

NorHub Pre-qualified equipment information delivered once and for all

NorHub is an oil & gas industry initiative from OLF. The initiative is supported by, EPIM, Achilles, Sharecat Solutions, PCA and Det Norske Veritas.

Inadequate supplier information and procedures related hereto are costing the NCS oil & gas operators billions of kroner annually in plant start up delays, needless capital expenditure on inventory and procurement/maintenance inefficiencies. Significant revenue losses from unnecessary facility shutdowns may also be experienced.

Meeting the documentation requirements from the operators and supporting the delivery process is an expensive process for the suppliers without necessarily adding value to their products. The cost from this is included in the equipment prices and may form 5-20% of the price depending on type of equipment.

For 2008 NCS equipment procurement was calculated to be NOK 24 billion, leaving a significant scope for cost savings.

These challenges (and costs) are common to all the operators on NCS. So rather than each and one of the operators trying to work out individual solutions; Why not join forces, including the suppliers, to work out a smart and efficient approach to the benefit of all ?

NorHub is building on these principles and will benefit all parties in the industry

NorHub is a single sourced technical information repository for all oil & gas operators and suppliers. The repository will hold and share information on standard equipment which can represent up to 80% of documentation volumes on an asset.

As for Achilles' "Joint Qualification System" (JQS) for suppliers, NorHub will serve as a pre-qualification system for equipment information. Operators on the NCS reference NorHub in their contracts and specifications as the requirement for where they will have their documentation delivered. This will allow the vendors to deliver equipment documentation "once and for all" for the NCS operators.

Based on proven technology (Sharecat) used by several NCS operators, a quick, low risk and cost efficient implementation is possible. Sharecat contains most of the equipment types in use on NCS today

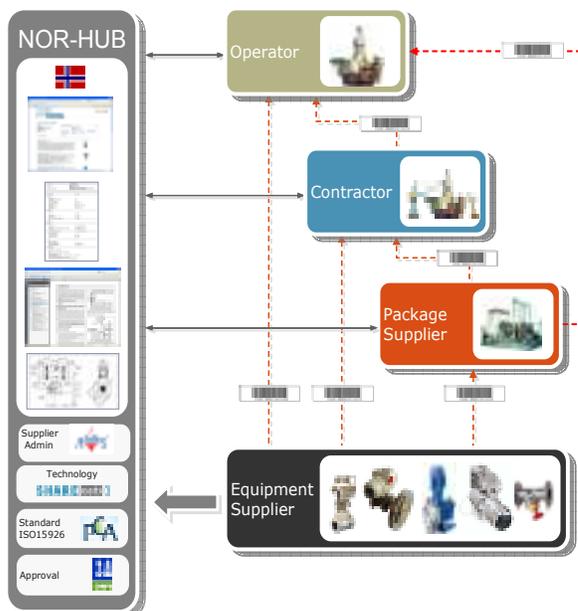
Achilles is a known body to the industry. NorHub will be integrated with their JQS for NCS. Management and administration of the suppliers in NorHub will be taken care of by Achilles.

To secure alignment with the global oil & gas NorHub implement and base the information on ISO15926. PCA will be responsible for this process.

Det Norske Veritas will according to requirements given by the NCS operators perform quality management services

NorHub will be owned and managed by EPIM (Exploration & Production Information Management) on behalf of the NCS operators. Technology and services to implement and operate NorHub will be provided by the 3rd parties supporting the initiative through agreements executed with EPIM.

NorHub will not change any current responsibilities between operators of the supply chain. It is an efficient tool to make quality information available when needed. This information delivery is set up to support efficient use of existing IT systems.



Benefits

NorHub gives access to pre-qualified, classified and quality assured information when needed.

Equipment suppliers deliver information once “and for all” which will reduce their delivery efforts significantly. Delivery schedule for information will be shorter and payment will take place quicker. Sales and sales efficiency will be increased as information about their products are visible in NorHub

Package suppliers will reduce their effort in information expediting, compilation and delivery. This will shorten their delivery schedule to meet delivery milestone in time or earlier. With reduced effort from the equipment supplier there is also a potential for price reductions.

Contractors will gain the same benefits as the package suppliers but potentially on a larger scale.

In the end of the day the operator pays the bill for all deliveries and work efforts taking place in the supply chain. NorHub enables the operator to collect these benefits as well as allowing the supply chain to share some off it.

Having access to quality assured information improves operation efficiencies for assets. The single sourcing of information also enables significant reduction in procurement of spare parts which again leads to reductions/optimisations of inventories.

For the NCS operators alone the NorHub approach can give savings from work efficiencies in the range of NOK 3-500 million annually.

Easier documentation handling for the suppliers can also lead to reduction in equipment prices for the operators. 1% reduction would result in NOK 200 million annually, based on 2008 figures.

Implementation

NorHub is proposed implemented through a membership model where operators, contractors, package suppliers and equipment suppliers all participate. The implementation and operation will be funded through an annual membership fee from the participants.

Our aim is to have NorHub in operation within 6 months.

To secure a successful implementation it is important to have focus on some key areas:

- NorHub need to be part of Operator requirements
- NCS operators need to support Standardised Information requirements
- Continuous promotion to suppliers
- NorHub Need to be open for all suppliers to NCS

NorHub, an initiative from OLF with support from:

