

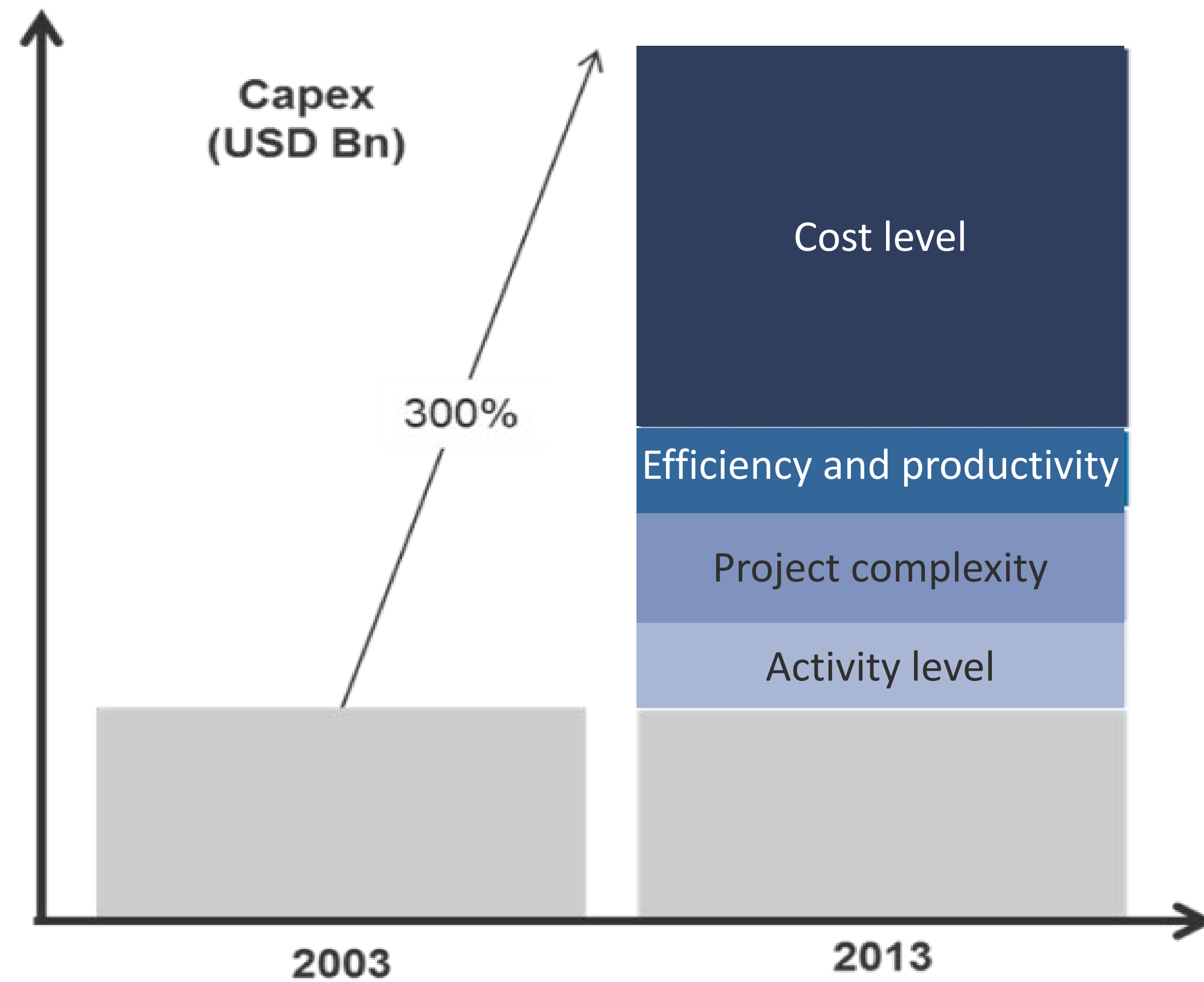
Statoil's response to the industry challenge

