

# Shell Petroleum Development Company of Nigeria

Format



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## SCiN Reshape Initiative 80-20 HCM Framework for Drill to Fill (D2F) Program Guidance Note: Pause/Exit Criteria

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### Revision History

Revision No.	Date of Issue	Reason for Change
R01	15 July 2021	Issued for Review
R02	26 July 2021	Revised abridged version for review
R03	02 Sep 2021	Issued for Use

### Revision Philosophy

All revisions for review will be issued at R01, with subsequent R02, R03, etc. as required.

All revisions approved for issue or design will be issued at A01, with subsequent A02, A03, etc. as required.

Documents approved for Construction will be issued at C01, C02, and C03 respectively.

All Detailed Design documents for review shall be issued at D01, with subsequent D02, D03, etc. as required

Revisions approved for Tender will be issued as T01, with subsequent come as T02, T03 etc.

All revisions approved for Purchase will be issued as P01, with subsequent P02, P03, etc.

All Cancelled documents will be issued at X01, X02, and X03 respectively.

Documents or drawings revised as "As built" will be issued as Z01, Z02 Z03 etc.

Narrative sections revised from previous approved issues are to be noted in the table below and/or highlighted in the RH margin (using the appropriate revision status) thus: | A02

Previous revision details to be removed from the cover page at subsequent issues

Drawings/diagrams revised from previous approved issues are highlighted by 'clouding' the affected areas and by the use of a triangle containing the revision status.

## 1 Introduction: PAUSE/EXIT Criteria for projects

This guiding framework around **PAUSE/EXIT** criteria for project is captured succinctly by the works of Edward W. Merrow in his book “Industrial Mega projects”; Think of it this way: You were engaged in information acquisition and you acquired enough information to understand that this deal was not going to benefit the company. That is good result; now move on. One of the keys to a successful opportunity-shaping process is to be looking for reasons to kill a project, not reasons to continue.

Information on present state gathered from survey indicate a good understanding of the strategic fit and DE mandates, suggested timings for pause/exit a project, consensus that teams that achieve pausing/exit of projects should be recognized and common understanding on criteria for pause/exit. However, there are non-clarity on responsibilities, and a clear lack of understanding of what a project shaping process (DG1 to DG3) means hence the quote from Edward Merrow above to re-emphasis that clarity.

As mentioned in the section 2.4 on Standardization of Design Archetypes, project promise ranges as agreed with the DE at the DRB and included in the business plan must be reflected in the DE mandate to show clear understanding of the Value (VIR etc. and minimum value to progress) and Value Haircut appetite (Train wreck resilience) within the projects. With the clarity comes a more conscious effort to pause/exit projects when value erosion is visible.

The trigger list to test Pause/Exit criteria on projects at the Flag Off points in the 80-20 HCM Framework is shown in Figure 1.

