

Access to Oil & Gas

01 October 2014



Highlands and Islands Enterprise
Iomairt na Gàidhealtachd 's nan Eilean



An Overview of the UKCS

Abigail Clark

Business Analyst

1st October



The leading representative body for the UK offshore oil and gas industry



The UK Offshore Oil and Gas Industry Today

Largest
Corporate
Tax Payer

Largest
Industrial
Investor

Supports
employment
450,000
people

£14 bln
Exports
pa

Global
Leader
in
Subsea

Supply
Chain
Centre of
Excellence

£40 Billion
pa Support
for UK BoT

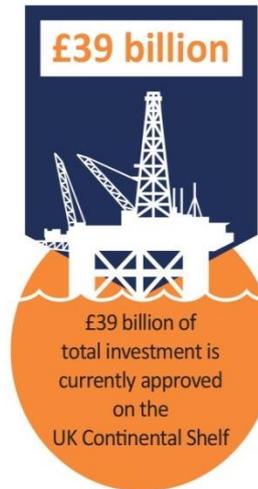
Producing
50% of UK
Total Energy
Requirement

Britain's
Best
Kept
Industrial
Secret

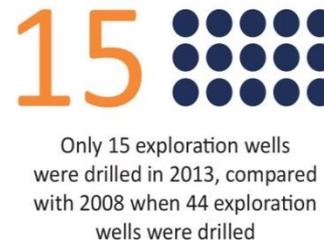
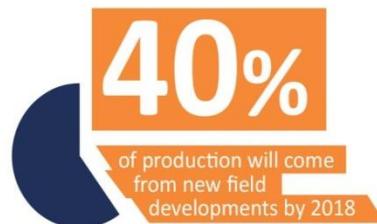
A region of contrasts



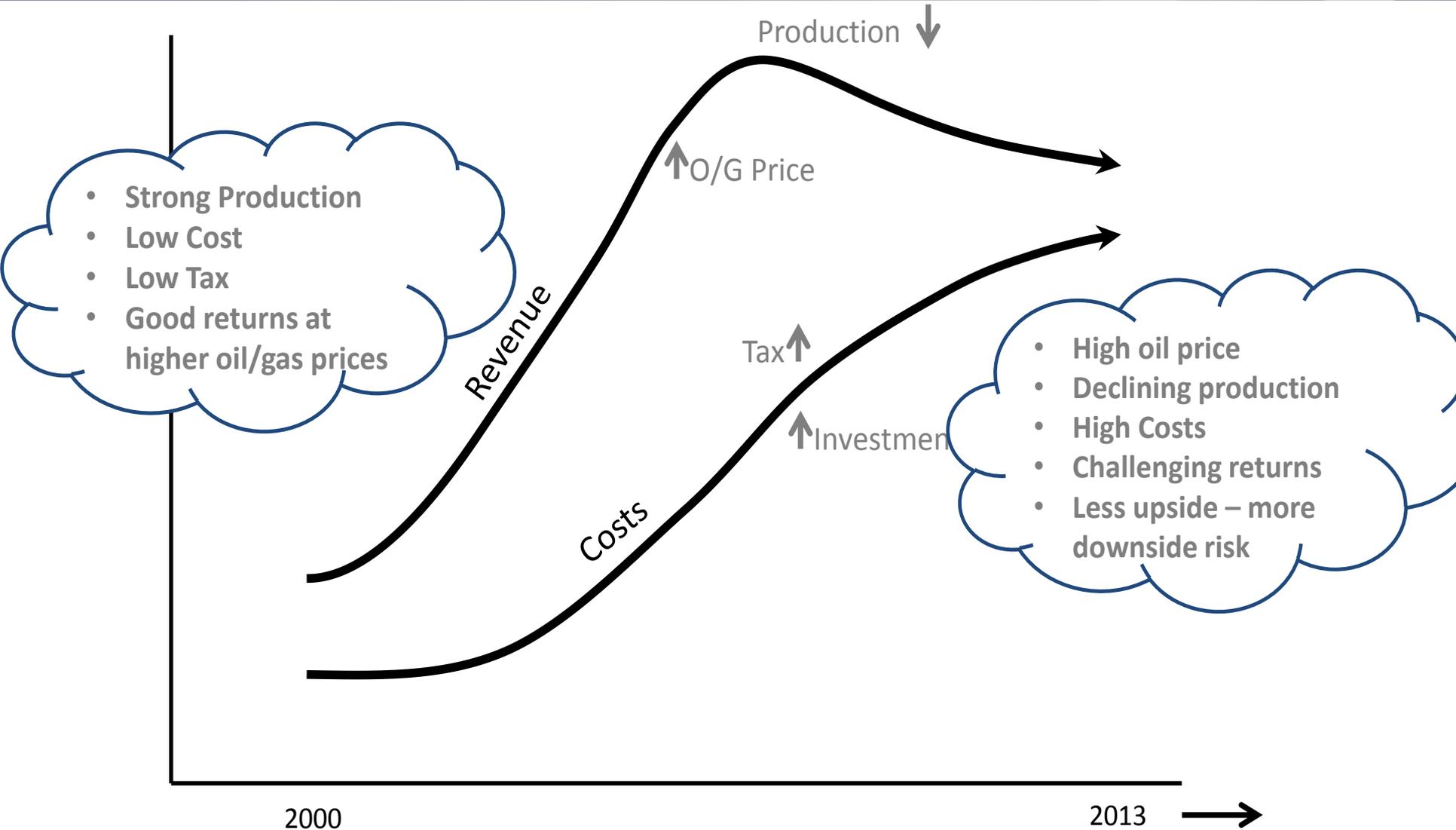
The UK Continental Shelf is seeing record capital investment with £13 billion to be invested in 2014, following £14.4 billion in 2013



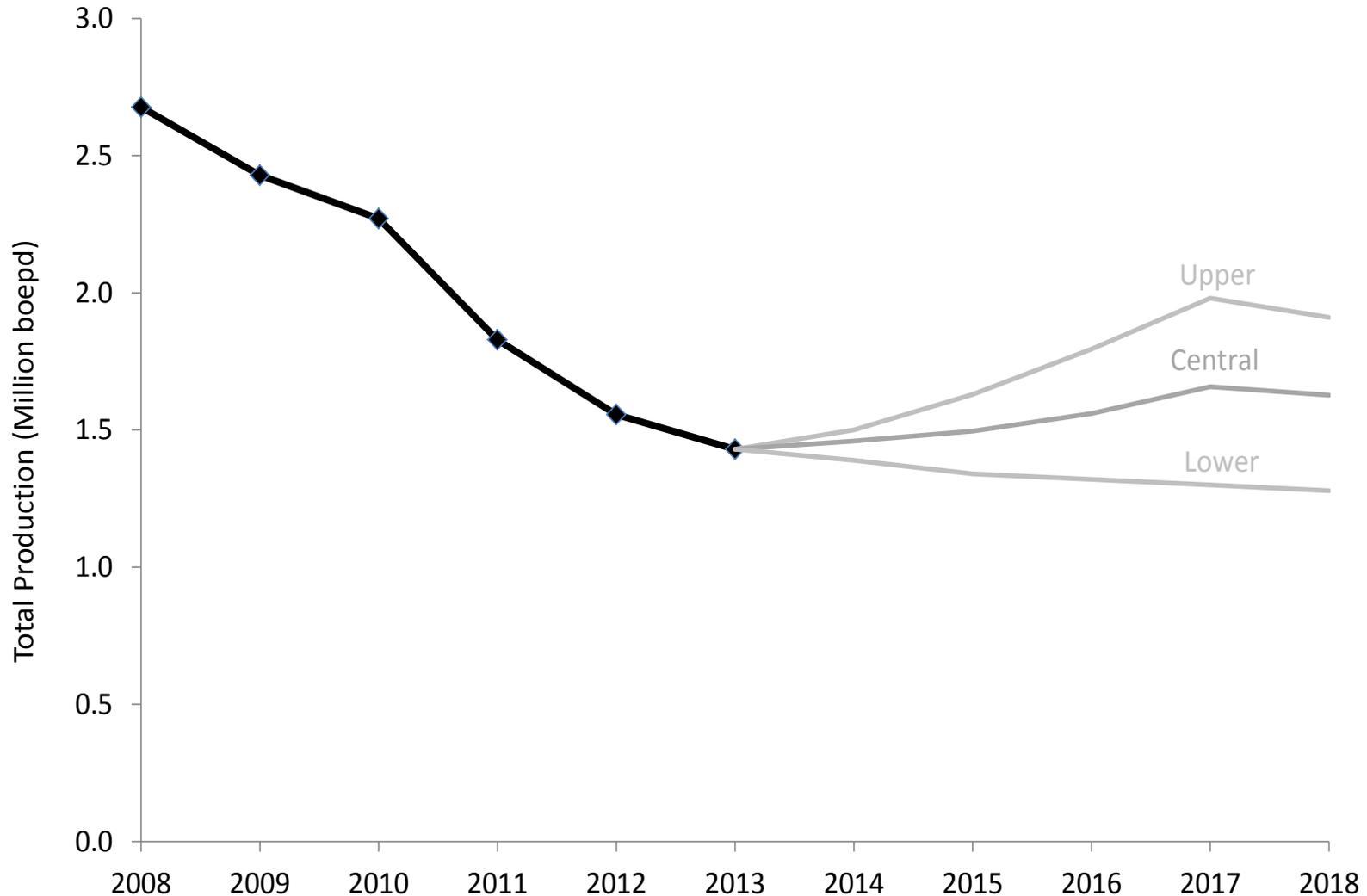
Production was better than expected at 1.43 million barrels of oil equivalent per day (boepd) last year