Margareth Øvrum, Executive vice president, Technology, Projects and Drilling

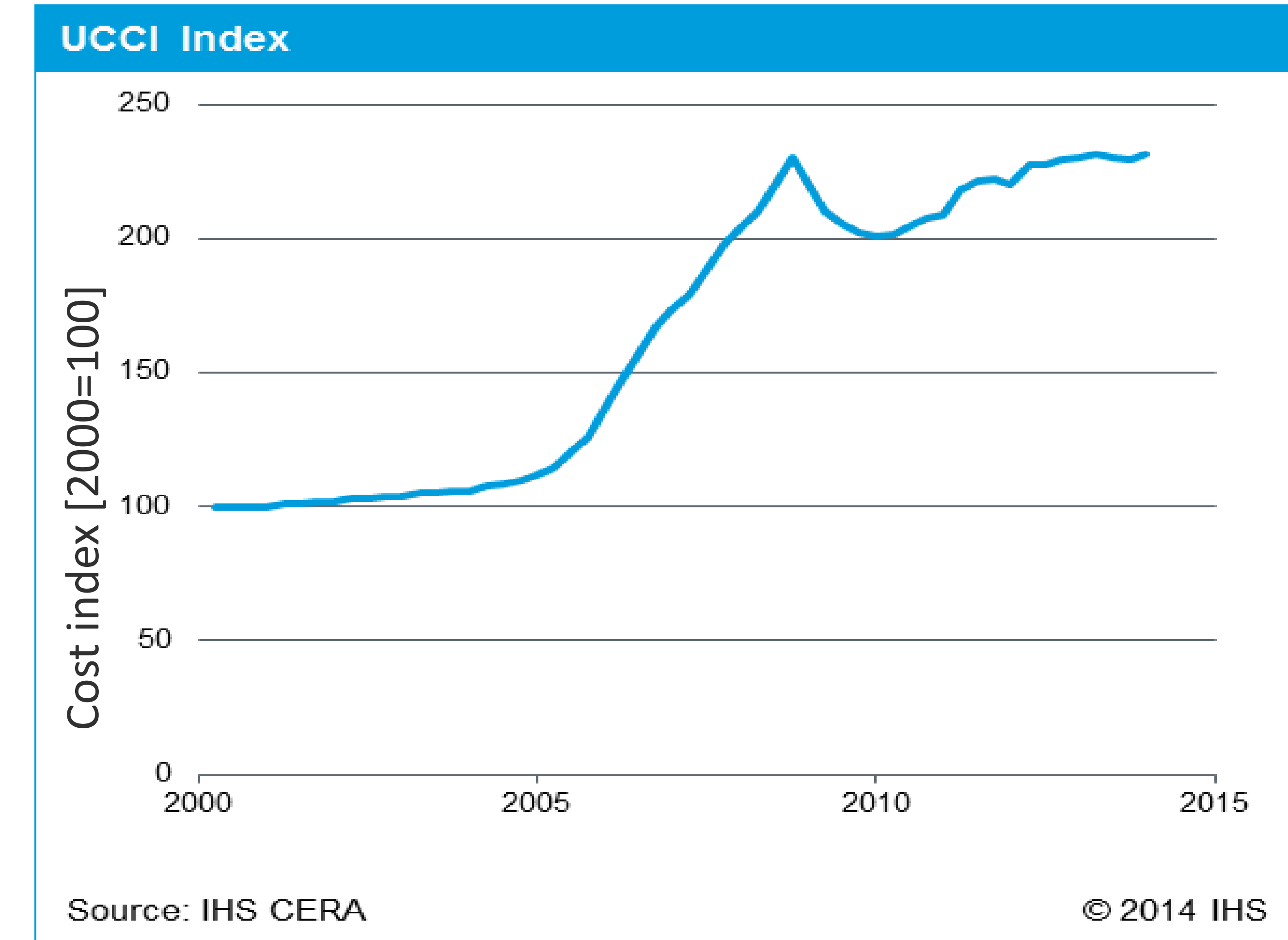


