



Rice Global E&C Forum
**Engineering &
Construction**



2014 RICE GLOBAL E&C ANNUAL FORUM

The Impact of the North American Energy Boom on the Global E&C Industry



CROSSFIRE: Competing Views of the Future

MODERATORS:

- Jerry Kavalieratos: Alvarez & Marsal Business Consulting
- Dick Westney: Westney Consulting Group, Inc.

PANELISTS:

- Chuck McConnell: Leader - Rice University Energy & Environment Initiative
- Greg Sills: Chief Development Officer and EVP – Cobalt Energy
- Bob Tippee: Editor, Oil & Gas Journal
- Curt Watson: President, Process Plants & Industrial, Wood Group Mustang

www.forum.rice.edu

Our Session Today



Trends, like horses, are easier to ride in the direction they are going.



John Naisbitt author of Megatrends

Our Session Today



- While no-one can predict the future, our industry requires us to make well-informed forecasts and plans.
- The best forecasts consider as many different perspectives as possible
- Four experts will provide different perspectives on where our industry is headed
- Format: combo of Oxford debate with TV news shows
- You participate via ARS and Q&A

Our Panel

Chuck McConnell



Former US Assistant Secretary of Energy, now Leader of the *Rice University Energy and Environment Initiative*

Bob Tippee

Editor
Oil & Gas Journal



Curt Watson



President, Process Plants & Industrial
Wood Group Mustang

Greg Sills



Chief Development Officer
Cobalt International Energy

Format for each Proposition



Ask the Audience



Panel Discussion



Q&A



Ask the Audience

Audience Response System (ARS) Warmup

Proposition: *The Houston Texans will make the playoffs*



1: Strongly disagree

Maybe in my lifetime, but not THIS year!

2. Disagree

3. Neither agree nor disagree

(I'm too wimpy to decide)

4. Agree

5. Strongly agree

With O'Brien coaching, Watt & Clowney on defense, and Fitzpatrick at QB (ok, maybe not him), this is the year!



Prop. #1: Megaprojects, as we know them, are a thing of the past



Prop. #1: Megaprojects, as we know them, are a thing of the past (1)



1: Strongly disagree

Megaprojects are here to stay – economies of scale make them inevitable

2. Disagree

3. Neither agree nor disagree

4. Agree

5. Strongly agree

Can you say “dinosaur”? ... they are too big NOT to fail



Prop. #1: Megaprojects, as we know them, are a thing of the past



Prop. #1: Megaprojects, as we know them, are a thing of the past



“30 – SECOND RULE

Prop. #1: Megaprojects, as we know them, are a thing of the past (2)