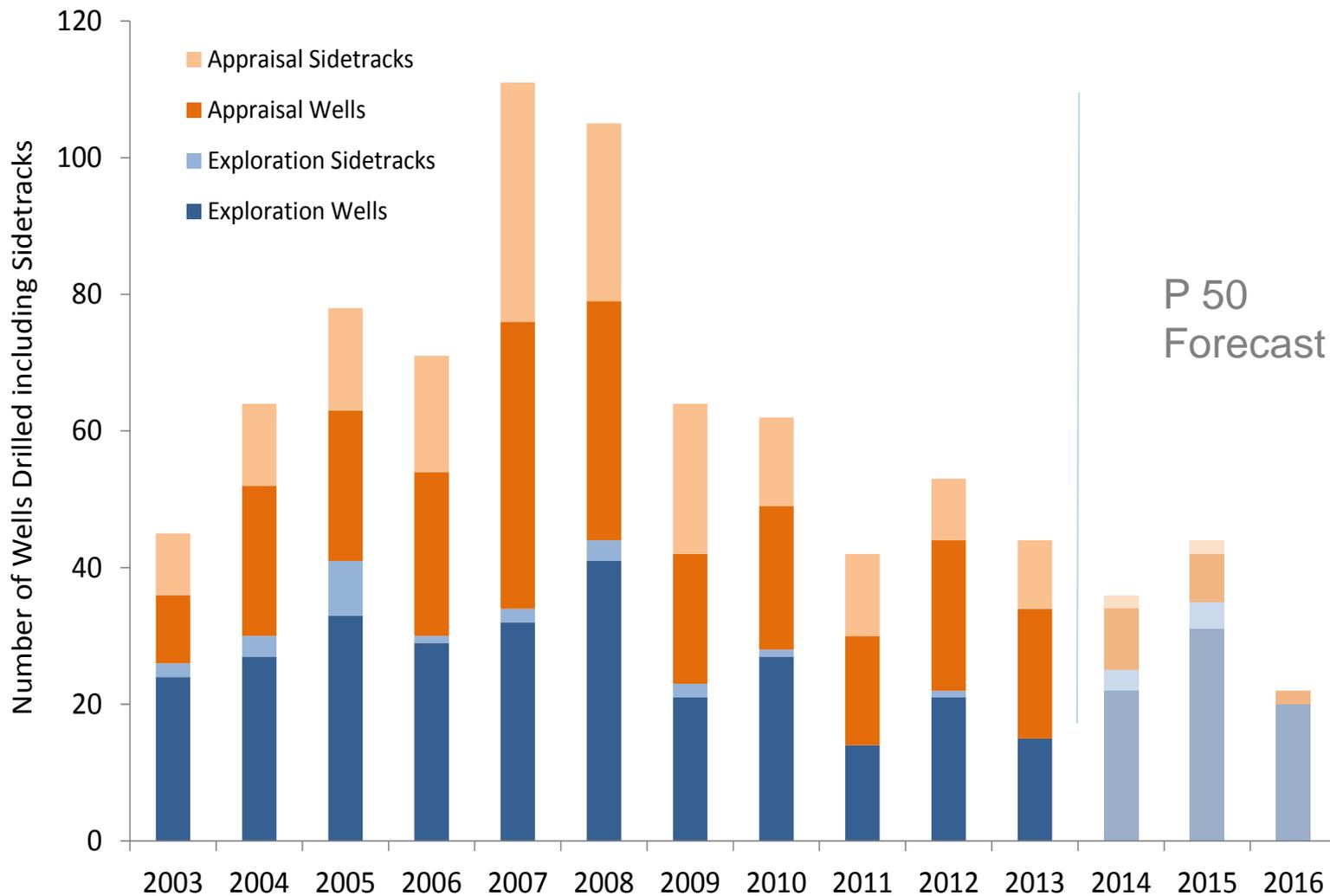
The UKCS has become a far more challenging business Action now will sustain long-term delivery



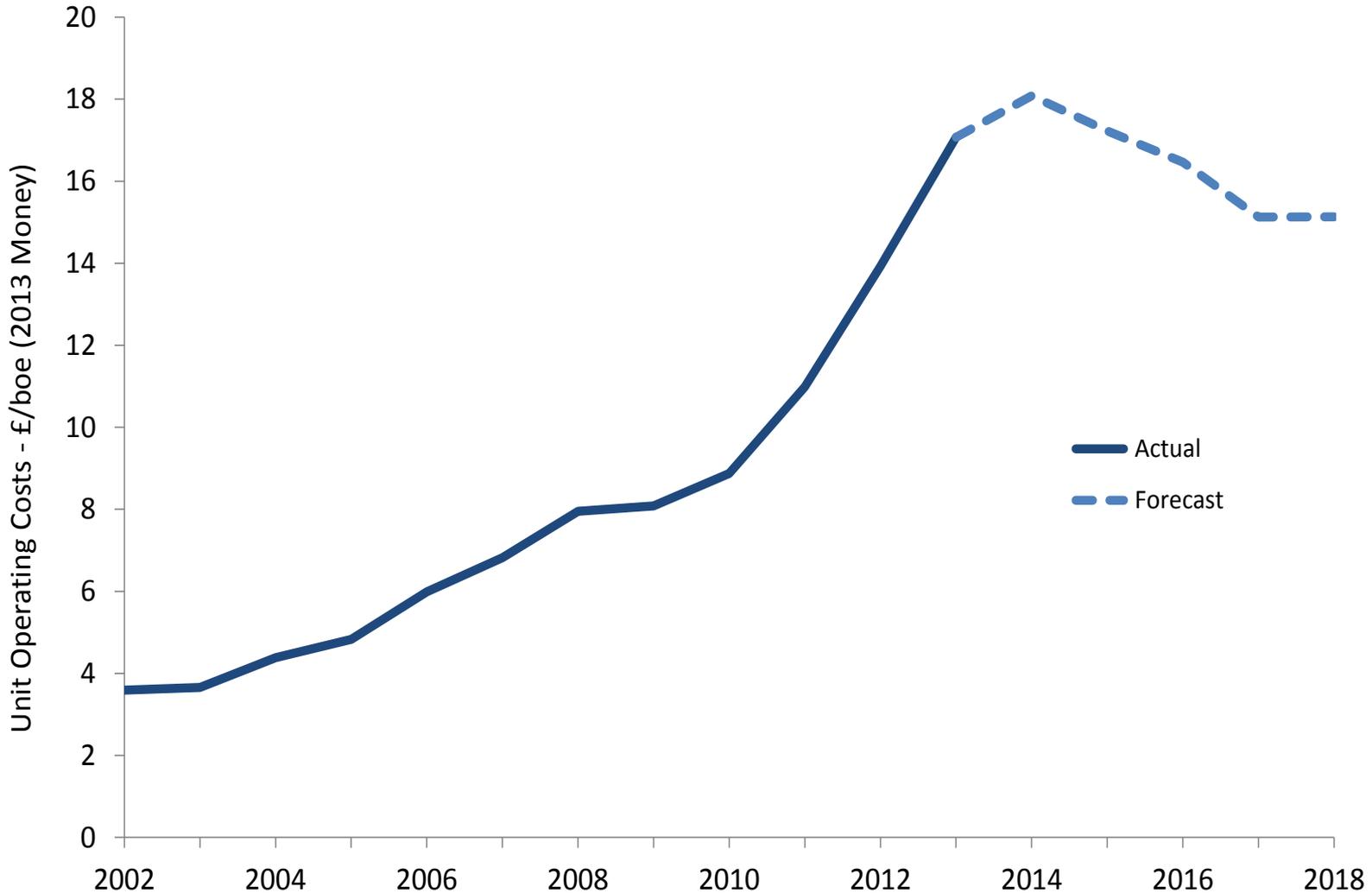
The production outlook will depend on efficiency improvements and the pace of new field development



