

## 1. Problem Statement

From 2011-2016 fewer than 25% of oil and gas projects in the UKCS were delivered on time. Projects averaged 10 months delay and came in around 35% over budget (OGA).

## 2. Aims

Use better techniques to improve oil and gas project cost estimates.

## 3. Method

Collaboration between Agilis, a process improvement consultant and Barnett Waddingham, a leading UK actuarial firm.

Agilis cost model framing workshop engages with uncertainty and addresses bias. Barnett Waddingham draw on their experience of probabilistic modelling and estimate governance for the insurance and financial sectors to provide a more rigorous cost model for oil and gas projects that recognises complexity and reduces uncertainty.

Total hours saved

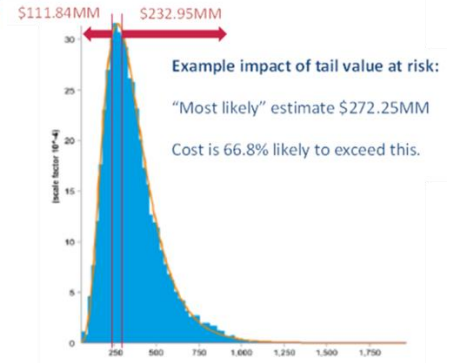
n/a

Total cost saved

Losses avoided



Modelling for cost estimate certainty recognises complexity, takes account of correlations & dependencies, and looks beyond "most likely value" to consider value at risk.



Cost model framing workshop tackles "institutionalised errors" in the build and use of probabilistic cost models & ensures most effective use of expertise.

## 4. Impact

- Better understanding of project risk exposure: avoids over/under-provisioning
- Allows planning for uncertainty: e.g. pre-emptive "delay analysis"
- Provides a robust and transparent governance standard familiar to banks, investors and government: cheaper finance