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Abstracts of Papers & Posters

Keynote Paper 1

Oil companies exploration strategies in the 21st century

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The oil industry is at a critical stage in its history as oil demand continues to rise to fuel thirsty economies. Even at modest growth rates a 50% increase in current production is forecast by 2020. Demand for gas is likely to outstrip oil. And yet discovery rates have declined dramatically over the past 20 years partly due to finite resources, restricted geography and the reliance on quantitative risk analysis. With the rise of the national oil companies during the same period, they now own 94% of proven reserves and the world will be reliant, once again, on OPEC oil by 2010. The multinationals have seen their reserve base decline 11% just in the last two years while they still own 75% of the market. It's no surprise that strategic alliances are essential to both NOC's and Multinationals.

The upstream industry has been spectacularly unsuccessful in predicting oil price and value loss is being offset by dramatic downsizing and operational efficiency as a strategic objective. But survival demands not only adapting to the changing environment but a commitment to a strategic positioning, which implies trade-offs. The meganational alliances should concentrate on capturing the resources through low risk megaprojects, while the independents need to exploit their strengths as the creative qualitative risk takers.

Appropriate people skills need to be aligned with strategic positioning but only risk takers generate growth where they can capitalize on uncertainty to create opportunity.
