



Extreme Margin and Cost Cutting,

Maximizing Project Value Beyond Cost Cutting

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GENERAL SESSION

**Sr. Vice President Major Projects,
Flint Energy Services Ltd**



REPOSITIONING THE PROJECTS BUSINESS IN A WORLD WITH CHANGING BOUNDARIES

Forward-Looking Information Statement

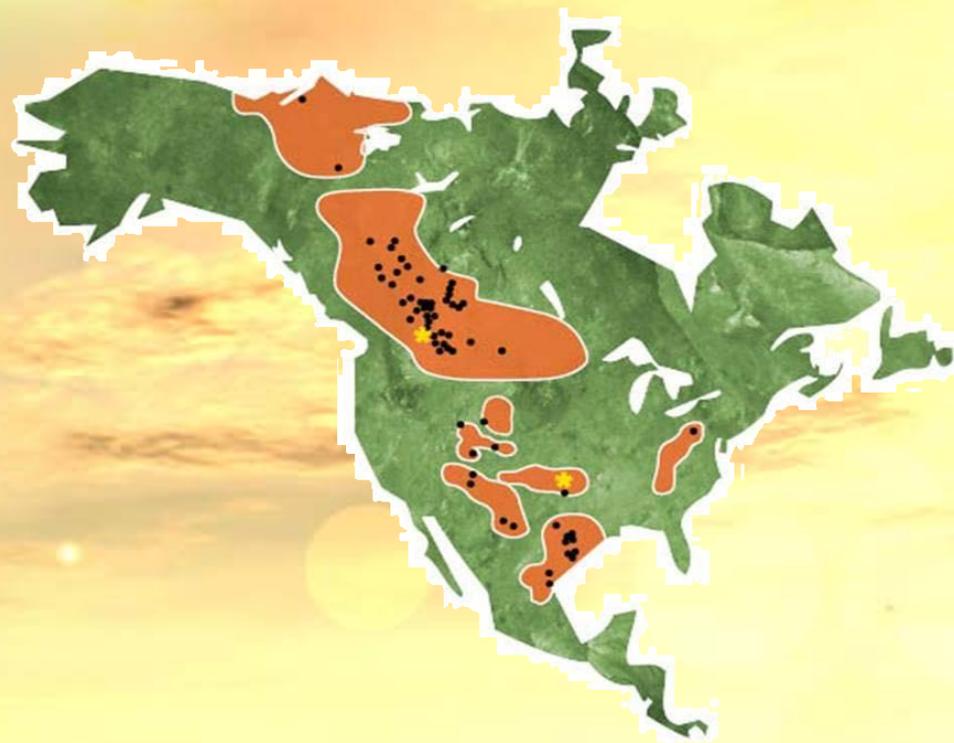
This presentation contains forward-looking statements concerning the Company's projected operating results and anticipated capital expenditure trends and drilling activity in the oil and gas industry. Actual events or results may differ materially from those reflected in the Company's forward-looking statements due to a number of risks, uncertainties and other factors affecting the Company's business and the oil and gas industry generally.

These risk factors include, but are not limited to risks and uncertainties described under the heading "Risk Factors" and elsewhere in the Company's Annual Information Form for the year ended December 31, 2010, and other documents filed with Canadian provincial securities authorities, which are available to the public at www.sedar.com.

Unless otherwise indicated, all financial information in this presentation is in Canadian dollars and in accordance with Canadian generally accepted accounting principles.

Flint Energy Services at a Glance...