The oil and gas industry challenge

Large increase in total industry capex over the last decade

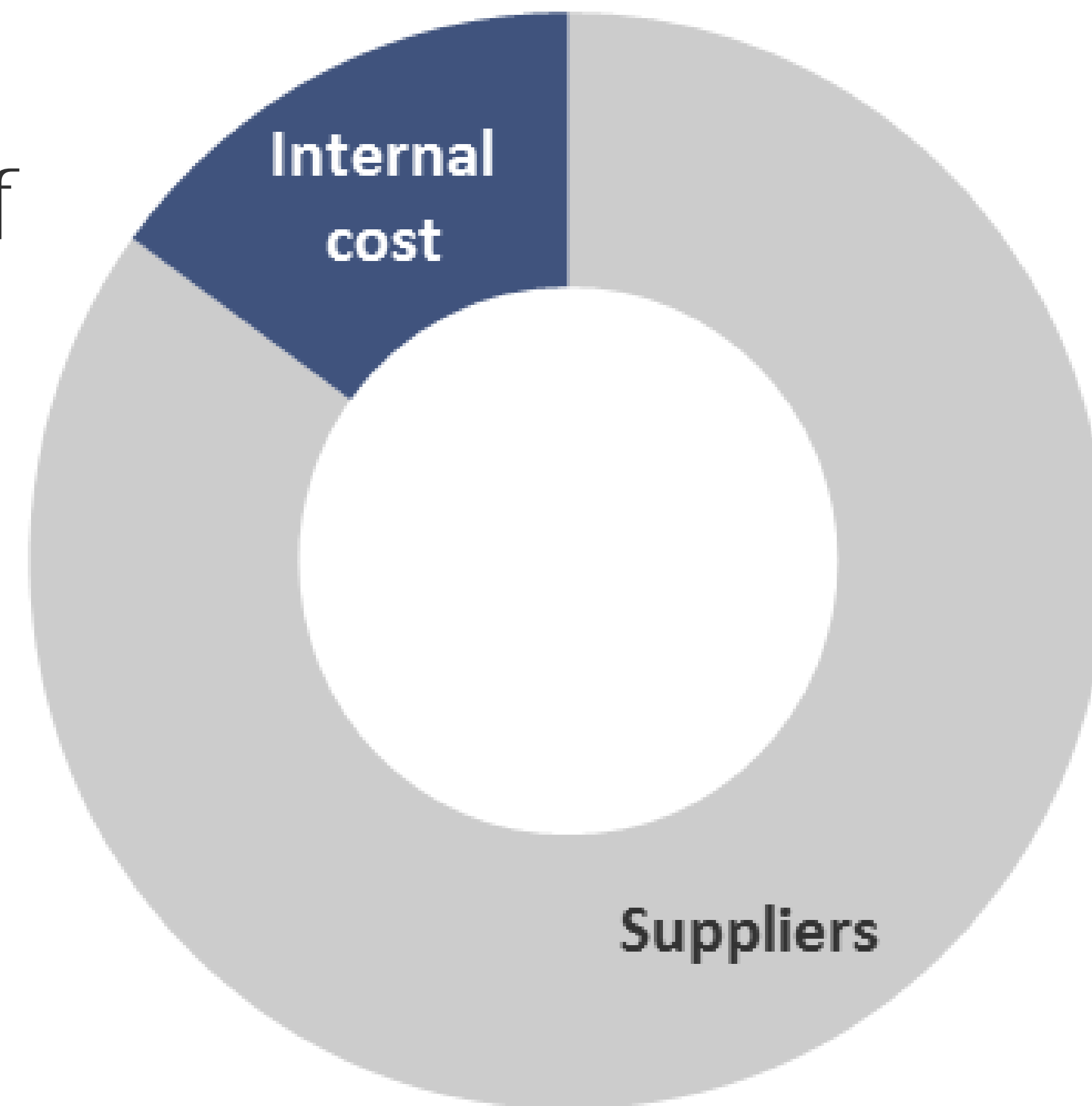


Upstream capital cost index

