

Strategic Consulting Group

Success Story - Analysis & Advisory

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THE CHALLENGE

The exploration department of a diverse independent energy company wanted to gain insight into two areas: setting growth expectations for the organization (How much can we grow? How quickly? With what confidence?) and structuring their portfolio in order to meet expectations for growth.

THE SOLUTION

3esi-Enersight's consultants met with the company's executive team and discussed the project. We gathered the necessary data from various internal sources and then assembled a preliminary portfolio. The executive team, which was highly involved in this engagement, placed their existing inventory into "buckets" (grouped by attributes) so that we could draw big, strategic conclusions from the analysis, rather than the tactical conclusions around what to drill, and when. We held a series of meetings in which we viewed the portfolio model together. We stressed the portfolio by assuming selected buckets failed. We pushed for more and more scope by replicating projects and we investigated the behavior of the portfolio under different levels of capitalization.

THE RESULT

The client called the work we performed with them "game changing". The executive team drew several major conclusions from this process:

- The fact that there was clearly a point at which spending more money would not yield any better results — a break-over after which resource adds and value were difficult to "buy."
- Their then current inventory did not match their goals, which included significant real growth in reserves/resources in a profitable way. Their inventory was skewed towards high rate of return, low impact projects.
- As they built an inventory more in line with their goals, they greatly increased the uncertainty associated with their program.

Discover how the 3esi-Enersight Strategic Consulting Group can help you.

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