1: Strongly disagree

Megaprojects are here to stay – economies of scale make them inevitable

2. Disagree

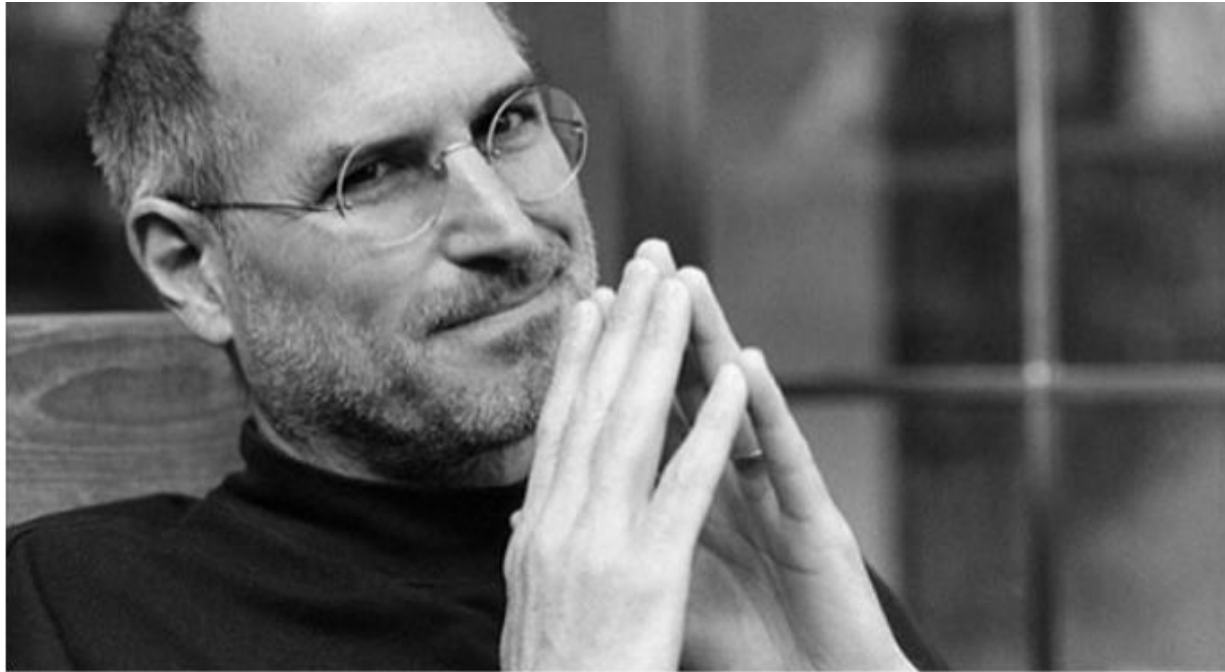
3. Neither agree nor disagree

4. Agree

5. Strongly agree

Can you say “dinosaur”? ... they are too big NOT to fail





“[Apple] seems to have two options. The first is to break itself up, selling the hardware side. The second is to sell the company outright.”

- The Economist, '95

“Apple as we know it is cooked. It's so classic. It's so sad.” - Research analyst quoted in the New York Times, '96

“Apple went from hip to has-been in just 19 years.” BusinessWeek, '96

“By the time you read this story, the quirky cult company... will end its wild ride as an independent enterprise.” - Fortune, '96

“Apple is already dead.” - Nathan Myhrvold, Microsoft CTO, '97

“Admit it. You're out of the hardware game.” - Wired, '97

“What would I do? I'd shut it down and give the money back to the shareholders.” Michael Dell, Dell CEO, '97

Prop. #2: Unconventional hydrocarbon development & production, as we know it, is unsustainable



Prop. #2: Unconventional hydrocarbon development & production, as we know it, is unsustainable (1)



1: Strongly disagree

Shale oil & gas just keeps getting bigger and will continue to do so

2. Disagree

3. Neither agree nor disagree

4. Agree

5. Strongly agree

Don't frack in MY backyard!!



Prop. #2: Unconventional hydrocarbon development & production, as we know it, is unsustainable



Prop. #2: Unconventional hydrocarbon development & production, as we know it, is unsustainable



“30 – SECOND RULE

Prop. #2: Unconventional hydrocarbon development & production, as we know it, is unsustainable (2)



