PEA
Production Engineering Association
Technology Transfer JIP
Proposal for Ongoing Project Management

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1. Executive Summary

OTM Consulting Ltd (OTM) has pleasure in making this proposal for ongoing project management of the Production Engineering Association (PEA), a pan-industry operator network focusing on upstream oil and gas production technology.

This membership proposal follows 16 years of successful PEA management by OTM during which time the operator membership has increased to twenty.

OTM would be delighted to continue to work for the PEA and believes it can offer an increasingly competitive and value-adding service using current knowledge of the PEA requirements and the increased awareness of OTM’s role and that of the PEA in the industry and supply sector. It is proposed that OTM would provide the ongoing management services detailed in this proposal. It is anticipated that the PEA JIP membership could be maintained at around 20 therefore tremendous leverage is gained by each company for the small fee of £3,500 per company per year. A rolling annual contract is proposed which will minimise member legal administration whilst maintaining full flexibility regarding future PEA management support.

A key objective for the PEA over the next year will be to maintain and increase membership in the face of mergers, acquisitions and market competition. OTM therefore recommends a risk-reward scheme which will incentivise OTM to continually market the PEA to potential new members.

1.1. PEA Objectives and Activities

The objective of the PEA is to improve access to and use of production technology on a worldwide basis through ongoing knowledge sharing and supply chain stimulation. The PEA will:

- Maintain a comprehensive network of operators, to provide a pan-industry focus for production technology in the upstream oil and gas industry
- Be focused on two main activities – the facilitation of main meetings/technical workshops and the management of a powerful shared knowledge resource through a dedicated PEA website
- Promote knowledge sharing and lessons learnt regarding different technological approaches, applications and experiences amongst members
- Aggregate and prioritise members’ technology needs and gaps
- Communicate prioritised technology needs to contractors and suppliers and invite them to participate in and to propose innovative solutions at workshops etc
- Initially have a pan-European membership, with a worldwide technological focus
- Spawn a small number of niche technology forums in areas prioritised by members
- Be managed as a JIP at very low cost (3,500 pounds sterling each per annum) for operator members

1.2. Benefits of OTM Continued Project Management

The benefits of the continued engagement of the services of OTM, an independent technology management consultancy, are many:

- OTM has undergone the set-up arrangements for the PEA administration and project management, and can offer a service devoted to the ongoing needs of the association
- OTM is now familiar with the workings of the PEA and knows the members, and more importantly perhaps, members know OTM staff and where to come for assistance and to have their queries answered
- Suppliers now recognise OTM as a focal point for enquiries and a route into the PEA, demonstrated by the increased number of project abstracts and other presentation offers submitted for each meeting
2. **Objectives of PEA**

The PEA will improve access to and use of production technology on a worldwide basis through ongoing knowledge sharing and supply chain stimulation. Its membership will comprise a comprehensive pan-industry network of oil and gas field operators.

To meet the objectives described above, the PEA will:

- Establish a comprehensive network of operators, to provide a pan-industry focus for production technology in the upstream oil and gas industry
- Promote mutual learning from different technological approaches, applications and experiences amongst members
- Catalyse an industry dialogue and information exchange on technology needs and gaps, experiences, and new products
- Promote liaison and relationships with contractors/service companies and suppliers, through the continued development of an PEA supplier database and the involvement of contractors/suppliers in workshops and other activities
- Stimulate technology suppliers to meet prioritised technology needs and promote a process through which new technologies can reach the market and be applied
- Maintain a dedicated website which will feature a public access area to promote PEA to non-members, and a private members area with a shared knowledge archive, production technology specific reference information (e.g. details on production engineering workshops/meetings, JIPs, linked websites etc)
- Maintain and improve links with the US based Completions Engineering Association (CEA)
- Be a flexible organisation so that it can be tailored to industry requirements at any given time
- Continue to spawn a small number of niche technology forums in areas prioritised by members. These can be initiated at any stage as market/business demand dictates and continues as long as required.
3. Benefits of PEA

The benefits of membership of the Production Engineering Association are as follows:

3.1. Knowledge/ experience sharing and lessons learnt

- Providing an industry focus for production technology, both through workshops and website
- Access to 4 main meetings/ year (each 1½ day duration)
- Access to specific technology forums (currently intelligent well completions, water and gas shut off and sand management, which each meet biannually for 1 days duration)
- Sharing of lessons learnt through case history presentations
- Understanding of best practice/ industry ‘benchmarks’ through focused discussion topics
- Identification and prioritisation of knowledge and technology gaps (for subsequent dissemination/ discussion with contractors/ suppliers – as agreed by members)
- Access via website member areas to PEA shared knowledge archive, including an up to date database of past projects and abstracts submitted, a complete searchable contacts listing and document/ presentation archive
- Access via the PEA public website to a database of other production networks and their ongoing activities, and production specific reference information
- Accelerated field application of new technologies
- Informal networking with other members and with invited contractors/ suppliers at workshops and meetings

3.2. Supply chain stimulation

- Engagement with broader range of innovative technology suppliers
  - Ongoing development of an PEA database of technology suppliers, with an opportunity for suppliers to self-register via the PEA website
- Access to presentations of high quality, relevant R&D proposals and ‘technology updates’, which might include, for example, updates on technologies already applied/ ready in the marketplace or proposals for field trials
  - Identification of knowledge and technology gaps
- Communication of PEA members’ prioritised technology needs and issues to contractors and suppliers
  - Increased number of R&D proposals elicited relevant to identified priorities which are then shortlisted for presentation at PEA workshops
- Increased percentage of high-quality technologies reaching market
  - Increased number of field trial opportunities. Knowledge sharing, and understanding of lessons learnt by a range of other operators in their application of similar technologies, enables individual operators to reduce the perceived risk of field trialling specific new technologies which in turn helps asset teams to host field trials
  - Suppliers provided with presentation guidelines, participation agreement guidelines, benefits etc via the PEA website
4. Scope of Work

OTM will provide dedicated resources for the PEA, headed up by an experienced project manager who will provide the single point of contact within OTM for all PEA enquiries and instructions. The project manager will be of consultant level and will be supported by the full range of OTM competencies.

4.1. PEA Forums

The PEA will meet for four times per year, with each meeting hosted by a PEA member.

4.1.1. Content

A discussion period will be programmed into the day to encourage interaction between the operator members and supplier presenters regarding a key topic. The day would finish with PEA steering committee business and updates on any ongoing PEA work.

OTM will act as a focal point for supplier R&D proposals. Details of these proposals will be collated and distributed to the advisory committee and mounted on the website 4 weeks before the meeting to enable the most relevant topics to be selected for presentation at the next meeting.

A database of PEA presentations will be maintained on the PEA website. This will be updated by OTM to reflect the current status of these projects. The requirement for ongoing updates will be included in the presenter guidelines and their importance to members will be emphasised.

4.1.2. Administration

OTM will liaise with the designated host at least 6 weeks before the meeting to confirm the arrangements for the upcoming meeting and to obtain venue and travel details. OTM will prepare meeting materials such as agenda, name badges, attendee list, maps and joining instructions and will produce minutes of each PEA meeting, including the presentation slides and project interest sheets and distribute these to members and mount on the website.

OTM will develop and maintain standard administration documents including technology update submission guidelines, presenter guidelines, host guidelines and project interest sheets, all of which will be available via the website.

4.1.3. Hosting

The member company hosting the meeting will be expected to provide a room with space for seating up to 30 people, presentation facilities (OHP, flipchart and digital projector) and refreshments during the meeting hours. They will also be responsible for making a block booking at a convenient local hotel for up to 20 people. There will be a dinner on the evening preceding the main meeting for all meeting attendees held at a local recommended restaurant.

4.2. Website

The dedicated PEA website (www.peajip.com) will be maintained with a public-access area and members-only area protected by password. This website, outlined in figure 1, was developed by OTM and provides:

- Promotion of the PEA, stimulating membership (public-access)
- Encouragement and guidance for suppliers to submit innovative proposals (public-access)
- Details of forthcoming meetings (public-access)
- Central searchable PEA shared knowledge archive (members-only access)
- Central searchable database of members with contact details (members-only access)
- Central searchable database of production engineering/technology reference information (members-only access)
4.3. Communication with contractors/ suppliers

Communication with existing and new contractors and suppliers to develop improved relationships with them and to encourage them to come forward with innovative technology updates/ proposals to meet agreed technology needs, is an important element of the PEA.