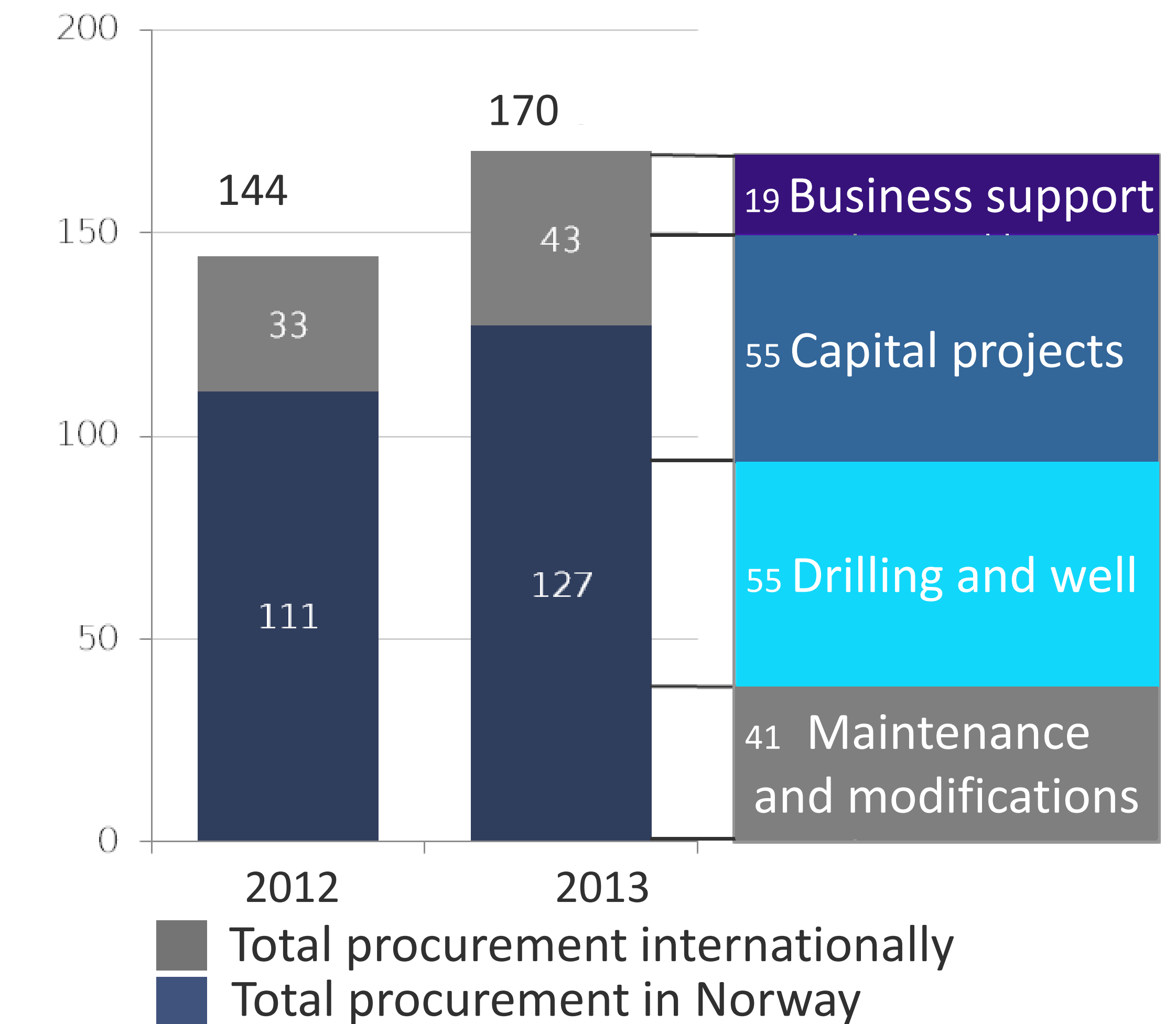


Our suppliers are crucial for our success

The majority of Statoil's yearly