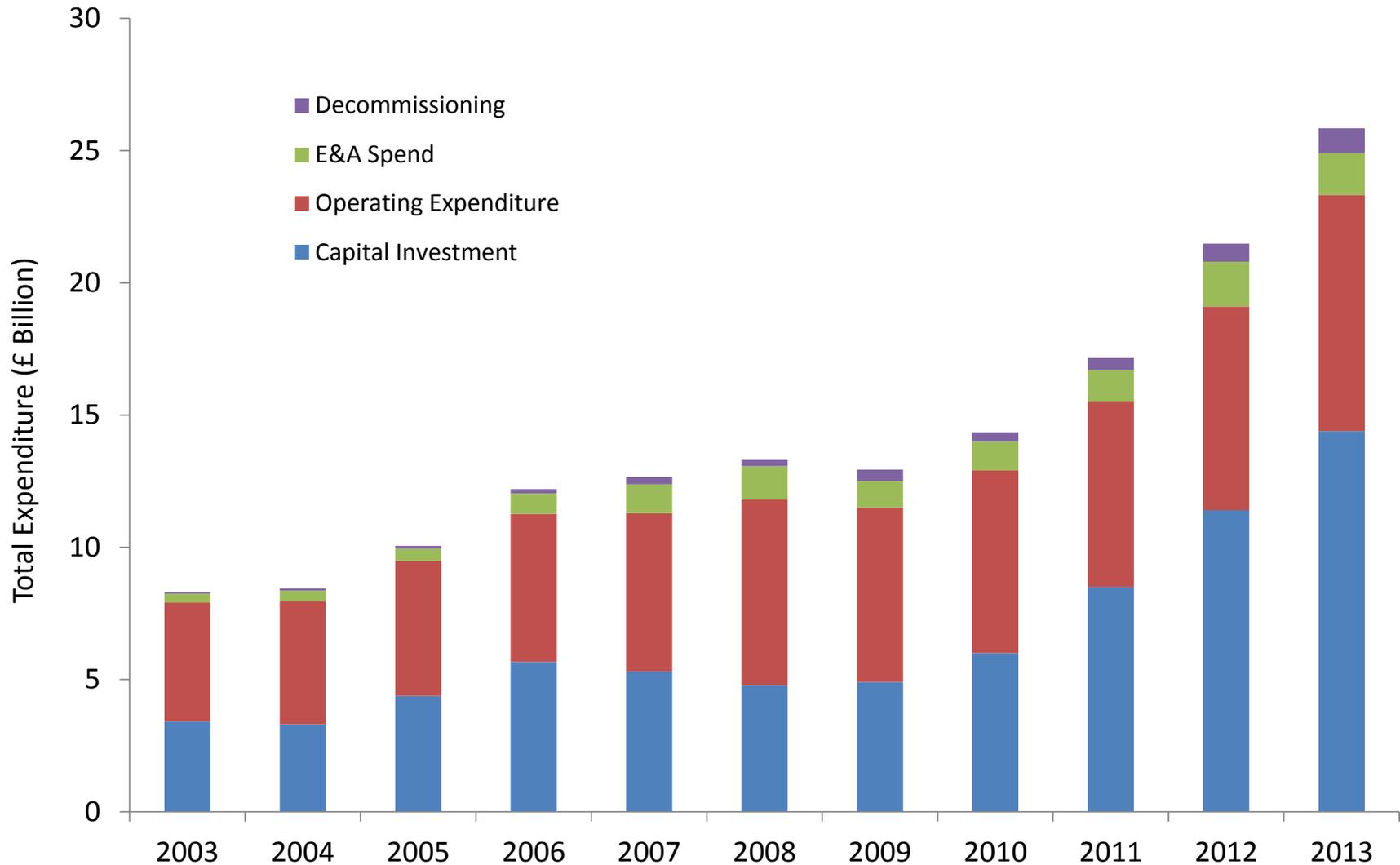
Access to rigs and finance must be addressed for exploration and appraisal to recover



The rising cost of operating the UKCS is unsustainable



Total expenditure on the UKCS is higher than ever, exceeding £25 billion for the first time



UKCS Regulation - Moving Forward



Review led by Sir Ian Wood

Main recommendations:

- DECC, HMT & Industry commit to new Tripartite approach to MER UK
- New arm's length regulatory body with additional powers
- Accepted in full

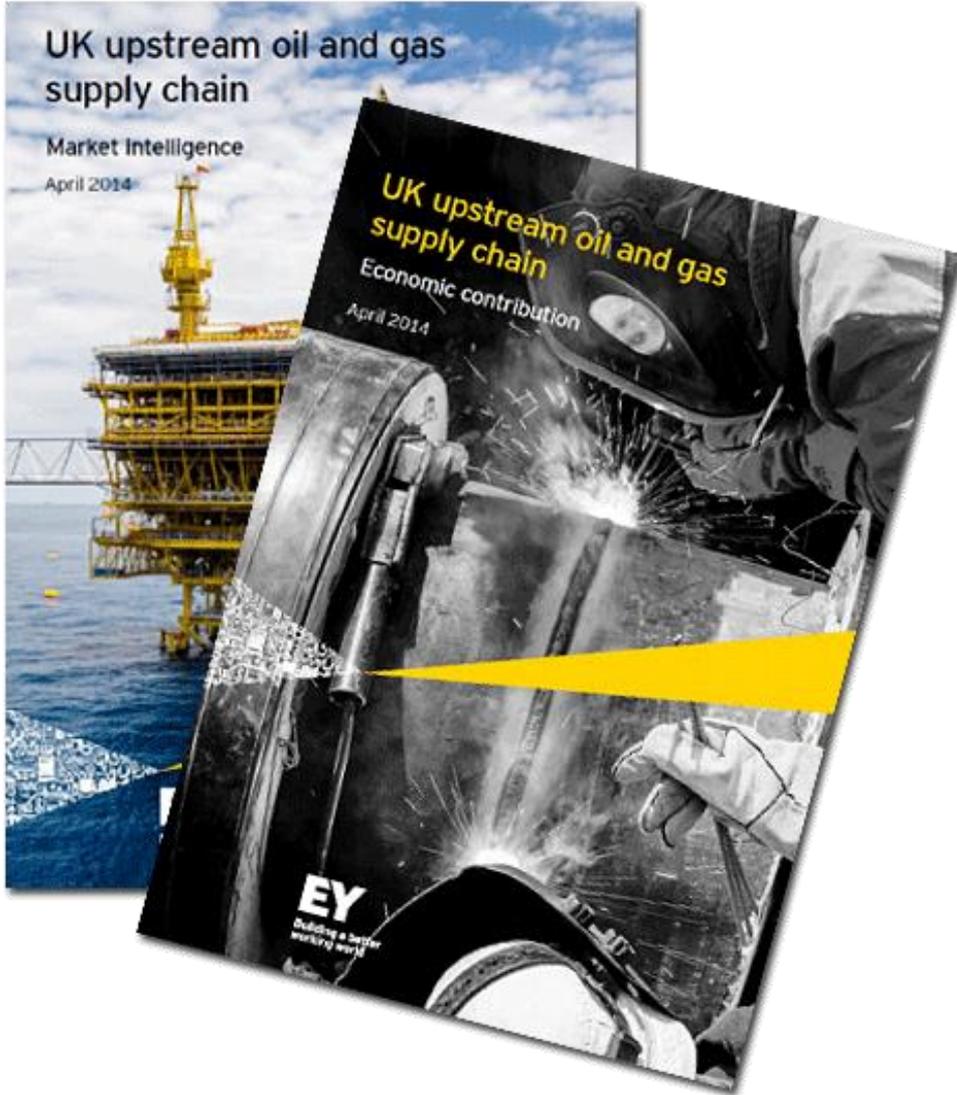
UKCS MAXIMISING
RECOVERY REVIEW:
FINAL REPORT