4.3.1. Communication with Contractors/ Suppliers

The database will also be used for communicating with suppliers, notifying them of PEA aggregated/prioritised technology needs and encouraging them to engage with PEA activities and to submit proposals for presentation at PEA meetings.

Suppliers will be provided with clear guidelines for R&D proposal submissions and presentations via the website.

4.4. Technology forums

Four technology forums are currently managed within the PEA; (1) Intelligent Well Completions (IWC), (2) Water and Gas Shut Off (WGSO) and Chemical EOR, (3) Tight Gas and Tight Oil, and (4) Sand Management. These forums provide focus on technical areas of current high interest and a 1 ½-day workshop per year is held (for each forum) and have a dedicated section within the PEA website.
These forums will be continued as long as members find them beneficial and new forums will be initiated in response to member requirements.

4.5. **Network management**

Specific network management activities will include:

- Organisation of workshops, including planning, pre-meeting mailouts, development and management of all issues relating to venue, local travel, agenda, provision of meeting secretariat, facilitation, recording of minutes and subsequent drafting and circulation.
- Management of all PEA documentation/databases and their delivery to members, including updating of document register, uploading of documents to website members area, and e-mail notification/distribution of electronic document copies to all participants.
- Maintenance and management of PEA website, including ongoing site design, passwording, site updating, responding to queries received, resolution of I.T. queries received from users.
- Research to populate members reference information area in the website, including development and maintenance of the JIP database, calendar of events and links to other sites.
- Maintenance of the supplier database.
- Promotion of the network, both to gradually increase membership numbers and to attract contractors/suppliers to engage with the PEA.
- Providing a secretariat for the PEA advisory committee. The advisory committee will consist of 7 elected members, including a Chairman elected by the Steering Committee, and provide a day-to-day focal point for OTM to discuss, review and gain approval for ongoing activities (eg workshop agendas) and strategic direction.
- Communication with members, including activity/progress updates via the PEA newsletter three times per year.

5. **Deliverables**

All PEA deliverables will be supplied to members via meetings or electronic communication (website and e-mail). The deliverables for all members will include:

- Dedicated PEA website ([www.peajip.com](http://www.peajip.com)) with public-access and members-only areas
- Technology forums – currently 4, each held annually
  - Intelligent Well Completions (IWC)
  - Water and Gas Shut Off (WGSO) and Chemical EOR
  - Sand Management
  - Tight Gas and Tight Oil
- Production engineering reference information resource via the website, including:
  - Production technology JIP database
  - Calendar of events
  - Links to other sites of interest
  - Database of complementary networks/organisations
- Searchable shared knowledge archive
  - Workshop minutes
  - Workshop presentations
  - R&D proposal submission and presentation database

5.1. **Membership Fees**

The Production Engineering Association (PEA) will continue to use a simple JIP (joint industry project) mechanism with OTM Consulting Ltd (OTM) acting as the JIP contracting entity. The JIP will be run on an annual rolling contract which minimises member legal administration whilst maintaining full flexibility regarding future PEA management support.
Operators may become members of the PEA by joining the JIP, signing a simple membership agreement, and paying the membership fee of **£3,500 pounds** sterling per annum per member, plus VAT. This membership fee is based on an anticipated 20 operator members joining the PEA.

A minimum of 10 members is required for work to commence on this JIP and 20 required for the full scope described herein. If the total PEA membership is less than 20 then the scope of work will be limited as agreed by the PEA Committee.

A key objective for the PEA over the next year will be to maintain and increase membership in the face of mergers, acquisitions and market competition. OTM therefore recommends a risk-reward incentive scheme that will encourage OTM to continually market the PEA to potential new members. This will directly benefit the PEA through increasing funds and the maintenance of a wide range of experience and ideas within the membership. Our proposal therefore is that OTM’s fees be increased by 1.75% of the total fees per additional participant they ‘sign up’ over the anticipated 20, per year (see table 1 below).

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Table 1: Proposed OTM incentive scheme

5.2. Payment

New participants to the PEA will be invoiced on joining the PEA. The payment terms will be 30 days net. Subsequent invoices will be issued in January each year.