1: Strongly disagree

Shale oil & gas just keeps getting bigger and will continue to do so

2. Disagree

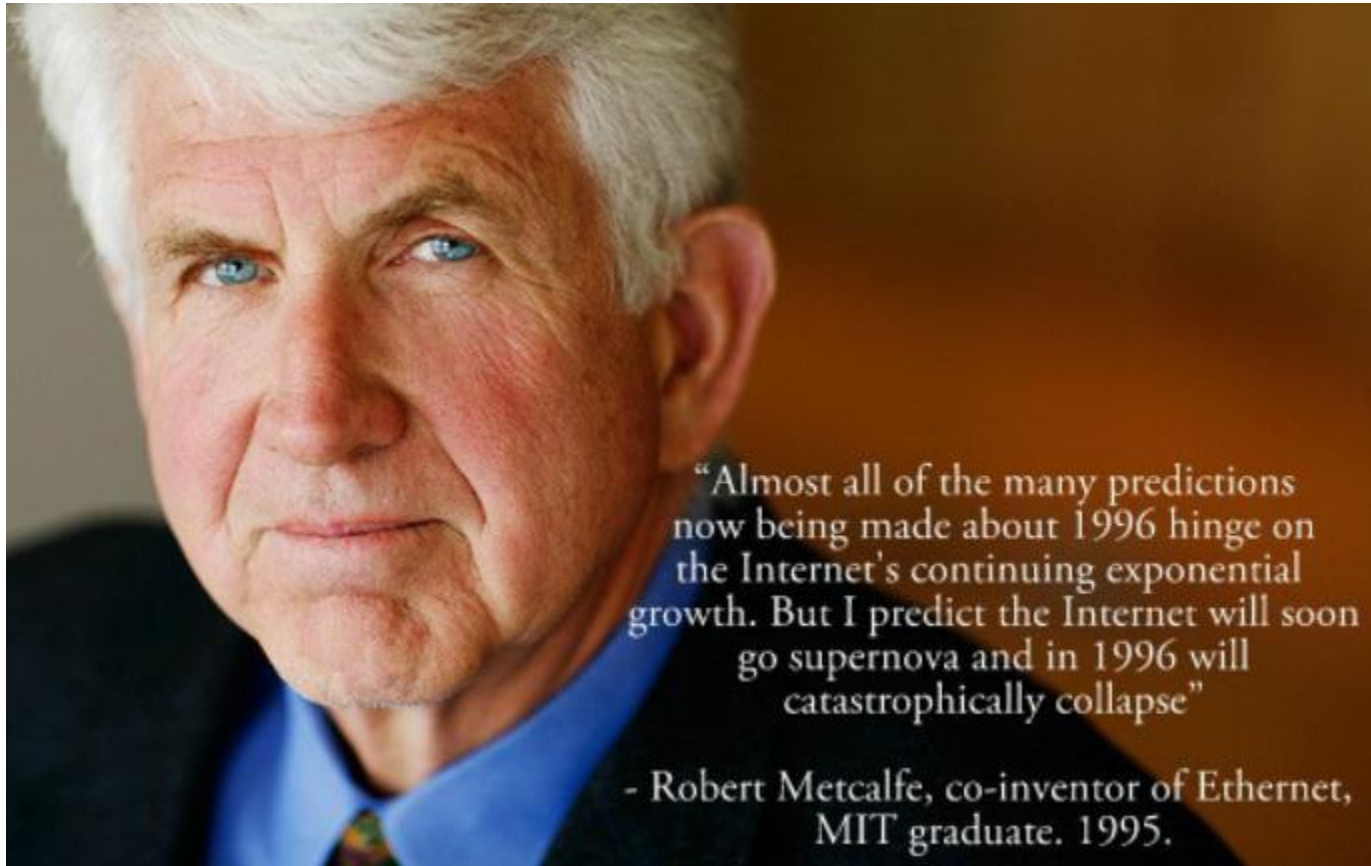
3. Neither agree nor disagree

4. Agree

5. Strongly agree

Don't frack in MY backyard!!