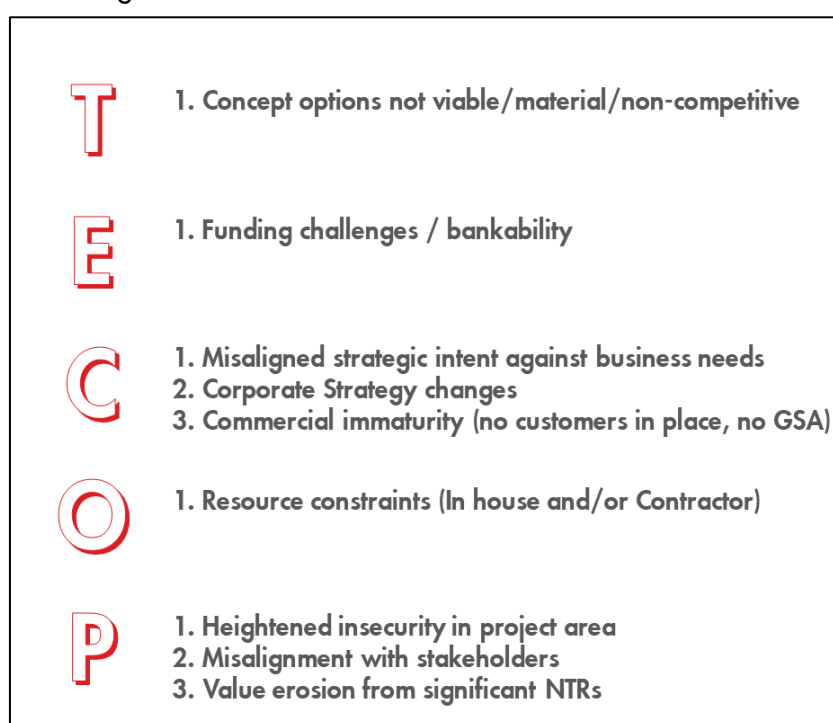


Figure 1: Pause/Exit Criteria Trigger List

The guidance on best practices for pausing/Exit of projects and how to restart is shown in Figure 2 and a summary one pager is shown as Figure 3.

### How can we **PAUSE** / **EXIT NOW** & **RESTART** in Future

- **Foundational Actions for a successful Pause/Exit:**
  - **Stakeholder Alignment and Agreement on decision to Pause/Exit**
  - **Assured Discipline Note for File(s)** underpinning key work done till date and what's pending
  - **Decision Quality Assessment (DQA)** including clear picture on value-cost trade-off
  - **DRB Minutes of Meeting**
  - **Retention of Critical Knowledge (ROCK)** session to be documented for key Project Leaders
  - For **EXIT**, **Ultimate Recovery Change Report (URCR)** to be issued by Subsurface Lead
- **How to redeploy resources:**
  - If we **PAUSE**:
    - Up to 8 - 12 weeks to ensure effective opportunity close out
      - FTE transition from current to **max. 15%**
    - Team Leads to redeploy resources to new opportunities based on agreed Resource transition plan
    - Feasex budget to be in place to retain critical team members for seamless pick-up
  - If we **EXIT**:
    - Up to 8 - 12 weeks to ensure effective opportunity close out
      - FTE transition from current to **0%**
    - Team Leads to redeploy resources to new opportunities based on agreed Resource transition plan
- **How do we ensure seamless pick up after PAUSE:**
  - **REFRAME BEFORE RESTART!** and consider the following (not limited to):
    - Subsurface understanding - new seismic, new wells, additional production data
    - FISCAL - Facilities, infrastructure, Supply Chain and logistics
    - Funding/Financing
    - Project Economics
    - Business landscape
    - JV alignment to ensure Restart is truly required
    - Regulatory landscape
    - Organization – do we have the right people to restart
    - NTR profile
    - Resource & Budget requirements

Figure 2: Guidance on Pause/Exit Now & Restart in Future

## Solution Space: **One Pager Success Stories - Pause/Exit Criteria for projects**

### Diebu Creek GCBD

<b>1. Why</b> (the challenges underpinning Pause/Exit)	<b>3. How</b> (enabling a seamless pick up in future)
<ul style="list-style-type: none"> <li>■ To allow depletion of oil production</li> </ul>	<ul style="list-style-type: none"> <li>■ ITR pack and focal point for archived materials</li> </ul>
<b>2. What</b> (actions taken to ensure it is the right decision)	<b>4. Learnings</b> (what can other projects learn from your project)
<p>Key actions that enabled the decision makers to reach a logical conclusion:</p> <ul style="list-style-type: none"> <li>■ DRB Decision to take DG3 and hibernate for 6 years</li> <li>■ Assessment of implications for:             <ul style="list-style-type: none"> <li>■ Clear timing for resumption (2026), IPA, PCP</li> <li>■ IPA benchmarking (to be done after hibernation to ensure validity).</li> <li>■ FDP approval (to be done after hibernation given DPR 5-year validity)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>■ DBR support as requested</li> <li>■ Clarity of go forward plans</li> <li>■ Other opportunities may come from process <u>eg</u> request by external stakeholders to work an alternative concept from the tentative reference case agreed at the concept selection workshop</li> </ul>

**EXAMPLE**

**Key Project Contacts**

- Peter Obidike FEDM Export Gas
- Anijekwu Chinedu BOM Export Gas T1-6

[Link to Key Project Documentation](#)

Figure 3: Summary One-Pager on Pause/Exit for a project

The PowerPoint slide can be accessed via this [Link](#)

\*Note: Projects that go through Pause/Exit are to upload the filled one pager in same location