



# E&P maintenance costs cut by 33%

“...The MERIT project has indeed the making of a quality project including the human element (resourcing, workload and professionalism), technology (reliability and integrity) and business results (cost and volume),” business advisor

### Situation

During a period of low oil prices and declining production levels in the 1980s, a major new discovery rejuvenated the exploration and production company, Shell Gabon. This led to an expansion of all operational activities but, as these assets matured, the company experienced a decline in production.

Further exploration activities were planned, however, realised benefits would only be achieved in the long-term. In the meantime, a more rapid solution was necessary to ensure the price per barrel remained at an acceptable rate. The company recognised that optimisation of maintenance activities would reduce overall costs and directly contribute to achieve this objective.

Maintenance is crucial in ensuring the reliability of equipment and avoiding the consequence of failure and is thus a vital overhead. To develop a cost-effective maintenance strategy it is therefore essential to approach it with a sound technical appreciation of maintenance principles. Shell Gabon selected Shell Global Solutions above it's peers to utilize a diverse range of skills available from consultants with a true understanding of upstream maintenance operations.



The client accepted that the success of the project equally depended upon the strength of the programme and the ability of their staff to apply the new techniques. Therefore, not only did they require a programme to optimise maintenance activities but also to introduce a mindset change to the organisation. The management believed that investing in the workforce would earn improved performance and maximise the potential benefits of the programme.

### Benefits

A Shell maintenance and reliability review identified **potential savings of 33% in total maintenance costs** achievable over a three-year implementation period. This target was realised after just two years and a mammoth 40% final reduction has been forecast.





## Client Verdict

*"By undertaking MERIT and realising the savings target, our operations will be in the top division amongst our peers for maintenance performance. This improvement forms a key element in our corporate plan towards reducing unit operating costs."*

*Business Advisor*

The organisation successfully adopted the new tools and techniques introduced by Shell Global Solutions and achieved the objective of realising financial benefits in the short-term. However, it is the acceptance of these new concepts by staff across all levels of the organisation that has achieved a mindset change and opened up a future with sustainable improved performance.



## Solution

A Shell MERIT review identified opportunities to reduce maintenance costs while improving efficiency and reliability. The programme consisted of:

- A Shell Pathfinder study aiming to capture an understanding of maintenance processes via a series of interviews and observations across the organisation;
- The Shell MERIT Review, involving analysis of data to identify both existing good practices and areas for improvement. Highlighting maintenance deferment opportunities through reliability enhancement and also quantifying benefits and proposing an implementation plan;
- Shell Global Solutions provided support to the client throughout the implementation phase. This included guidance with project management and the introduction of concepts, such as the Shell Risk and Reliability Management System (Shell RRM) and the Routine Planning and Scheduling Workshops. Six-monthly review meetings also allowed our consultants to quantify progress and remedy problems. This also ensured continued effectiveness and implementation of the new maintenance strategy.

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