24 February 2014
Sir Ian Wood

**Fiscal Review – presents a major opportunity
HMT want to support “Wood Review and MER-
UK”**



The latest Supply Chain Mapping reveals the scale of the industry



- 3000 companies (over half UK registered)
- £35 bln industry
 - UK turnover £20 bln
 - Grew by £11.4bln 2008 and 2012
 - Exports £14.7bn (42% of turnover)

Summary... There are plenty of opportunities in the UKCS



- Potential across UKCS- uHPHT/Heavy Oil/Deep water;
- Decommissioning – now over £1bln per year;
- EOR – get more from existing assets;
- Wood Review – collaboration is key;
- Fiscal Review – needed in mature basin;



Access to Oil & Gas

*Drumossie Hotel, Inverness
Wednesday 1st October*

... working together for success

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Construction and Maintenance Solutions

for the international energy industry, helping our customers
maximise return on asset investment;

by reducing risk

through extensive service capability, state of the art facilities,
retained skilled workforce and automated technologies,

UNDERPINNED BY PEOPLE

CONTINUED GROWTH



PRIVATELY OWNED
FAST DECISION MAKING

FORTUNE 500 BACKING
BY MITSUBI & CO (25%)

STABLE GROWTH
TO £475 MILLION IN 2014

STRONG BALANCE SHEET
0.6 DEBT LEVERAGE

EXPANDING WORLDWIDE



GLOBAL REACH EXTENDS TO
12 COUNTRIES AND 6 CONTINENTS



4000 NETWORK OF EMPLOYEES



IN EUROPE AND OTHER GEOGRAPHIES

- Skilled Trades – 68%
- General & Unskilled Trades – 16%
- Management & Engineering – 8%
- Accounts, IT & Administration – 8%

AWARD WINNING





TEAMGlobal
Global Teams

➤ EQUIPMENT MANUFACTURING,
MAINTENANCE & QUALITY ASSURANCE



➤ PROCESS PLANT INTEGRITY,
REPAIR & UPGRADES



➤ MARINE ASSET INTEGRITY,
REPAIR & UPGRADES



➤ LOGISTICS, PORT SERVICES
& RESOURCE MANAGEMENT





Transferable Manufacturing or Service Skills

Case Studies

Testimonials

Beachhead Strategy – Focused Entry



Demonstrable Safety & Environmental Management System

Policies & Procedures

Records and Statistics

Benchmarking & Performance Improvement

ISO 18001 & 14001 Accreditations



Demonstrable Quality Management System

Evidence of Audits, Corrective Actions & Improvements

Competency of People

ISO 9001 Accreditation

Managing Supply Chain Risk



3 Years' Accounts

Liquidity Commensurate With Contract Risk

Cash Flow capacity for New Works



Registration With FPAL / Achilles

Necessary Investment of Time & Effort

Testimonials & Client Feedback

Benchmarking Against Peers



Typical Use of Standard Terms & Condition (LOGIC)

Worth Getting Right Up Front

Manage Cash Flow

Limit Exposure & Liabilities



THANK YOU FOR YOUR TIME

...working together for success

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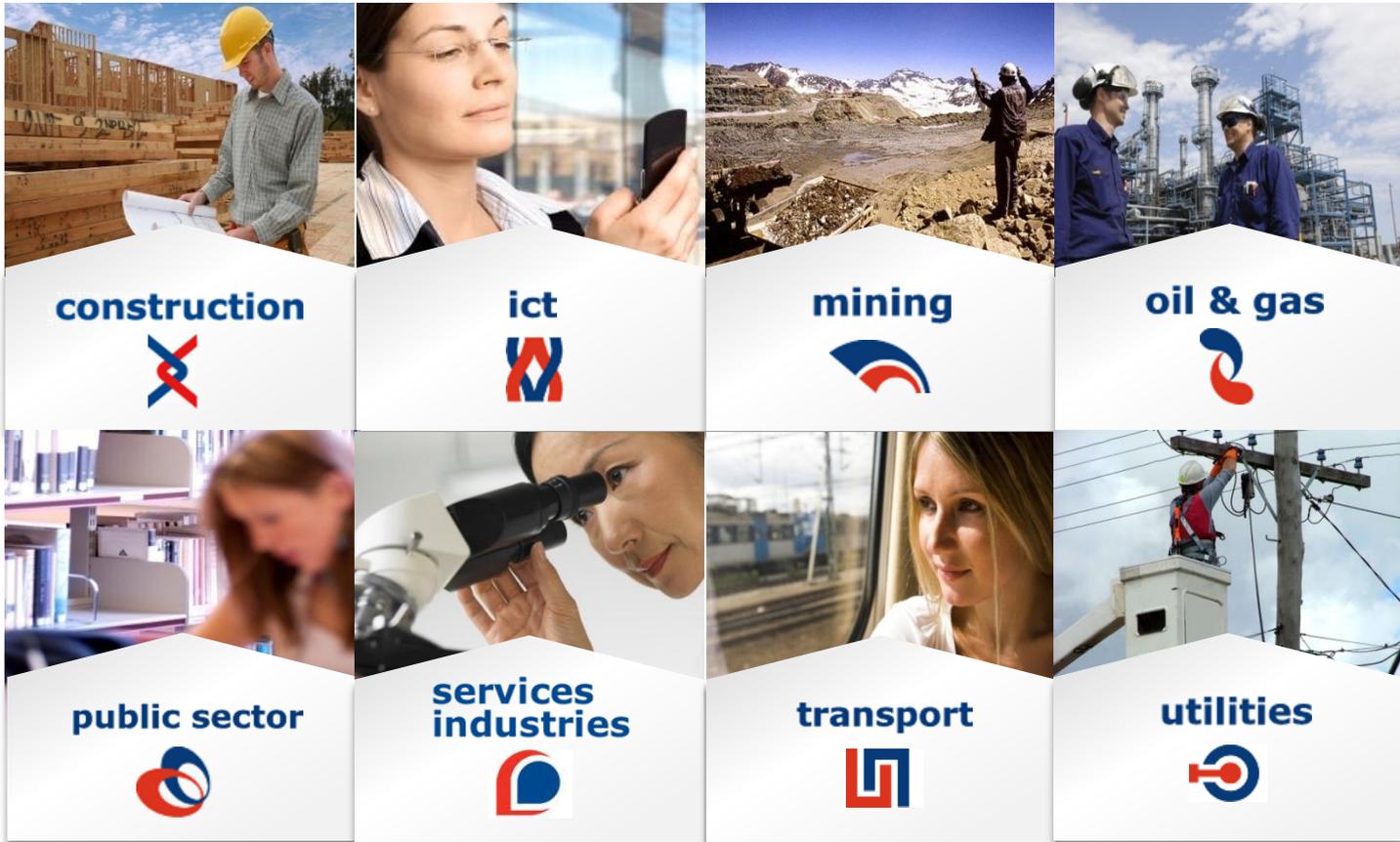


