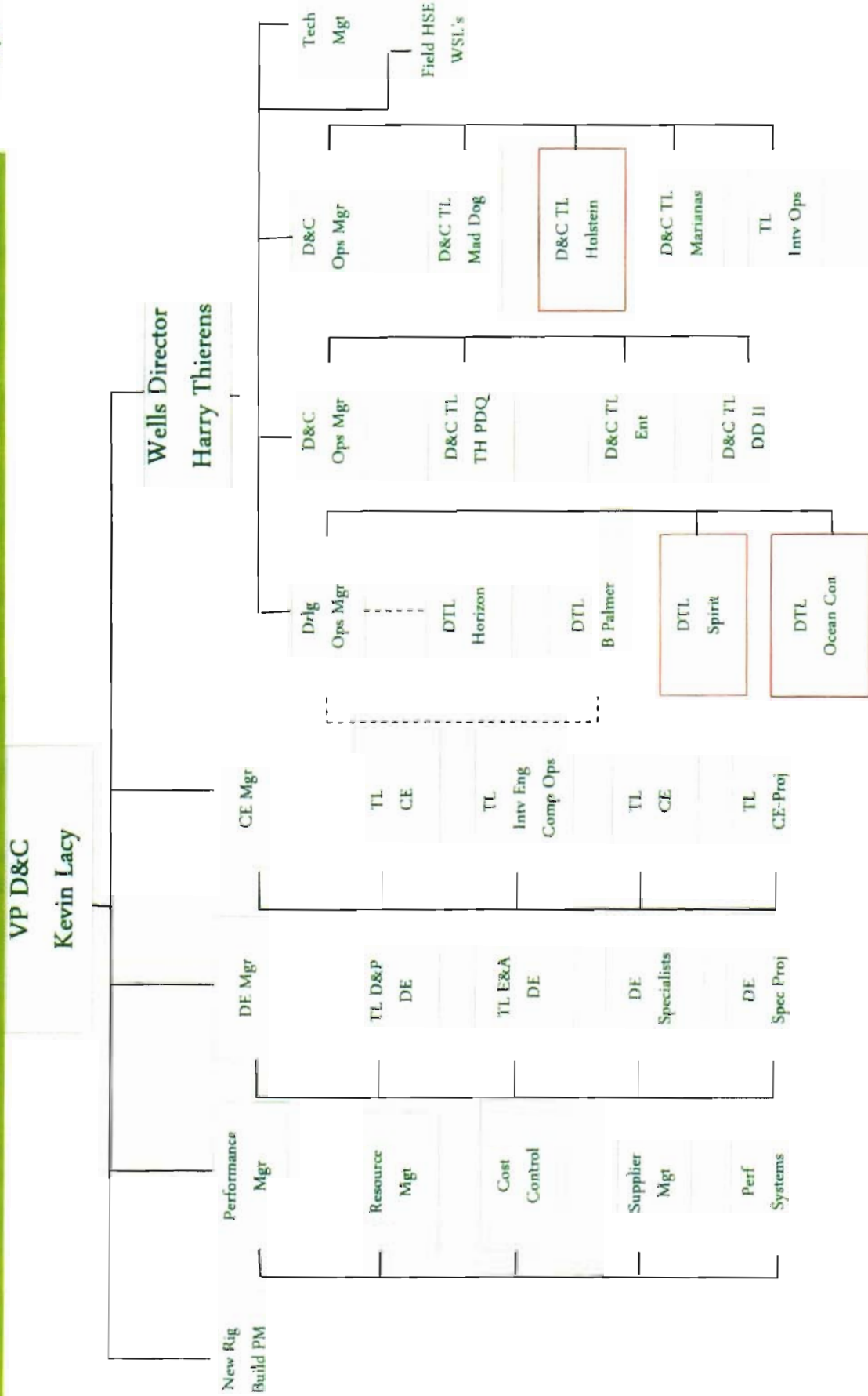
GoM SPU Leadership - Current



SVP GOM
Neil Shaw



Proposed GoM D&C Organization



GOM – SPU Performance Management



	Weekly Ops	Monthly XI	QPR
HSSE	Incident Heads Up	Monthly HSSE Statistics Investigation Learnings	<u>HSSE QPR</u> SPU Maroon Book review Progress on S&OI and 6 pt plan
Activity Milestones	Weekly progress Issues by exception	Level 2 schedule lookahead Next 90 day milestones Key Risks	Asset / Project Dives -AP gaps, CIP progress
D&C Milestones	<u>Review Woder</u> Issues by exception	Rig Schedule review	<u>D&C QPR</u> Efficiency / delivery Trends Organisational Effectiveness
Production	<u>Review Woper</u> Review losses / actions Update Q judgement	90 day lookahead (NWD, TAR's, Start-Up's) Efficiency Trends by asset	Asset Dives perfect day and AP gaps CIP progress
Capital and Costs		Judgement on Q forecast Managing quarterly outcome	<u>SPU Quarterly report</u> Progress vs AP by BRO Pressures and Opportunities CIP progress
People		By exception	
Communication		Align on Key Messages	

