

## Premier Oil, Jakarta

### Financial & Efficiency Improvement Project

Premier Oil PLC is a growing FTSE 250 oil and gas exploration and production company with current interests in nine countries around the world. In 1996, Premier Oil acquired Sumatra Gulf Oil Ltd which gave it a majority interest in the Natuna Sea Block A offshore Indonesia, comprising the Anoa oil field, substantial gas reserves, and further exploration prospects. Renoir worked with Premier Oil Natuna Sea to help deliver significant savings and efficiency improvements within their logistics operation.

#### ANALYSIS

Premier Oil Natuna Sea (PONS) is a growing organization and with new gas fields planned to come on stream, it will further increase its role as supplier of gas to Singapore, on behalf of the Republic of Indonesia. With this expansion PONS has recognised the need to improve its current production operations and one of the key focus areas has been on the effectiveness of logistics.

PONS engaged the services of PT Renoir Consulting Indonesia (Renoir) to conduct a business survey across the logistics function.

The survey concluded that significant opportunities existed for PONS to improve logistics performance through more effective processes, management systems and structures. Some of the more specific findings included:

- Heli and diesel fuel supply and consumption control was not in accordance with industry best practices.
- There were insufficient KPI's or argets to continuously improve logistics services; unclear accountabilities for service execution, control and delivery.

#### PROJECT APPROACH

Following the survey a 26 week project was undertaken to focus on the following:

- Vessel and helicopter fuel management
- Review of warehousing and materials management
- Vessel and helicopter movement management
- Logistics strategy review

At the Jakarta Office, a regular Steering Committee Meeting was setup, attended by the VP Operations & Development, the Logistics Manager, the Senior Production Operations Manager, and the Heads of Field Operations (HoFOs) to report on the progress of the systems development, installation and the ensuing results.

Furthermore the Renoir Project Manager and Task Force spent time off shore every two weeks to make sure that the new systems and processes were properly embedded into the organization.

“Logistics had so long been the culprit for the lack of effectiveness in delivering services to our customers.

Renoir helped us see our problems, map out priorities and install the necessary management control systems to provide transparency and performance improvements.

We also benefited from Renoir insights into Logistics strategy to manage our challenges.”

**Gatot Soedarsono**  
**Logistics Manager**

#### Key Results

30% reduction in fuel consumption for vessels

12% reduction in helicopter fuel charges

Analyses in materials management leading to a revision of strategy

Translation of strategic logistics options (such as bunkering in the field and vessel sharing) into tasks to deliver further savings

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"I have found Renoir's approach to be highly committed, professional and successful, in showing the way to effect business improvements within offshore logistics.

I have no hesitation in recommending that you allow Renoir the opportunity to present to you the benefits of their program in more detail."

**Andrew MacLachlan**  
**Vice President of Operations & Development**

## 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 350 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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## PROJECT RESULTS

### Diesel Fuel Usage & Distribution Control:

A comprehensive management control system was developed, installed and audited in the usage of fuel and scheduling of movements for PONS vessels.

This system included movement schedules, fuel soundings, daily fuel consumption tracking, and a comprehensive set of KPI's and Non Conformance Reports (NCR) for any unplanned/unapproved variances

With reference to the datum base period (12 months prior to implementation of the new systems) there was a 30% reduction in fuel consumption. With USD 2,050,296 in fuel used in 2009, this could be worth USD 611,814 for 2010.

### Avtur Fuel Control:

As with the Diesel Fuel Usage & Distribution Control an improved management control system was implemented at the Matak base to allow the supervisors and managers to better understand, monitor and act upon their helicopter workload and fuel consumption rates.

Included in the new reporting was an NCR system to help formally report on issues associated with the sharing of the costs of helicopters with the other Matak operators.

One of the successful outcomes of the new system was the agreement to charge for actual Avtur fuel consumed, as opposed to a calculated / allocated charge. This equated to a 12% saving on historical fuel charges.

### Materials Management Review:

A series of very detailed analyses were made concerning Materials Management which has led to a revised strategy moving forward, which will be aided by the development of an IT solution.

### Logistics Strategy Review:

All known logistics strategy options were also studied and translated into achievable tasks, among those anticipated to deliver significant savings moving forward are fuel bunkering in the field and vessel sharing with another neighbouring operator.

The Logistics Performance Improvement Program introduced valuable new concepts to PONS, such as Management Control Systems and Behavioural Change Auditing as well as delivering significant savings, scope and internal confidence to implement further improvements.

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