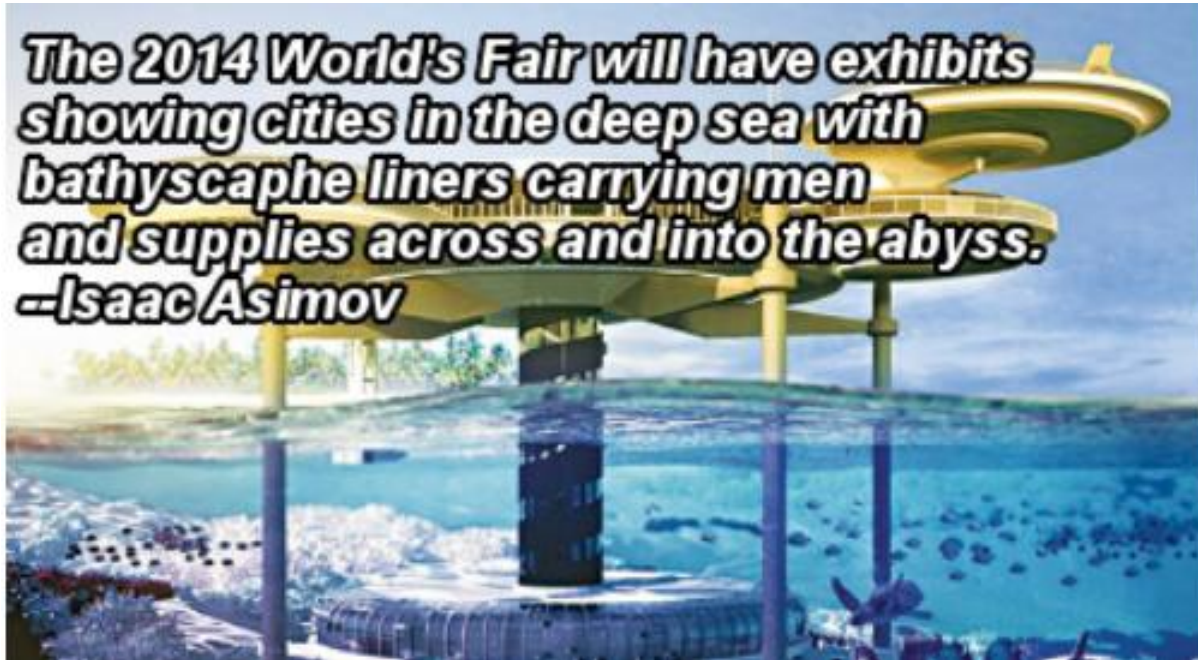
“Almost all of the many predictions now being made about 1996 hinge on the Internet's continuing exponential growth. But I predict the Internet will soon go supernova and in 1996 will catastrophically collapse”

- Robert Metcalfe, co-inventor of Ethernet, MIT graduate. 1995.

Prop. #3: E&C Contractors and suppliers are not doing enough to control project costs



***The 2014 World's Fair will have exhibits
showing cities in the deep sea with
bathyscaphe liners carrying men
and supplies across and into the abyss.
--Isaac Asimov***



Prop. #3: E&C Contractors and suppliers are not doing enough to control project costs (1)



1: Strongly disagree

Gimme a break! You can't get blood from a stone!

2. Disagree

3. Neither agree nor disagree

4. Agree

5. Strongly agree

Let's face it ... we could do a lot more!



Prop. #3: E&C Contractors and suppliers are not doing enough to control project costs



Prop. #3: E&C Contractors and suppliers are not doing enough to control project costs



“30 – SECOND RULE

Prop. #3: E&C Contractors and suppliers are not doing enough to control project costs (2)



1: Strongly disagree

Gimme a break! You can't get blood from a stone!

2. Disagree

3. Neither agree nor disagree

4. Agree

5. Strongly agree

Let's face it ... we could do a lot more!





"Given a compact power source ... the house of the future would have no roots tying it to the ground. Gone would be water pipes, drains, power lines; the autonomous home could therefore move, or be moved, to anywhere on earth at the owner's whim.

The time may come, therefore, when whole communities may migrate south in the winter, or move to new lands whenever they feel the need for a change of scenery."

**ARTHUR C. CLARKE, 1966
DESCRIBING THE YEAR 2001**

Prop. #4: The USA does not have a comprehensive energy policy



Prop. #4: The USA does not have a comprehensive energy policy (1)



1: Strongly disagree

Of course we have an energy policy ... you may not be able to read it but it is definitely there.



2. Disagree

3. Neither agree nor disagree

4. Agree

5. Strongly agree

We clearly don't have an energy policy of any sort!

Prop. #4: The USA does not have a comprehensive energy policy



Prop. #4: The USA does not have a comprehensive energy policy



“30 – SECOND RULE

Prop. #4: The USA does not have a comprehensive energy policy (2)



1: Strongly disagree

Of course we have an energy policy ... you may not be able to read it but it is definitely there.