FPAL – Supply Chain Management for Oil and Gas

Craig Thompson – Account Manager UK

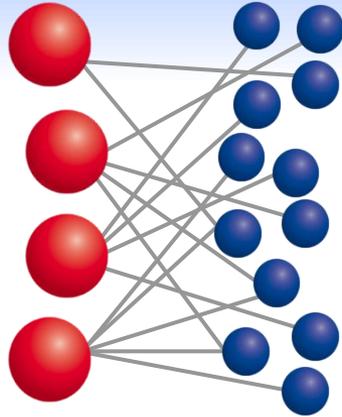
2014





About Achilles- World Wide Services for Professional Procurement -Our global sectors

Without Achilles



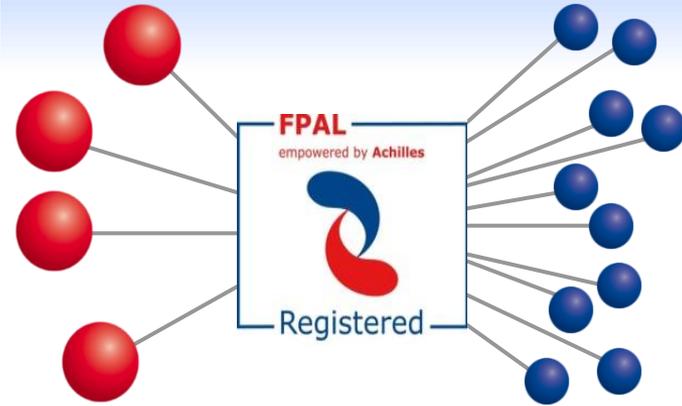
One-to-one

Buyers

Suppliers

- Non updated information
- Narrow market view – your suppliers only
- Duplication of supplier information and audits
- Costly for both buyers and supplier to maintain

With Achilles



Many-to-many

Buyers

Suppliers

- Shared information, greater efficiencies
- Increased market opportunities
- Up-to-date, valid information
- A tried, tested & trusted business model
- Cost effective

Achilles Community Model – The Supply Chain System helping buyers and suppliers work together

Steering Committee

- Formed by the Industry in 1996 – the era of the \$10 bbl
 - FPAL is the Oil & Gas industry supplier management database used by purchasing organisations in UK, Netherlands & Ireland and elsewhere in Europe. >3000 suppliers. Used for Upstream, Downstream and Renewable Energy
 - Governed by an industry Steering Committee which includes representation from oil majors, main contractors and suppliers (including Netherlands)

Norman McLennan (Sasol) - Chair

Operators

Graeme Urquhart (Dana)
Rick Vaughan (Shell)
Steve Duncalf (Talisman Sinopec)
Andrew Leadbetter (BP)
Martin Bruce (Gaz de France Suez)

Contractors & Suppliers

Arnie Reid (Aker Solutions)
Graham Clarke (Amec)
Fred Pallett (Oil & Gas Associates)
Claire Miller (Energy Industries Council)
John Black (Bibby Offshore)
Brian MacMillan (Halliburton)

Other Attendees

Ken Cruickshank (Oil & Gas UK)
Ina Schreuder, Dutch Purchaser User Group (DPUG)



- Over 3,000 suppliers
- Over 100 buyers – operators, contractors, service providers and suppliers managing their own supply chain

Who uses Achilles FPAL?

- Help provide an indication of future activity by participating Purchasers
- Act as a planning aid to help facilitate potential business opportunities for the supply chain
- Support the Supply Chain Code of Practice in communicating opportunities to the supply chain

The following organisations have provided their forward work plans:

- AGR Well Management - Q4 2016
- AMEC - 2019
- Apache North Sea Limited - Q1 2015
- BG International Limited - Q1 2015
- BP Exploration Operating Company Limited - Q3 2014
- Centrica Plc - Q4 2014
- Chevron North Sea Ltd - Q4 2014
- CNR International (U.K) Limited - Q4 2014
- Dana Petroleum plc - 2015
- Dong Energy - 2017
- EON - Mid 2014
- Enquest - Q4 2014
- GDF Suez - Q4 2014
- Halliburton Manufacturing & Services Ltd - March 2015
- Maersk Oil - 2018
- Nexen Petroleum UK Ltd - Q4 2014
- Odfjell Drilling (UK) Ltd - 2016
- Petrofac Facilities Management Limited - 2015
- RWE Dea UK - Current
- Shell UK Exploration & Production - Q3 2015
- Statoil UK Ltd - 2015
- Talisman Sinopec Energy (UK) Ltd - 2015
- Taqa Bratani Ltd - Q3 2014
- Technip - Q3 2014
- Total - 2016
- Wood Group PSN - Q4 2014

Invitation to Tender (ITT)

Model ITT templates have been produced by the UK Upstream Supply Chain Management Network and aim to:

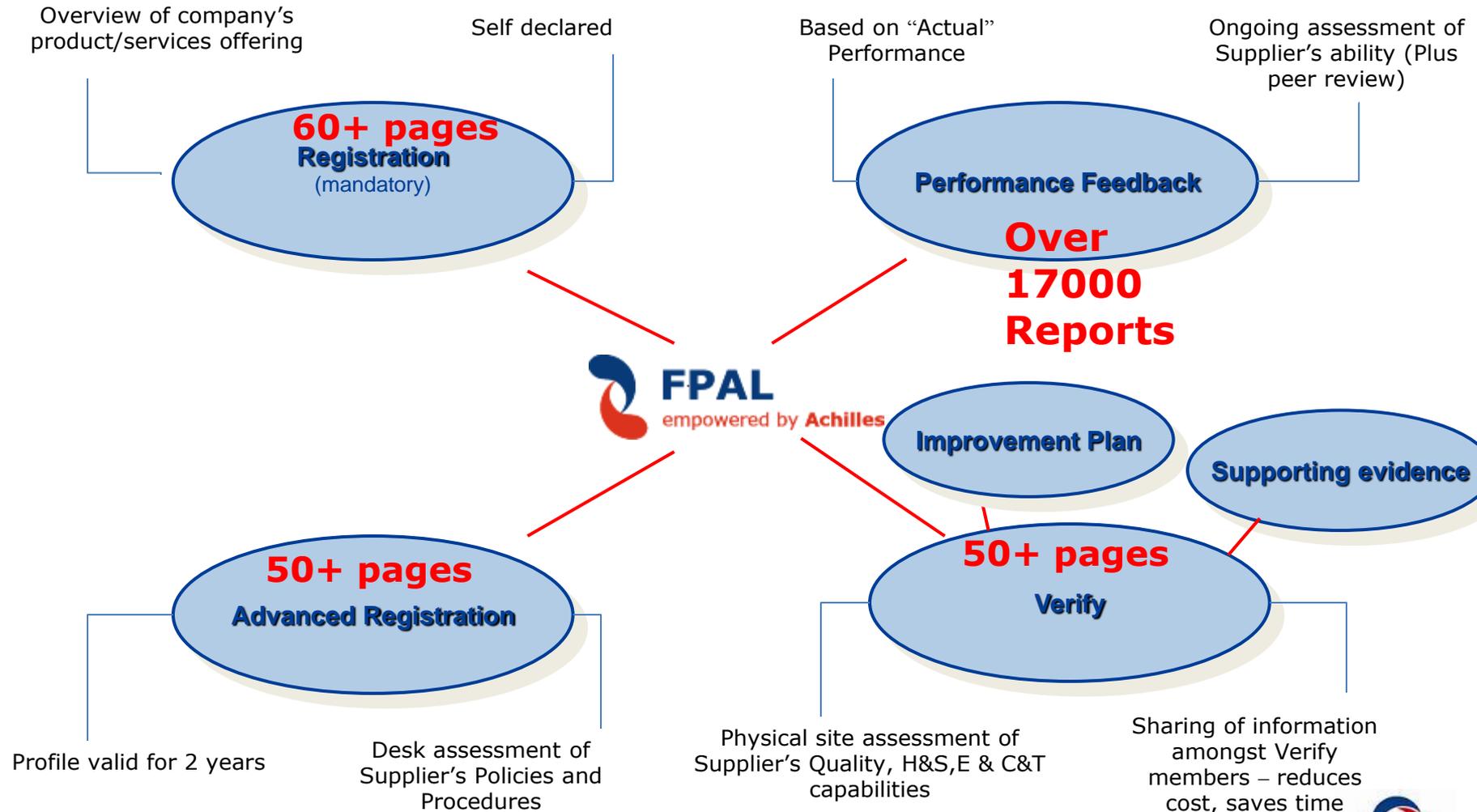
- Simplify the Contracting Process
- Provide an Easier and Faster way to produce, issue and respond to ITT/bid packages

