Teaching an old dog new tricks – Collaboration and alliances

John Boyle – BP

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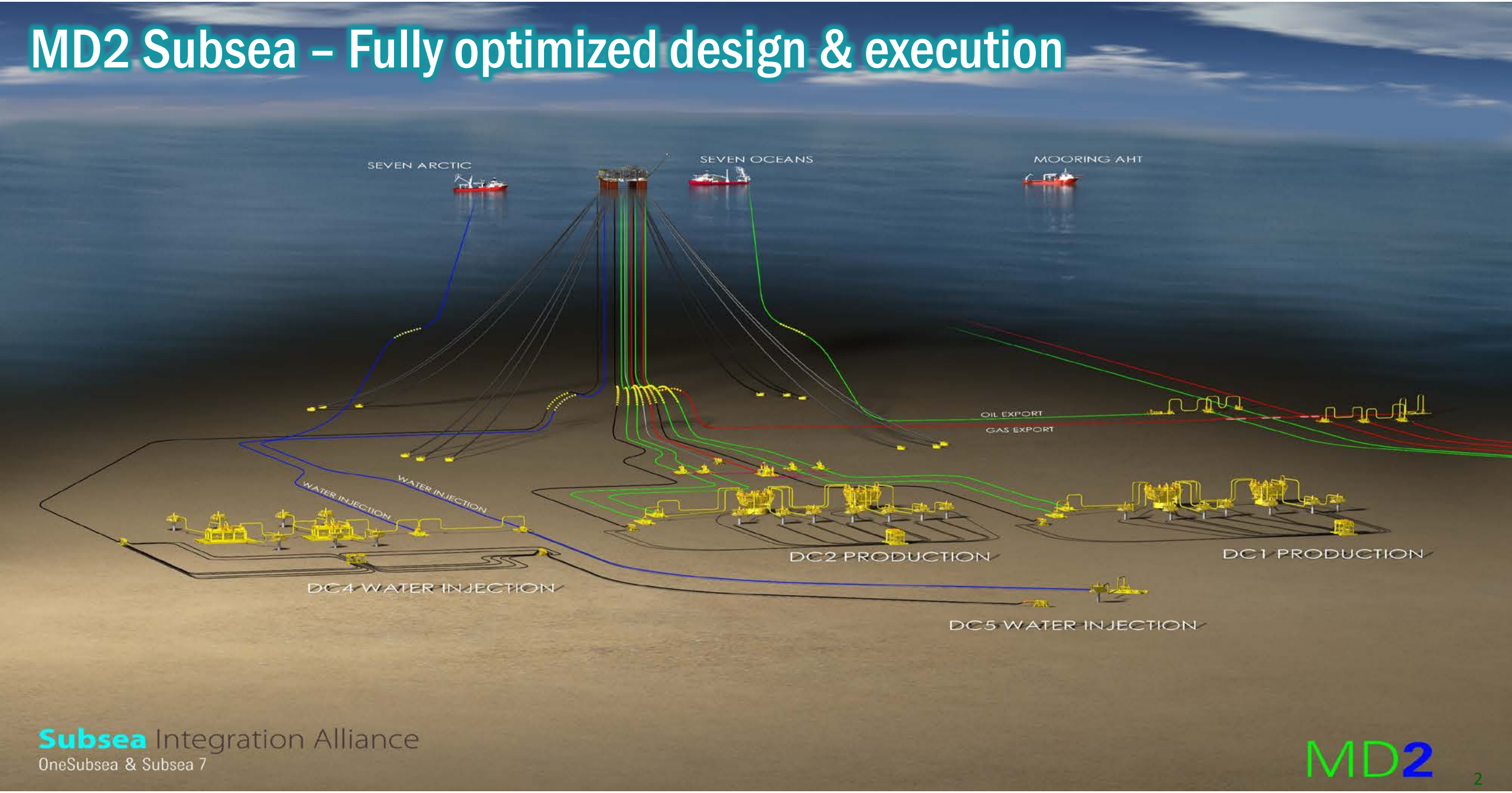
MD2 Subsea – Fully optimized design & execution