SVP Performance Reviews



	<u>XT Only</u>	<u>XT and Relevant LT</u>	<u>LT</u>
Weekly	Weekly Ops – XT – 1hr		
Monthly	<p><u>Monthly XT – 1day</u> ½ day context / performance ½ day strategy progress and XT nominated topics</p>	<p>Monthly PR – 12/yr – 2 hours VP plus LT Thunder Horse and Atlantis only Progress vs Milestones</p>	
8 x/year	<p><u>GFO Submission</u> XT – 2 hours Agree GFO</p>		
Quarterly	<p><u>Quarterly Capital / Cost Review</u> XT – 3 hours Progress on AP and CIP</p>	<p>QPR's – 4/yr – 3hrs VP plus LT Gaps vs AP, Progress on CIP</p> <p>Functional PR – 4/yr – 3 hrs XT plus FL's X-SPU insights and key issues</p>	<p>HSSE QPR – 4/yr – 3 hours XT plus operational LT Maroon Hook and 6PP</p> <p>Quarterly LT – 4/yr – 1 day ESET feedback AP / CIP Progress GOM Transformation</p>
Bi-annual	<p><u>People Forum – 2/yr – 3 hrs each</u> XT plus HR Progress on SPU People Plan</p>		

GOM Strategic Cost Management Plan



Reporting and Accountabilities

- Develop a standardised set of cost performance management reports and processes - operationally aligned and easily accessed and understood by the accountable BRO.

Roles and Expectations

- Roles and expectations for all BRO's will be clearly communicated.
- BRO's to be held accountable for delivering the agreed activity set within their approved level of spend.
- Instill the 'every dollar matters' culture into the SPC.

Controls

- Reduce current 650 DOA's to circa 300 aligned with new organisation and BRO structure.
- Zero base the use of pro-cards and paykeys to eliminate self empowered' spending. Each Paykey will have a BRO accountable to control spending to budget.

Purchase to Pay

- Apply learnings from Holstein/Mad Dog P2P pilot in terms of process improvements in requisitioning and invoice payment processes (e.g. limited use of pro-cards, use of requisitions, etc.).

PSCM

- Wilbert Long (new PSCM Director) to create GOM PSCM intervention plan.

Partner Recovery

- Leverage the high level of expertise within the SPU by codifying clear guidance on standard processes/systems to be applied to maximise partner recovery

GoM SPU Leadership



SVP
Neil Shaw

VP Exploration Dave Rainey	VP Development Fergus Addicott	VP Thunder Horse Dan Repligle	VP Atlantis Simon Todd	VP Production Richard Morrison	VP D&C Kevin Lacy	VP HR Paul McIntyre	CFO Pete Zwart
EGM Director Cynthia Blackburn	Greater Pass PGM Johnna Hinkle	TH PGM Suzi Small	Subsea PGM Bill Brunson	Med Dig Asset Manager Jeff Hobbs	D&C Director Harry Thomas	HR Operations Mgr Zarina Zaynabova	Finance Mgr Exploration TBD
D&C Director Jay Eversmith	Subsea Programme PGM Gary Innes	TH Asset PGM Anne Dancer	Project Advisor DHA Star	Helicon Asset Manager Doug Macphail	Ops Mgr - E&A Ian Little	HR Resource Planning Mgr Greta Urzuch	Finance Mgr Development MHR-Less
Regional Director Clay Yarbrough	Thunder Hills PGM Steve Gasser	Operations Mgr Sunny McEneaney	COM's	Nikola Asset Manager Greg Wigo	Ops Mgr - TH/Atl Charlie Hob	Communications Mgr Jan Cherry	Finance Mgr TH/ATI TBD
Global Lead Negotiate Kirk Warbur	Philippine PGM Lauren Segal	Resource Manager Greg Arnold	Resource Manager Pranav Singh	JF Program Asset manager Jeff Clarke	Ops Mgr - FIMD/Mexico TBD		Finance Mgr Production MHR-Powder
BBW / Technology Director Joe Hartman	Project & Eng Authority Kevin Kennedy	Facility Manager Bill Steer	Facility Manager Adrian Tyde	Hem Mountain Asset Manager Dawn Williamson	Dilling Engineering John Spigut		PSCM Director Wilbert Long
	Projects PSCM Mgr Dean Bruden	Proj Serv Mgr Craig Frisby	Proj Serv Mgr Bill Niekawa	Martin Asset Manager Kris Siskin	Completion Engineering Dave Koch		Controller Paul Kent
				Operations Director Tom Gray	DMC Perf. Mgr Samantha Skyrberg		Storage / Bus Dev Mgr Ron Strafler
				HSSE Director Curtis Jackson	New Asset Mgr PGM TBD		Information Mgr Director Steve Fortson
				DMOS & IM Project Manager Chad Shelton			Cost Management Mgr Kim Myers

XT 9
LT 35

D&C Organization Principles



- **Improve D&C HSE / IM & Simops and maintain asset integration**
 - Consistent HSE / IM and Simops standards / assure effectiveness
 - Imbedded D&C critical positions to maintain continuity and integration with project and subsurface teams
- **Drive continuous performance improvement and consistency**
 - Rig execution excellence — continuity — ‘one rig - one team machine’
 - Rigorous and standardized performance and cost management
 - Clarity of accountabilities
- **Improve efficiency and effectiveness of workforce**
 - Standardization in well planning and design through a central team for drilling and completions engineering support
 - Fully utilize scarce skills, improve TL/engineer ratio, provide central resource support so engineers focus on “wrench time”
 - Build capability, accelerate employee development and organizational learning curves