The Model ITTs are not prescriptive and Purchasers can select both pace and scale of adoption.





Suppliers – a typical registration record



- **Single Qualification Questionnaire- Basic and ARQ (Advanced Registration)**
 - Reduces prequalification effort from repetitively providing information to buyers to providing it via a central source.
 - FPAL Demonstrates commitment to meeting industry requirements and with the Supply Chain Code of Practice that drives the use of FPAL and fair way of doing business.

- **Measure Business Performance (Performance Feedback)**
 - Provides reassurance to buyers that as a supplier you are committed to raising standards. Improve industry performance.
 - Benchmark against your peers – be competitive.

- **A one time Audit in QHSE – Demonstrate your QHSE compliance (Verify Audit)**
 - Reduces the burden of repetitive audits and assessment by replacing with a single shared audit valid for two years on FPAL.
 - Improvement Plan – show your ability to improve via a published plan on FPAL

- **Win New Business**
 - Use FPAL and profile information in marketing to increase business opportunities.
 - Use the Forward Work Plans to source potential contract opportunities.
 - Use contact information in FPAL to promote your business to buyers
 - Be Proactive as a Supplier

Achilles FPAL – helping sell to Buyers in Oil and Gas

Product Codes in FPAL – Use to search suppliers

- Product Codes
 - PRODUCTS / EQUIPMENT / MATERIALS
 - PRODUCTS / EQUIPMENT / MATERIALS (Continued)
 - SERVICES
 - ENGINEERING SERVICES
 - CONSULTANCY SERVICES
 - RESEARCH & DEVELOPMENT SERVICES (R & D)
 - EXPLORATION AND PRODUCTION DRILLING SERVICES
 - CONSTRUCTION / MODIFICATION / REPAIR / MAINTENANCE / REFURBISHMENT SERVICES
 - INSTALLATION SERVICES / MARINE CONTRACTING (For Abandonment Services see Section 3.15.00)
 - INSPECTION / CONTROL AND TESTING SERVICES
 - TRANSPORTATION / SUPPLY / DISPOSAL SERVICES
 - SURVEYING / POSITIONING SERVICES
 - SEISMIC / GEOPHYSICAL SERVICES
 - INFORMATION SYSTEMS / INFORMATION TECHNOLOGY / COMMUNICATION SERVICES
 - PETROLEUM TECHNOLOGY SERVICES
 - Geophysical Interpretation Services
 - Petrophysical Interpretation Services
 - Geological Evaluation Services (Organic Geochemistry, Petrology, Diagenesis, Biostratigraphy, Fluid Characterisation, PVT, Core Analysis, Flooding)
 - Reservoir Evaluation Services
 - Other Petroleum Technology Services
 - CERTIFICATION AND INTEGRITY SERVICES
 - FINANCIAL AND INSURANCE SERVICES
 - DECOMMISSIONING AND ABANDONMENT SERVICES
 - SERVICE STATION MAINTENANCE / SERVICES
 - EXCHANGE AND THROUGHPUT SERVICES
 - OTHER SUPPORTING SERVICES
 - MULTIDISCIPLINE / COMBINED SUPPLIES AND/OR SERVICES (TURNKEY / PACKAGES)

How Suppliers are registered with FPAL

- **Product codes in 1.00.00 or 2.00.00 series**

- The provider type must be a manufacturer, stockist, or agent and NOT contain a service description e.g. 1.10 Instrumentation, 2.02 Valves, 2.03 – Steel / Metal Materials

- 3.0 series of codes-** Supplier must be a service provider or Consultant and should not contain provision of product description e.g. 3.02 – consultancy, 3.05 Construction, Maintenance 3.07.08 Laboratory Testing, 3.08. Rental of Containers, 3.15 Decommissioning and Abandonment

- 4.0 series of codes-** Generally large service providers providing a multi-disciplined service e.g. 4.03 Engineering, Procurement, Construction, Installation

Suppliers use **KEYWORDS** alongside codes to accurately describe offering e.g. *Pressure Gauges, Ball Valves, Steel Fabrication, Detailed Engineering,*

Ongoing data integrity drive by customer service team following registration to ensure suppliers register accurately and update their information at regular intervals.

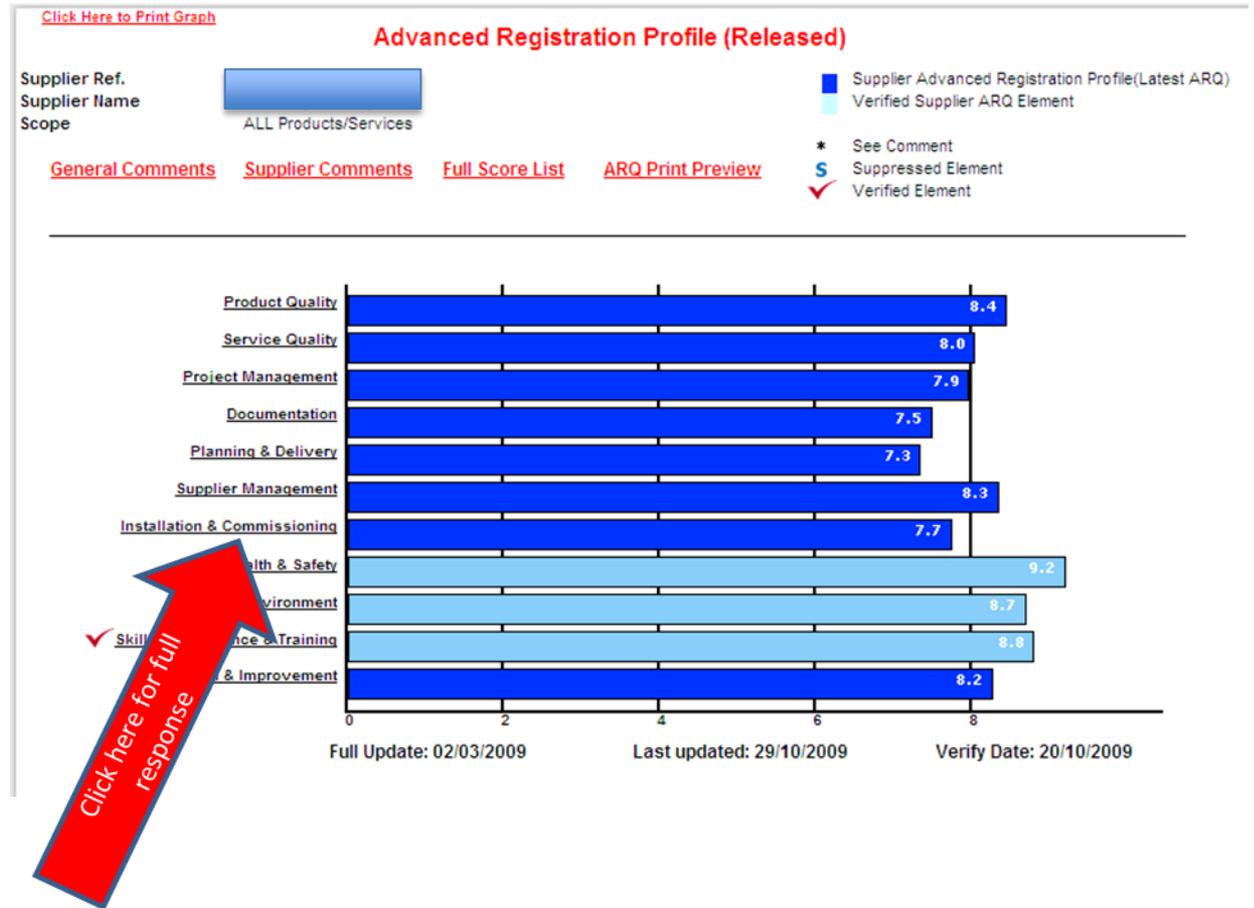
Desk top evaluation of a supplier's capability

