
From: NSU, CIC TL
Sent: Sunday, December 07, 2003 5:39 PM
To: Woollam, Richard C
Subject: FW: ACTION: 2003 August LE's and Field OVERVIEW

Importance: High

FYI...

-----Original Message-----

From: NSU, CIC TL
Sent: Wednesday, September 10, 2003 2:43 PM
To: Woollam, Richard C
Cc: Felix, Rick D (Anchorage)
Subject: RE: ACTION: 2003 August LE's and Field OVERVIEW
Importance: High

Richard,

Steve generated a report for Roger and Jack showing CIC Actuals vs. Budget through August. His primary focus was on salaries which were apparently over estimated due to an error in a spreadsheet calculation when the 2003 budgets were created. The same error was propagated through all budgets and has been adjusted out of other LE's so significant pressure was placed on CIC to do the same. Steve calculated that CIC's salary budget had been over estimated by \$1MM so we were expected by the Ops and Ops Support Managers to adjust our LE.

I met with Roger and Nancy both this morning for a few hours (at separate times - they changed out).

Roger was very clear that we needed to adjust the budget and that he was mainly concerned about the overall Ops Support budget and individual groups would be viewed based upon that success (most other groups have increased 2003 budgets over 2002 while ours was significantly less carrying much of the organization). He wanted us to generate a challenging LE (25% probability of success), acknowledged that we have invoicing (outstanding \$2.3MM from August) and extra pressure issues (Y-36). His belief was that due to phasing in December and the salary error we could handle the budget reduction and still have a chance to meet the target.

Nancy was not in favor of the cut but felt we had to do it based upon pressure and Steve's comments. She was clear that she would not allow program cuts without being directed by George to do so and is sensitive to news of this cut getting out to the workforce which would undoubtedly cause HSE concerns regardless of impact on performance. Based upon burn rate through August and outstanding invoices of \$2.3MM for August (BJ for \$350k, BE/PTI for \$700k, Canspec for \$800k, U2 for \$400k) we calculated the LE to be \$40MM but obviously did not know how the entire budget had been planned so realized this simple exercise was not without risk. If we get into a position where the budget will be exceeded, she wants us to get with her to develop a plan as soon as possible.

Steve adjusted our LE by taking the \$1MM from the salary budgets.

Thanks,

Gary

-----Original Message-----

From: Woollam, Richard C
Sent: Tuesday, September 09, 2003 7:11 PM
To: NSU, CIC TL
Cc: Felix, Rick D (Anchorage)
Subject: RE: ACTION: 2003 August LE's and Field OVERVIEW

Gary,

An interesting list, please note I do not want to roll-over on any of this stuff so don't use the term minimal risk. We

are being asked to cut our budget because others were not responsible budget owners at the beginning of the year - hence there is an overview while we cut our budget 5%.

There needs to be greater emphasis on regulatory impacts, relationship with ADEC, workforce perception, as well as the increased corrosion risks.

I have added a couple of comments, please amend the risks as per my comments. Once again, I don't want to give Roger et al any easy decisions as this whole process is bullshit - we should not have to compensate for other incompetence. Therefore, the bulk of the decisions the FMT should be forced to make should be difficult.

Richard.

<< File: Budget Challenge III.xls (Compressed) >>

-----Original Message-----

From: NSU, CIC TL
Sent: Tuesday, September 09, 2003 4:46 PM
To: Woollam, Richard C
Cc: Felix, Rick D (Anchorage)
Subject: RE: ACTION: 2003 August LE's and Field OVERVIEW

Richard,

Please see the attached draft of options within CIC control. Also, we feel the high cost well lists could be useful for Operations to help reduce our costs.

Please let me know your comments. I will forward to Roger tomorrow when necessary with a note that you have not reviewed this if I do not hear back from you due to travel.

Thanks,

Gary

<< File: Budget Challenge II.xls (Compressed) >>

-----Original Message-----

From: Woollam, Richard C
Sent: Monday, September 08, 2003 5:11 PM
To: NSU, CIC TL; Felix, Rick D (Anchorage)
Cc: GPB, Ops Support Mgr; Foust, Nancy C
Subject: RE: ACTION: 2003 August LE's and Field OVERVIEW

John/Rick,

Please see below a request from Roger.

As with previous years, our variable costs are in basically in two areas,

- Inspection scope - reduce scope and increase risks
- Inhibition levels - reduce inhibition levels and increase risks

When outlining the risks, it will be important to make sure that we note the all the potential risks not just the increased corrosion and leak risks, including,

- Commitments to ADEC
- Reputational issues
- Workforce perception if reducing inspection/inhibition levels

- Regulatory requirements - any risks here

Need to also identify any added workscope issues we face including Y-36 and whether to not these will be impacted.

