

Vermilion Oil & Gas

Reaping benefits year after year

Vermilion Energy Inc. ("Vermilion") is a Calgary, Alberta based international oil and gas producer founded in 1994. Vermilion operates over 90% of its producing properties supported by an outstanding team of dedicated professionals. It is listed on the Toronto and New York stock exchanges.

In 2005, they acquired 40% of the Wandoo field on Australia's north-west shelf and in 2007 they acquired the balance. Vermilion Oil & Gas Australia (VOGA), with its head office in Perth, runs the mature oil platform (Wandoo) which is located approximately 80Km off the northwest coast of western Australia.

"The real benefit is that, as an organisation, we can now truly see and review our performance at the workface which enables us to continue to reap the benefits year after year"

Bruce Lake
Managing Director

ANALYSIS

Renoir Consulting conducted an initial survey to identify opportunities that would lead to improved production on the Wandoo platform. Opportunities were found at both the platform and head office and it was agreed that VOGA and Renoir would collaborate to implement appropriate changes to capture them.

PROJECT APPROACH

The implementation Team consisted of Renoir consultants and seconded VOGA employees - Taskforce - who, after training, worked as an integral and vital part of the process. The initial phase of the project was to last 30 weeks; and VOGA management were particularly keen that the VOGA / Renoir partnership should create an environment where systems and processes would drive future improvement, long after the 30 week programme was completed.

The Team was initially focused on opportunity identification, savings assessment and target attainment. A separate management action team was created, comprising cross functional operational management and staff along with Renoir and taskforce members. These teams were charged with identifying and quantifying the opportunities through improved control and execution. They were also to agree the annualised benefit to the organisation that would accrue, as these opportunities were realised.

PRODUCTION

The Team wanted to identify the causes of variances from production targets, develop actions or training programmes to rectify issues in the short term, improve visibility of platform operations and improve well management (including start up times).

In the medium to long term, the objective was for the platform to achieve stability in all required indicators, both production and environment, through effective management of the well, facility and personnel.

As an initial step, the teams developed and installed an effective review and management system to identify and correct operator influenced downtime and failure to achieve daily targets.

Key Results

Increase in production
of 11%

Cost avoidance of AUD5.75M

Net gain of 4,419 mandays in
closing out work orders

Installed revised
management control system,
supported by situational audit tools to ensure
sustainability of benefits

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The introduction of a routine interval control sheet, tracking operators' performance at 3-hour intervals during a shift, allowed the Field Superintendents to determine, more accurately, the point at which variances in production occurred, resulting in more effective analysis of the root causes of problems.

A panel operator assessment programme was introduced to ensure a common level of understanding and training across the various shifts and crews working on Wandoo.

The key result was that production increased by 11%.

MAINTENANCE

Another critical goal was to maximize the available equipment hours. The Facility Maintenance Management System (FMMS) was seen as a key to achieving this however, it had only been used to a very small extent of its capability, severely limiting its effectiveness.

The Team decided to focus on a number of key actions:

- Installing a rigorous management control system to correct issues causing inefficiencies in everyday execution and attainment of work.
- Improving the communication flow between the maintenance and operations functions to ensure an increase in the planned work taking place.
- Increasing the level of focused and active management of VOGA personnel through routine interval controls.
- Embedding the daily and weekly reporting processes to ensure timely follow up on work quality and attainment.

As a result of these actions, the usage of the FMMS was transformed; prior to the project, FMMS was only used as a tool for producing job number packs. Planning and forecasting of maintenance work was done separately and the post work data was not collected into the system. FMMS now lies at the heart of all maintenance activities.

The formalisation of routine interval controls ensured that supervisors and managers at all levels carried out focused follow-up of assigned work on a regular basis and reported their findings in such a way as to better facilitate effective root cause analysis.

The data now being collected within FMMS allows much more detailed root cause analysis of lost production. In addition to this, avoidable equipment downtime is identified and reduced. The maintenance crew is now more focused with the same resources.

Bottom line, the net gain was 4,419 man-days, at a rate of AUD1,300, resulting in a cost avoidance of AUD 5.75M.

The implemented Management Control System drives sustainability by providing the mechanisms for robust planning and execution of work, whilst being able to monitor individual accountability so that appropriate actions can be taken to ensure continuous improvement.

THE RENOIR GROUP

Renoir Consulting is a world leader in sustainable, implemented change. Founded in 1994, Renoir has offices located in North and South America, UK, Europe, Turkey, Middle East, Southern Africa, India, Pakistan, China, South East Asia and Australasia. With over 300 fully employed and highly trained consultants, their work across a wide range of industry sectors gives them a broader perspective of the issues facing your business, allowing them to be sensitive to your unique challenges, culture and specific business issues. This cross-pollination ensures truly effective, rapid and sustainable solutions.

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