There is no pass, fail or overall single score

Valid for 2 years

Profile, questions, answers and evidence fully visible to purchasers

Speeds up the pre-qualification process by enabling Purchasers to have access to supplier capability information which has been assessed in consistent way



Advanced Registration / Capability Profile



- Buyer identifies Supplier following risk assessment

- FPAL contacts supplier
- Pre-visit submission made by supplier
- FPAL reviews submission

- On-site audit conducted by FPAL
- Conclusion agreed
- Report, scores & Improvement Plan made available on-line

Different from ISO certification. Verify is a supplier assessment service that involves a 'verification visit' to nominated suppliers' premises.

Assess Quality, Health & Safety, Environment and Competence & Training practices.

For HSE practices this is in alignment with oil and gas industry's OGP & NORSOK standards.

Valid for 2 years.

Supplier nominations through the Cross Industry Schedule, cost of audits shared by the Purchasers.

Now mandatory for suppliers who register for Drilling Services , Integrated Services, Diving /ROV Services & Decommissioning.

Verify scores are used by Buyers



Verify- How does it work?

Industry standard tool, available to buyers and suppliers wishing to carry out a performance assessment during or following a piece of work.

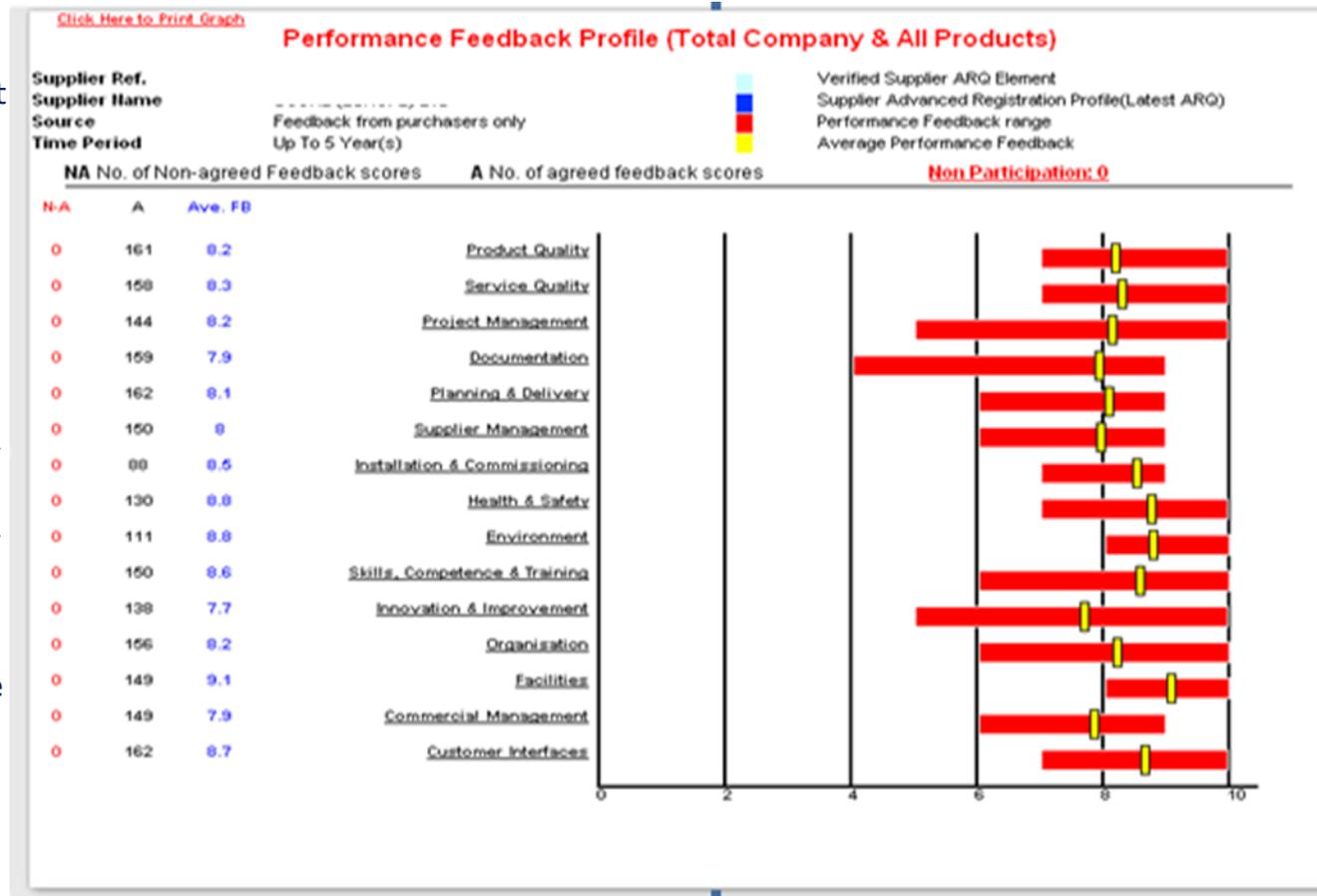
Feedback is aggregated and displayed as a performance profile graph

Ongoing assessment of suppliers ability (Plus peer review)

Profiles can be analysed by product, service line, size of job and time.

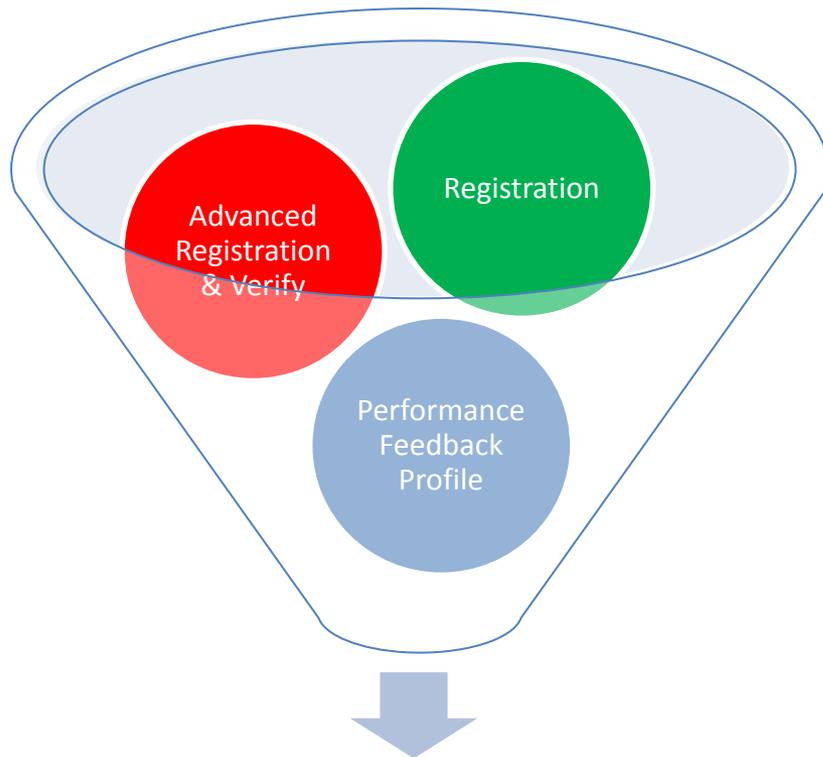
Feedback is valid for a maximum of 5 years