expenditures arises from suppliers



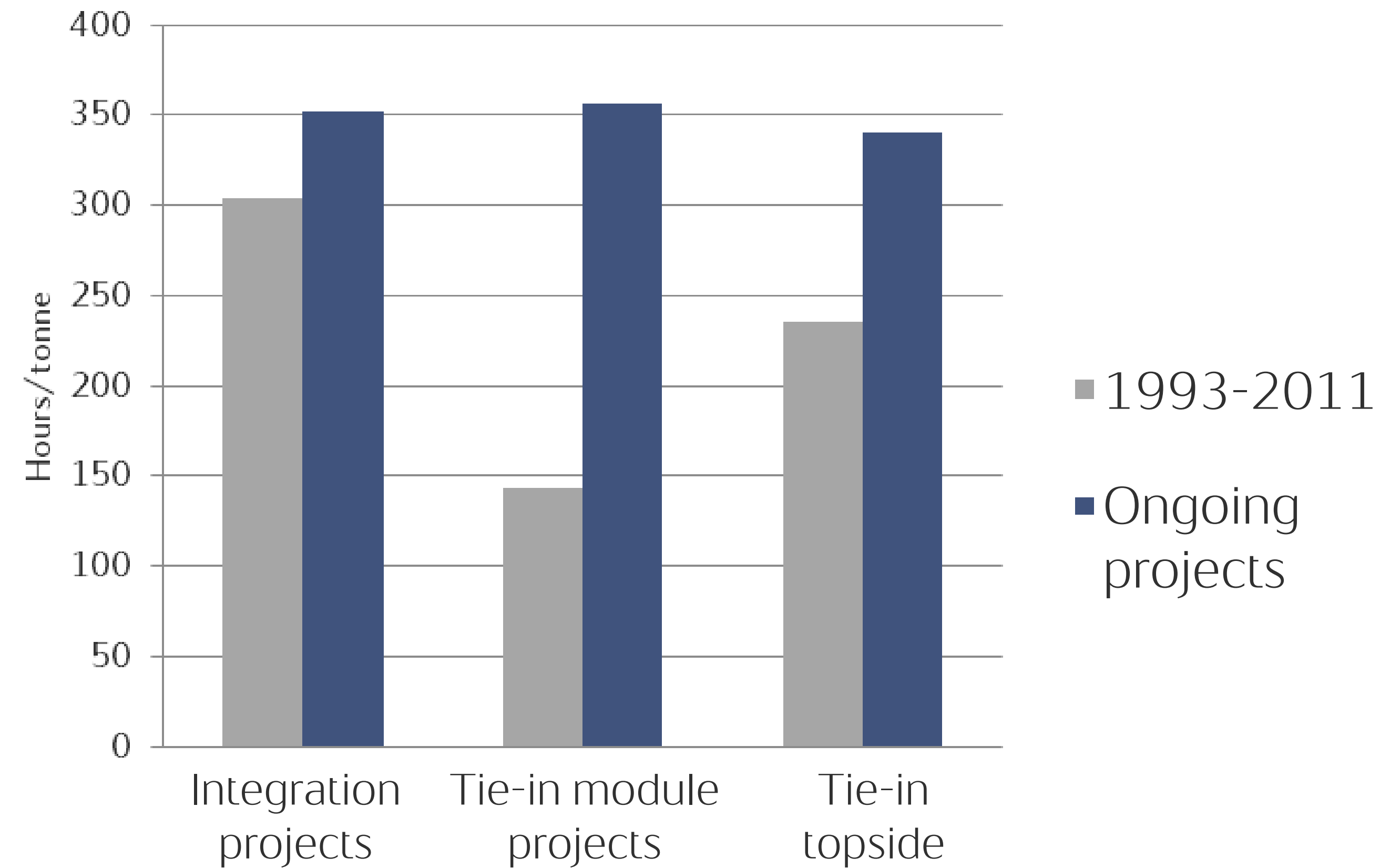
Procurement distribution
Statoil procurement 2013 -billion NOK