I'll try and check my e-mail tomorrow morning your time, if the phone connections from Siberia permit, if you have any additional comments or questions.

Thanks.

Richard.

-----Original Message-----

From: GPB, Ops Support Mgr
Sent: Monday, September 08, 2003 7:01 AM
To: Woollam, Richard C; GPB, Business Lead
Cc: NSU, CIC TL
Subject: RE: ACTION: 2003 August LE's and Field OVERVIEW

Richard, you and your team need to work up a plan to safely reduce your spend. All teams are being asked to participate in this effort, including CIC. I want to see what it will take in terms of actions and risks and mitigations to those risks to reduce your LE by 1 million bucks by Wednesday morning. Then we will decide if the LE remains unchanged.

John, I know Richard wont see this note till tonite due to his trip, so you need to take the lead to make this happen.

Thanks,
Roger

-----Original Message-----

From: Woollam, Richard C
Sent: Monday, September 08, 2003 1:59 AM
To: GPB, Business Lead
Cc: GPB, Ops Support Mgr; NSU, CIC TL
Subject: RE: ACTION: 2003 August LE's and Field OVERVIEW

Steve,

The LE remained and remains unchanged, as we agreed earlier - Nancy/Steve and I, due to the fact we have a significant outstanding invoices and the NDE costs associated with the Y-36 spill.

Richard.

-----Original Message-----

From: GPB, Business Lead
Sent: Sunday, September 07, 2003 6:13 PM
To: NSU, CIC TL
Cc: Woollam, Richard C; GPB, Ops Support Mgr
Subject: RE: ACTION: 2003 August LE's and Field OVERVIEW

Richard/John,

I agree with what is stated. However it doesn't change the fact that we have an \$11M overview that has to be addressed or we will bust the budget and risk eating the over run 100% BP dollars. We are in the process of shutting down major repair work to contribute some \$2m to \$4m.

Steven E. St. John
GPB, Business Lead
Phone (907) 659-8054
GPBBusinessLead@bp.com

-----Original Message-----

From: NSU, CIC TL
Sent: Sunday, September 07, 2003 6:05 PM
To: GPB, Business Lead
Cc: Woollam, Richard C
Subject: RE: ACTION: 2003 August LE's and Field OVERVIEW

Steve,

At last month's LE review, Richard was hesitant to change our LE because of the following:

- In inspection, Canspec invoices have been lagging on submittal
- In pigging, the smart pigging vendor has yet to be paid for work just completed in August. This will drive the burn rate up near normal in this area

I have copied this memo to Richard directly so he can further comment. I would be hesitant to change our LE significantly until we understand what the costs of the above are going to be.

Thanks,
John

-----Original Message-----

From: GPB, Business Lead
Sent: Sunday, September 07, 2003 5:31 PM
To: G GPB Operations OTLs
Subject: FW: ACTION: 2003 August LE's and Field OVERVIEW
Importance: High

All,

This is the note I spoke to in the Ops / Ops Support TL meeting and that Ruth asked me to forward to you (Gary H. this doesn't reflect the additional \$200k from GC-1 O&M).

Thanks,

Steven E. St. John
GPB, Business Lead
Phone (907) 659-8054
GPBBusinessLead@bp.com

-----Original Message-----

From: GPB, Business Lead
Sent: Saturday, September 06, 2003 8:06 PM
To: GPB, Ops Mgr; GPB, Ops Support Mgr; GPB, Field Services TL; Hawley, Robert S; Higgs, Joseph A; Seccombe, Jim C; Merrill, Mark J; Gunkel, Fritz; Stanley, Mark J (ANC); Wiggs, Craig L; GPB, Safety TL; Seymour, Len I
Cc: Farnham, C Drais; Boland, Dan (Accenture)
Subject: ACTION: 2003 August LE's and Field OVERVIEW
Importance: High

All,

Enclosed is the roll up of the August 2003 Field LE's as submitted.

<< File: 2003 Monthly LE INPUTS.xls (Compressed) >>

If I publish as is we will be flagging an \$8.7M overview to upper management and the WIO's. I do not believe the remaining overview is that large and would propose the enclosed additional LE adjustments (see tab # 1). Tab # 2 shows the Aug YTD Actuals vs submitted LE's.

<< File: Aug_2003 LE's.xls >>

We Need to land this early this week or we will delay the publishing of the WIO / Management reporting.

If You have any questions please give me a call.

Thanks,
Steven E. St. John
GPB, Business Lead

Phone (907) 659-8054
GPBBusinessLead@bp.com