2. Disagree

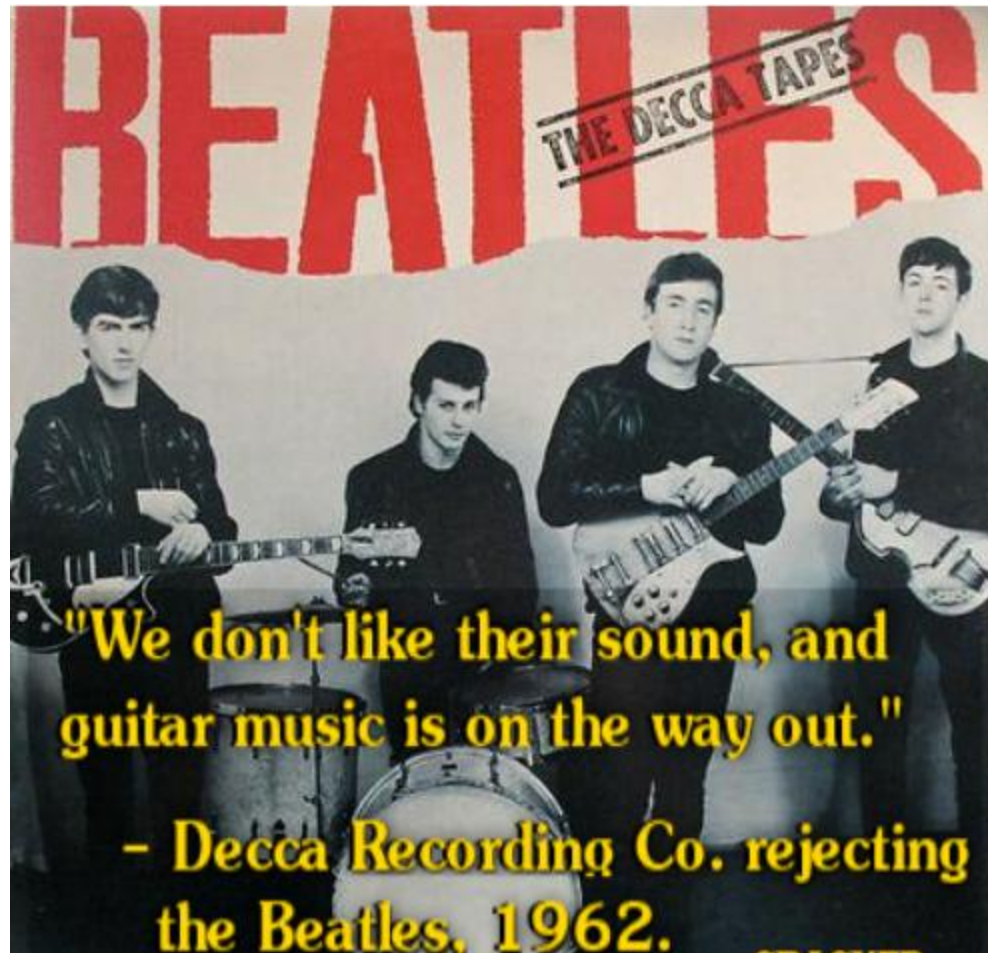
3. Neither agree nor disagree

4. Agree

5. Strongly agree

We clearly don't have an energy policy of any sort!





Prop. #5: Wildcard ideas will change the way projects are done



Prop. #5: Wildcard ideas will change the way projects are done (1)



1: Strongly disagree

We don't need no new ideas ... the way we do projects is just fine!

2. Disagree

3. Neither agree nor disagree

4. Agree

5. Strongly agree

There are a lot of great ideas and technologies out there, and they will transform our industry!



Prop. #5: Wildcard ideas will change the way projects are done



Prop. #5: Wildcard ideas will change the way projects are done



“30 – SECOND RULE

Prop. #5: Wildcard ideas will change the way projects are done (2)



1: Strongly disagree

We don't need no new ideas ... the way we do projects is just fine!

2. Disagree

3. Neither agree nor disagree

4. Agree

5. Strongly agree

There are a lot of great ideas and technologies out there, and they will transform our industry!



Hope you enjoyed it!



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