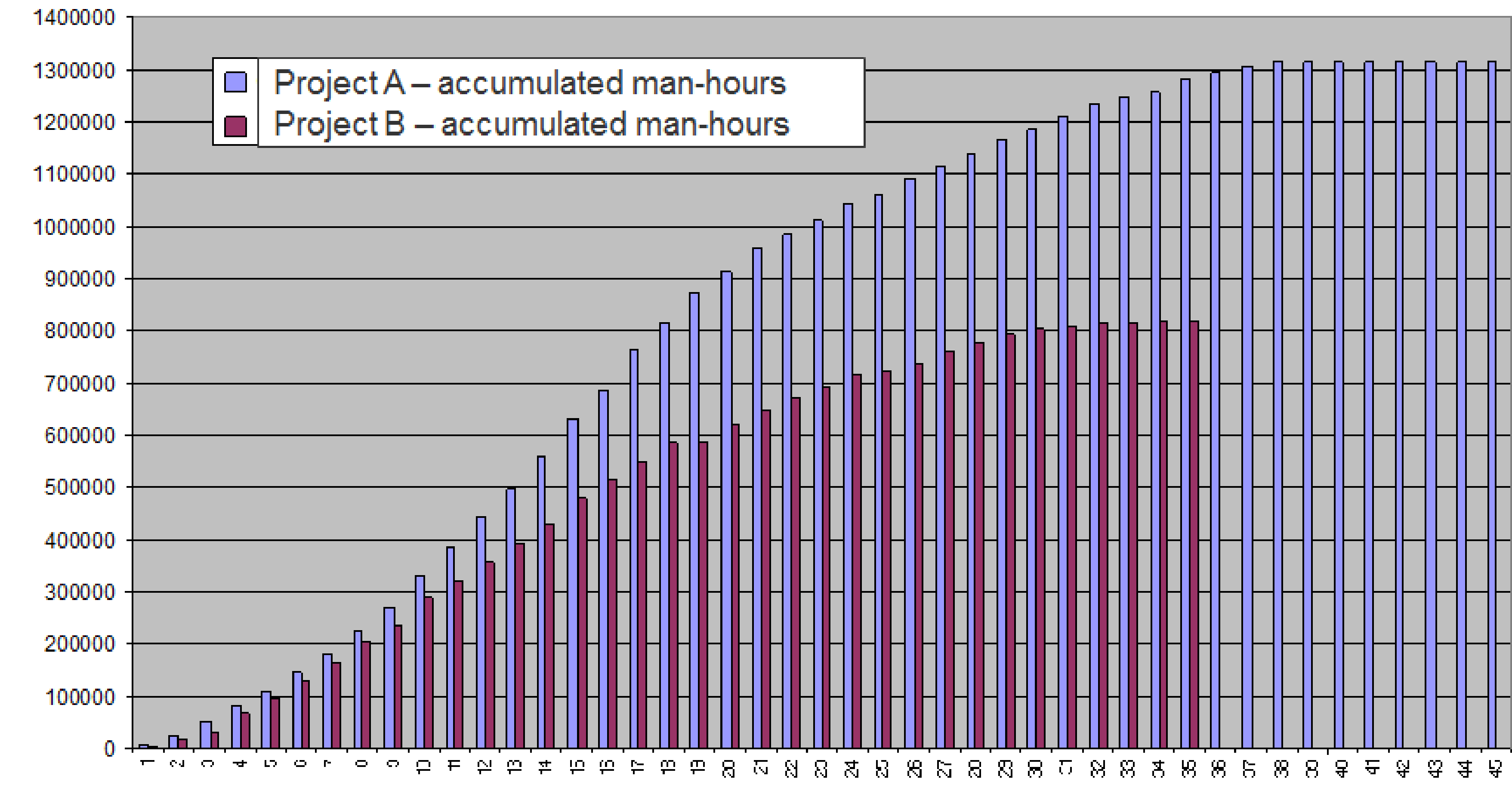
...the hard facts

the engineering phase – setting the premises

Engineering
hours/ton

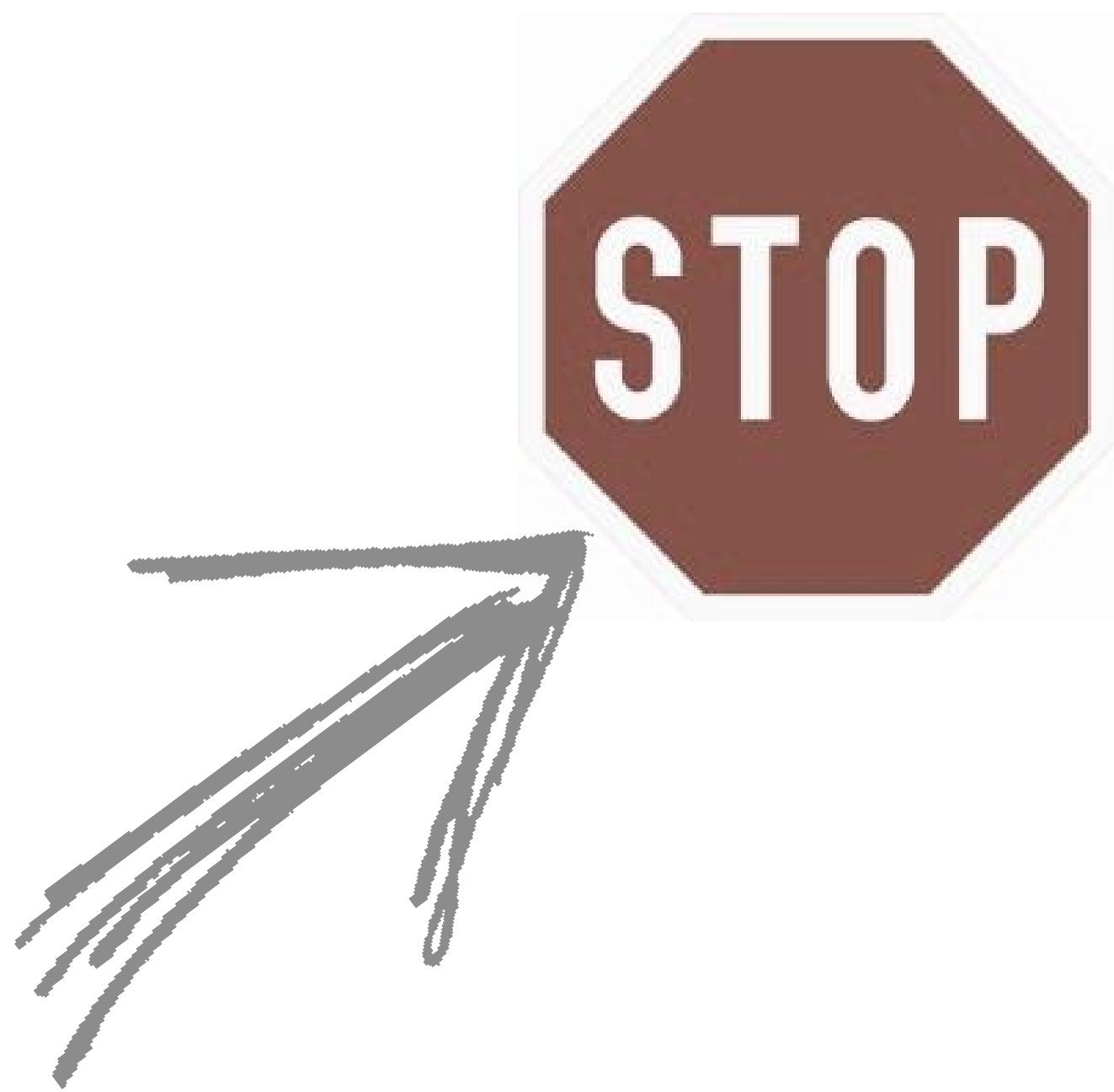


Man-hour
comparison –
accumulated



...the hard facts

more hours – more meters – more documentation



<i>Key figures</i>	<i>Quantity</i>	<i>Increase from project B to project A</i>
[New built projects] As built engineering man-hours	man-hours	70%
Total cable lengths	meters	37%
Passive fire protection	m ²	68%