Around 17000 pieces of PF available



Performance Feedback

How Buyers use FPAL to produce a short list



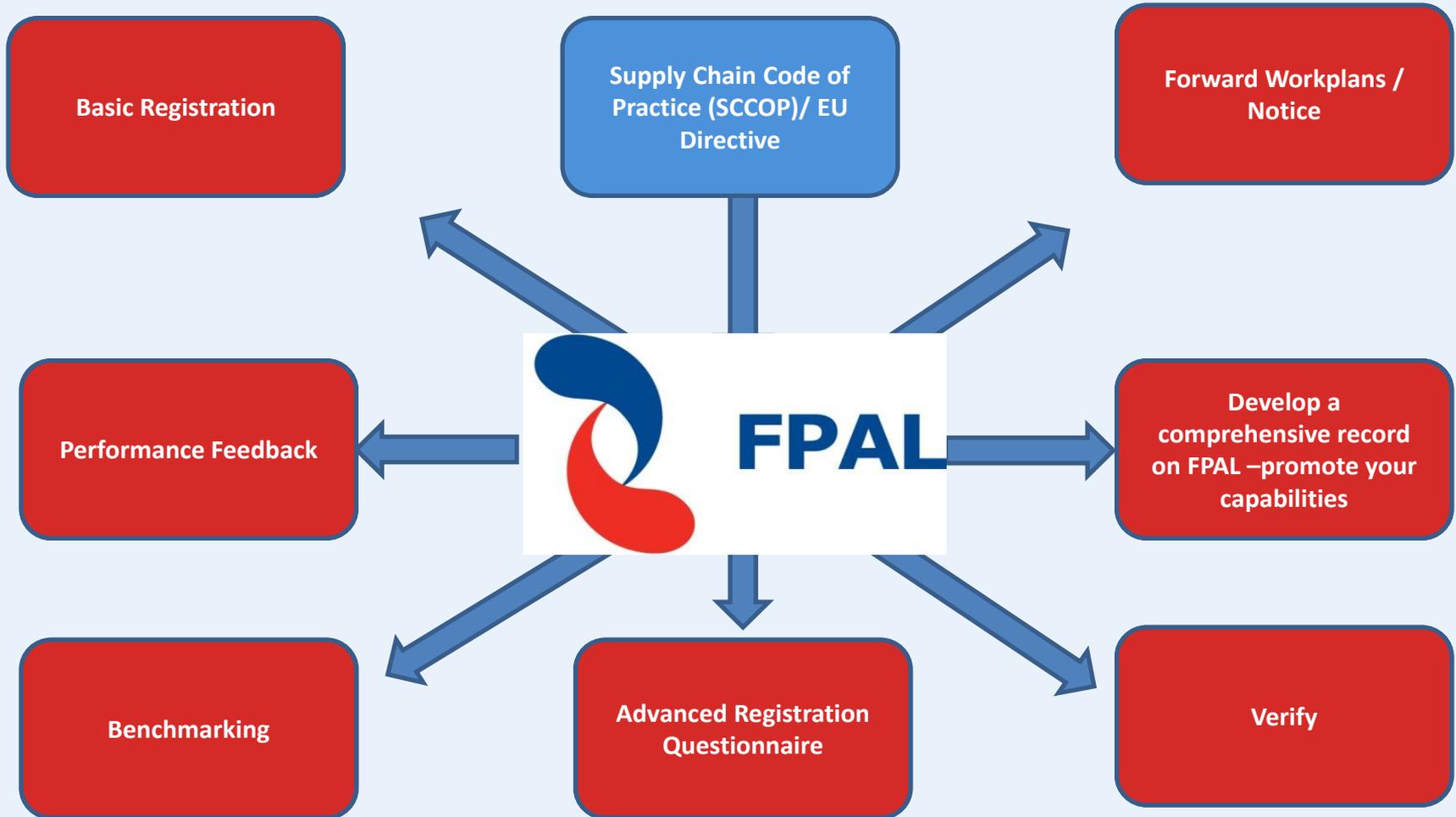
Invitation to tender

- Utilities Directives – where applicable.
- Principles of:
 - Transparency
 - Objectivity
 - Competition
 - Non-discrimination
- Keep a record of selection criteria from FPAL.
- Let suppliers know they have been included (or excluded) on the strength or weakness of their FPAL record.
- FPAL is not an “automatic” process & the role of the procurement professional is paramount.

- **Use the Achilles FPAL Supplier Stamp** Promote your membership and use alongside your supplier number on your marketing literature, website etc.
- **Purchaser Contacts** Registered Buyer Procurement Contact List
- **Performance Feedback** Proactively use the resulting Performance Feedback profiles to promote your performance to existing and potential customers
- **Advanced Registration Profile** Proactively use the resulting Advanced Registration profile to promote your capabilities to existing and potential customers
- **Verify** Demonstrate your commitment to improving Quality, H&S, E & C&T performance in line with industry standards and promote your unique supplier improvement plans
- **Future Work Plans** Plan your marketing campaign around available contracts & tenders – review plans regularly on FPAL.
- **Events section** Monitor FPAL news and events section

Achilles FPAL & Marketing

How does FPAL work?



craig.thompson@achilles.com

T: +44 (0)1224 337528

Achilles FPAL Ltd

Thank you.

You will gain access to contract opportunities through a fair, open and transparent environment and can reduce time and effort spent to be shortlisted for a tender.



[Achilles.com/LinkedIn](https://www.linkedin.com/company/achilles/)



[Twitter.com/AchillesLtd](https://twitter.com/AchillesLtd)



[Achilles.com/Facebook](https://www.facebook.com/achilles/)



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Enterprise Europe Network
Prince's Scottish Youth Business Trust



Client contacts Business Gateway via phone, e-mail or visits one of the shops

Referred from other source

Initial enquiry

Meeting with a Development Officer

Meeting with a Specialist Adviser

Referral to other Agencies





Business Gateway 0845 609 6611

www.bgateway.com

Business Gateway (Inverness) 01463 713889

Business Gateway (Elgin) 01343 563634

Regional officers

bgateway@highland-opportunity.com

Access to Oil & Gas

Highlands and Islands Enterprise – supporting growth



Highlands and Islands Enterprise
Iomairt na Gàidhealtachd 's nan Eilean

Company support

Some stats...

- 150 energy businesses
- 23 energy companies supported this year
- £9.7m invested
- £68m TPC
- £216m anticipated increase in TO
- 1,466 anticipated jobs
- £138m energy infrastructure
- 600

Company support

- Account management
- Advice, signposting, information
- www.hi-energy.org.uk
- Meet the Buyer, Learning Journeys

Expert Panel

- **Abigail Clark**, Senior Business Analyst – Economics, Oil and Gas UK
- **Steve Chisholm**, Director of Communications and Marketing, Global Energy Group
- **Craig Thompson**, Account Manager – UK, FPAL
- **Mark MacKintosh**, Area Business Manager, Business Gateway
- **Gavin MacKay**, Senior Development Manager – Energy, Highlands and Islands Enterprise

Thank you



Highlands and Islands Enterprise
Iomairt na Gàidhealtachd 's nan Eilean