Subsea Integration Alliance
OneSubsea & Subsea 7

MD2

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Mad Dog Area Overview

A giant, sub-salt oil field in the Southern Green Canyon area, Gulf of Mexico

Timeline

1998	Mad Dog discovery
2005	MD A-Spar first oil
2009	MD South discovery
2013	Big Dog project recycle
2014	Downturn & need to do more
2017	MD2 project sanctioned <$9bn
2021	MD2 expected start-up

2005 - MDA (Spar)

2021 - MD2 (Semi)

Mad Dog working interest:

BP	60.5%
BHP Billiton	23.9%
Chevron	15.6%

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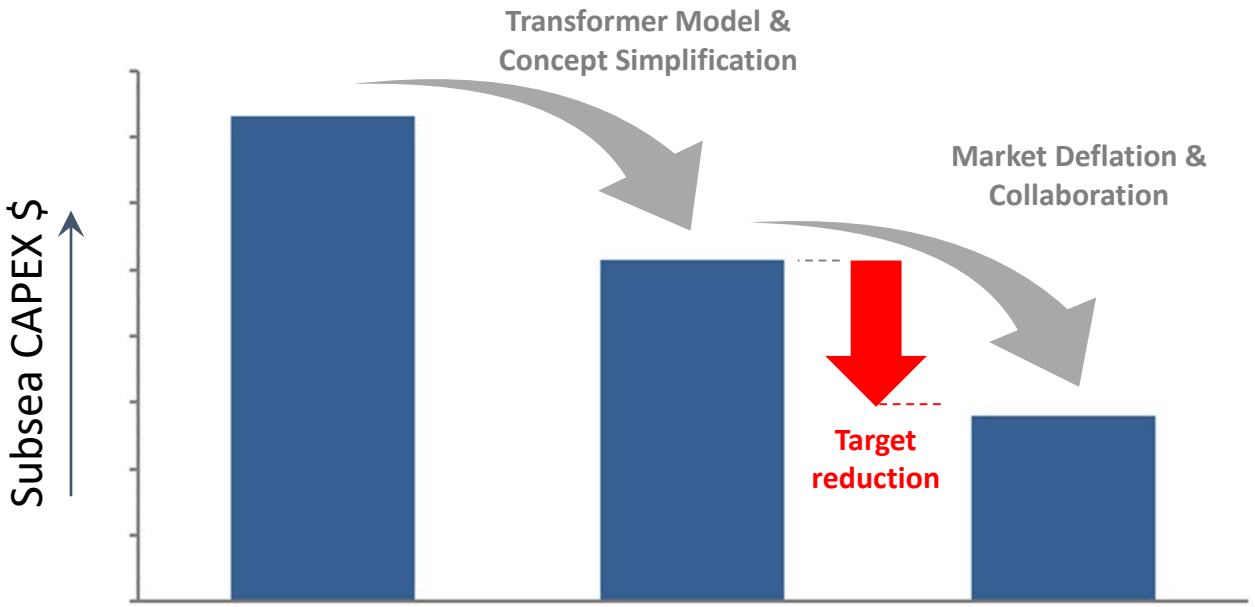
MD2 Subsea CAPEX reduction & deflation

Scope includes: SPS, URF & Export plus FPU Installation



Key enabler for MD2 FID was achieving

45% subsea cost reduction

Resetting MD2 subsea pricing back to BP Atlantis 2006 outturn costs

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The return to Atlantis

Competition & Deflation

- 22% reduction

Note: Benchmarked to IHS sector deflation over the period

Collaborative Contracting

- 23% reduction

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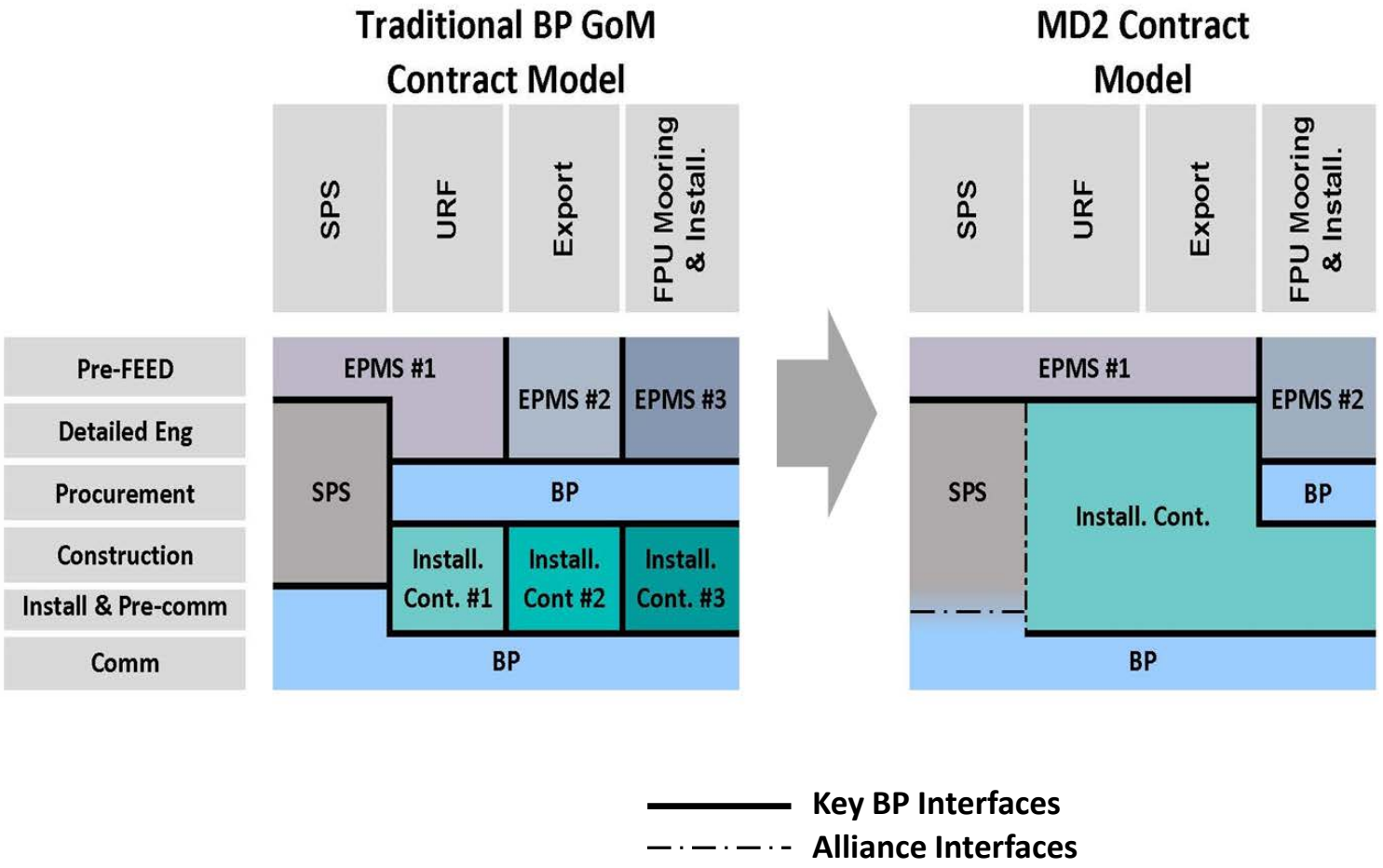
Simplified Contracting Model



Key Changes

- Aligned installation activities under a single contract
- Moved away from BP procured equipment & free issue model
- Adopted an alliance approach

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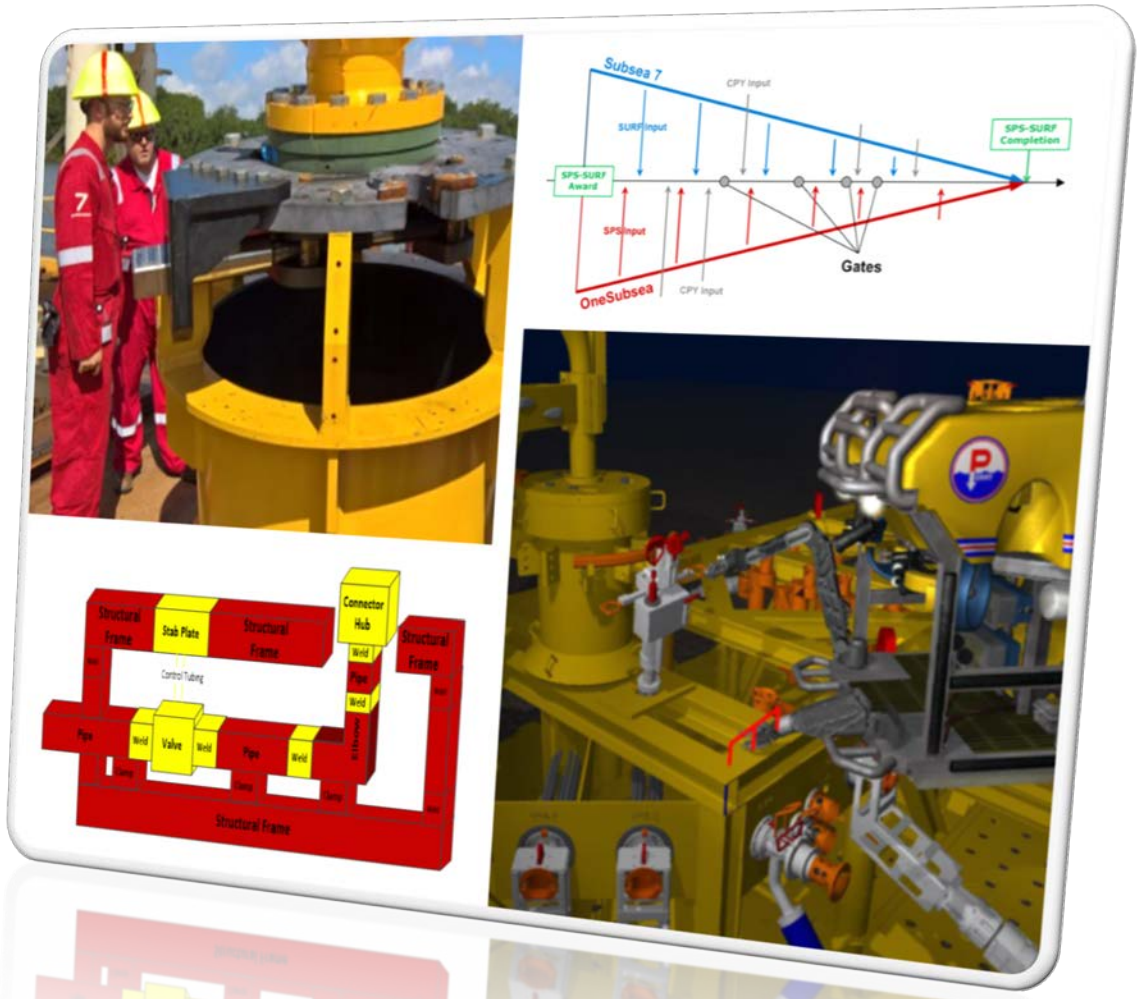
Keeping the Alliance in-check

Benefits	Enablers
CAPEX reductions	Alliance synergies
Simplified interface management	Defined alliance terms in contracts
Reduced owners costs	Joint experience, convergence plan
More efficient execution	Co-location, execution framework



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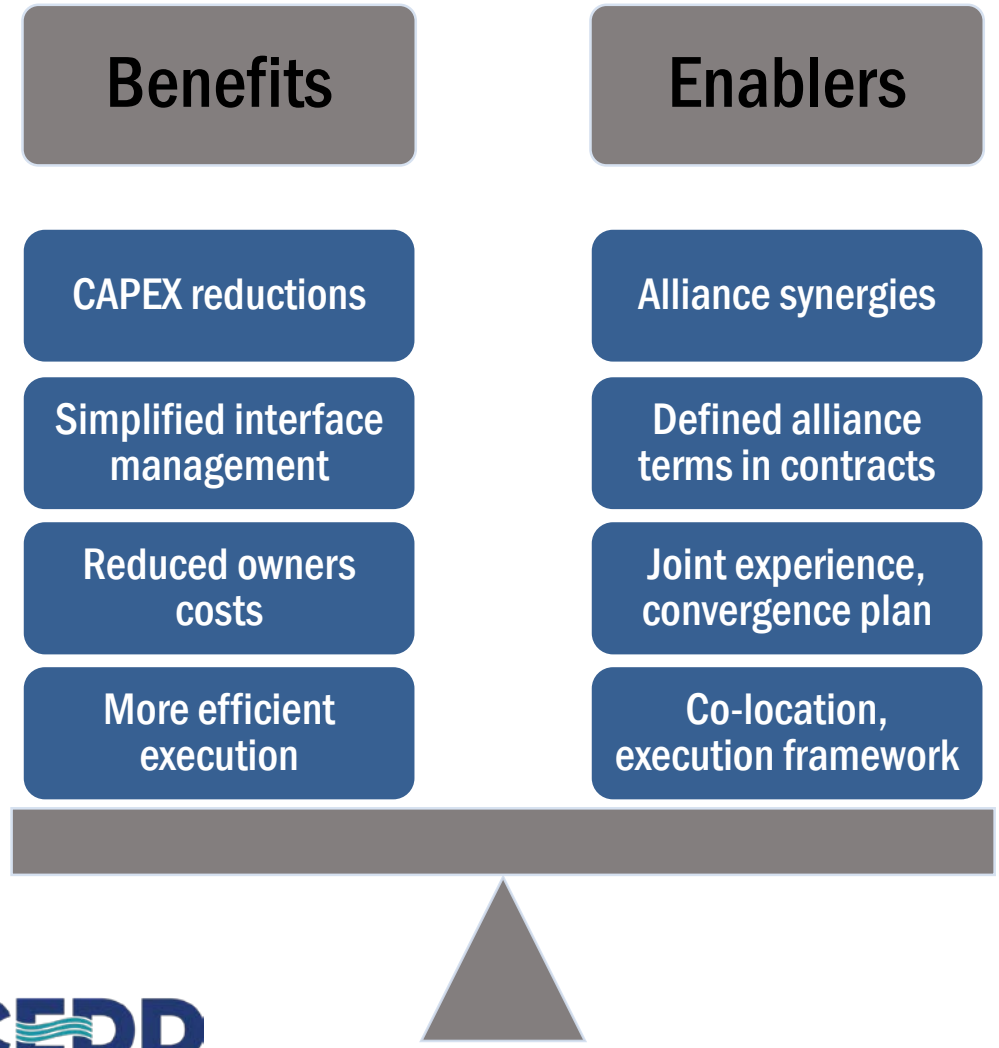
Keeping the Alliance in-check



Next time

- Now that they are more established - Earlier alliance consideration
- Separate versus single combined contract? (SPS & Offshore Installation), consider:
  - Project drivers
  - Bidding needs /Competitiveness
- Regardless, early detailed alignment on:
  - Responsibilities, scope, planning & execution
  - Communication protocols
- Include more scope / remove CPI

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Thank you