Life cycle information [LCI] and as-built updates including packages	man-hours	304%

Statoil's response

Launching two corporate wide improvement programmes

STATOIL TECHNICAL EFFICIENCY PROGRAMME

*Solving fundamental
industry challenges*

STEP

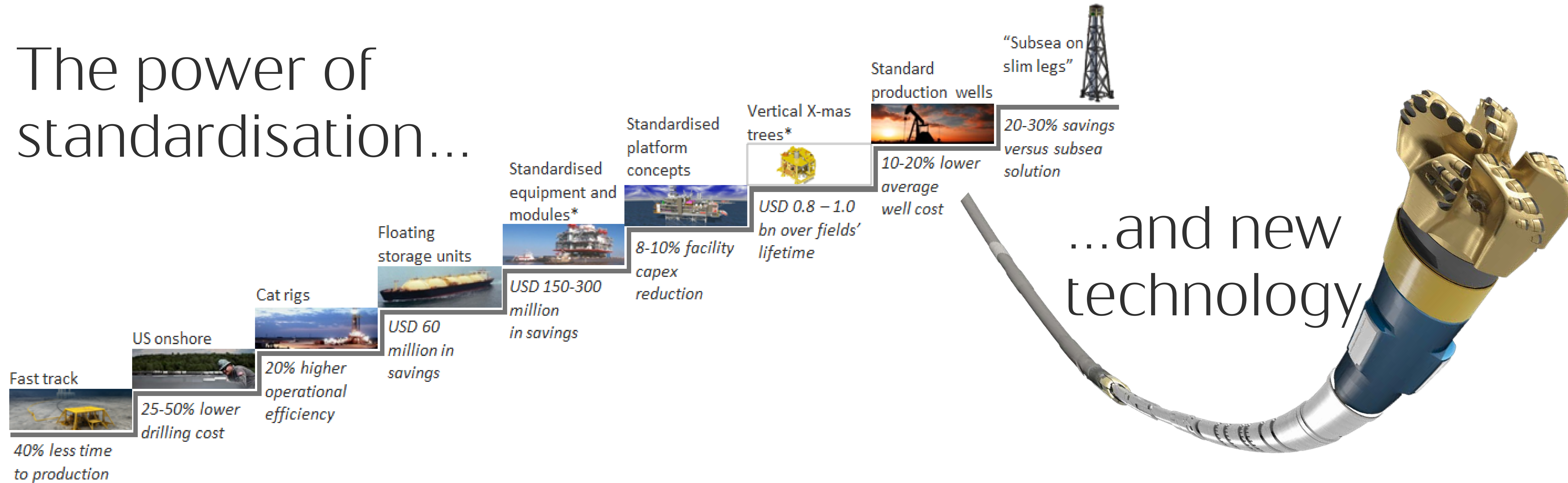
Statoil
technical
efficiency
programme



THE ORGANISATIONAL EFFICIENCY PROGRAMME

*Leaner and more effective
ways of working and organising*

The power of standardisation...



* Johan Sverdrup and Johan Castberg

What does it take?



Your success

is

our success

Building on the capabilities developed over decades of joint success on the NCS,

we will:

- understand and attack the drivers of the negative cost spiral
- in a systematic and collaborative manner
- everyone needs to take charge and ensure own competitiveness

There's never been a better
time for **good ideas**

Statoil's response to
the industry challenge

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Executive vice president,
Technology, projects and drilling

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