

Project Controls for a Large Program

Case Study

Introduction

A global oil and gas company made the decision to become more competitive in the North American natural gas market by expanding production in a region to four times the current level. In order to do this, hundreds of easements were negotiated with private land owners, stations and pipelines were constructed, and several more drilling rigs were deployed.

The local land agents, construction managers, and drilling operations team thought they could meet the production targets. The leadership team determined that a different approach would be required because the complexity and size of the effort presented too much risk for the company. They decided to invest in setting up project controls and establishing an integrated approach for a ten year, \$3 billion program.

Key Issues

The following issues framed the effort and set the priorities for development and implementation.

- The company had limited experience implementing a drilling operation of this scale or with such aggressive targets.
- Due to resource constraints, the company did not have the experienced project controls personnel to assign to the project, including the lead.
- The project was internally charged with conflict between the team members as well as with the management team for their directive to implement integrated project controls.
- The different parties did not agree that comprehensive project systems were necessary.
- The increase in drilling operations distributed the surface landowners, which made scheduling, change, control, and communications key factors of the program.

Role

Our consultants' role on the project was to provide the following:

- Develop an integrated project portfolio management approach for the life of the program with the focus on meeting the production targets.
 - Create a work breakdown structure that would accommodate the ten year life span of the program as well as the needs of the contractors and all the company departments.
 - Develop and implement detailed procedures for cost control, earned value, change control, and scheduling.
 - Provide training for the project team to obtain their buy-in and ensure the success of the program.
 - Provide training and development to the company's project controls group on the concepts of project controls, the Primavera software, and the established procedures.
 - Participate in weekly meetings to ensure that the team maintained the details required to effectively control costs and stay on schedule.
 - Create customized cost and schedule reports for both project level and executive reporting.
 - Ensure effective communications and coordination between team members to gauge progress.
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Deliverables

The project controls processes, systems, and organization were developed and implemented. The operation continues successfully to this day.

A project controls model was developed that tightly coupled the business objectives with the necessary project controls discipline needed for success.

A training program was developed and delivered to support the implementation.

Customized reports were developed for the various levels of management and continue to provide the information critical for keeping the program on track.

Results

The program management of the long term drilling operations were successfully implemented with tight integration between all parties. Increased communications between the various parties on the project created an environment of teamwork that greatly facilitated and expedited resolution of issues allowing the project to move forward.

The head scheduler became highly competent at managing the project controls on the program and gained the respect of the team members, along with upper management.

The tight integration of the land purchasing, drilling, and construction aspects of the program yielded results that exceeded production targets.