- \$1.6 Billion in Revenue in 2010
 - \$2.2 Billion in Revenue in 2008
- Employs 9,000+ people North America
- Employs 2,000+ people USA
 - 12,000 employees in 2008
- Alberta's 8th largest employer (Ranked by AB Venture Business)
- Best Workplace: Health and Safety 2010 (Ranked by Alberta Venture)



Full-Cycle Services

OILFIELD SERVICES



PRODUCTION SERVICES



FACILITY INFRASTRUCTURE / Major Projects



MAINTENANCE SERVICES



Early cycle



Late cycle



Upstream Drilling



Midstream Production



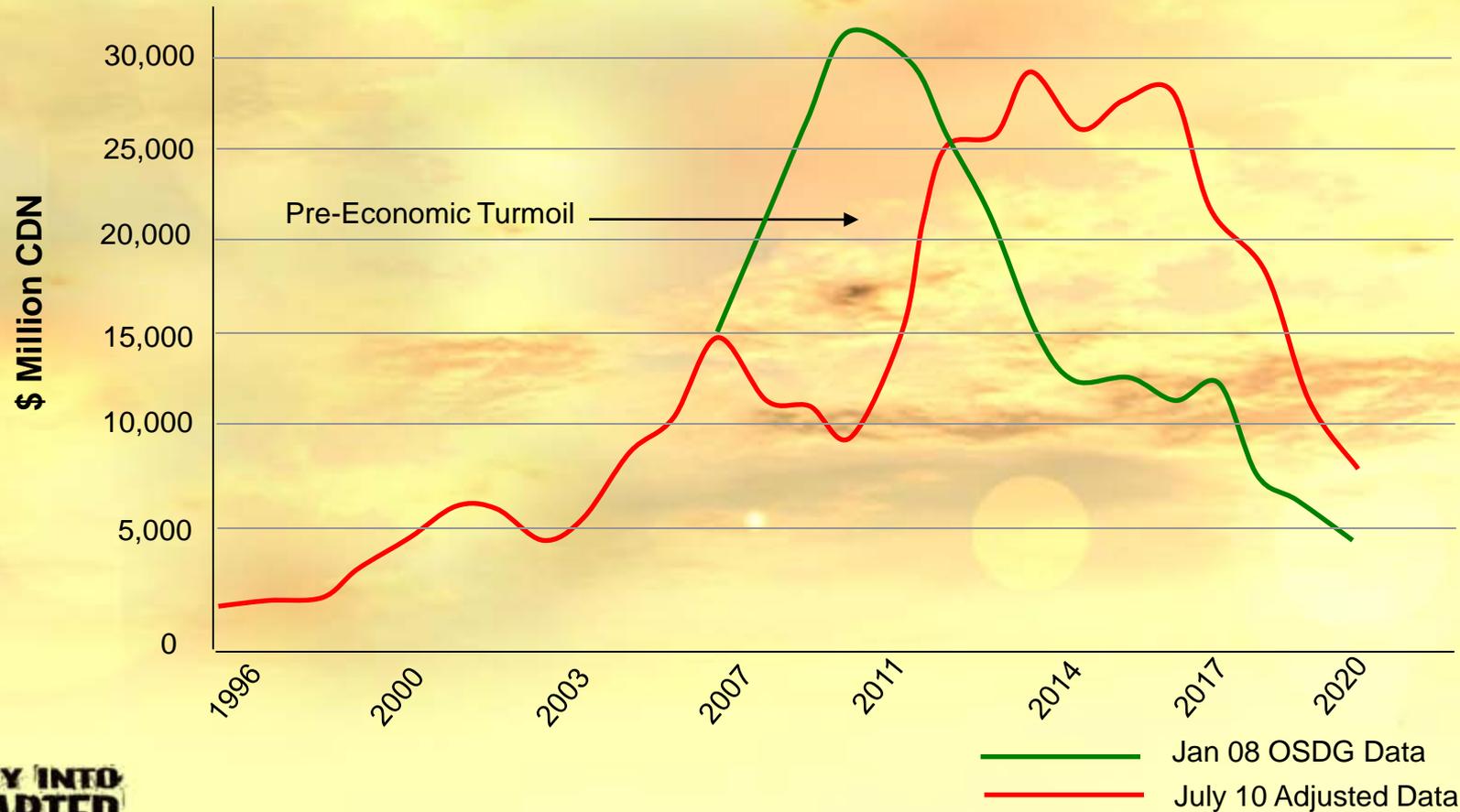
Downstream Refining

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Transportation, Construction, Manufacturing & Maintenance

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Oilsands Market Trends - CAPEX

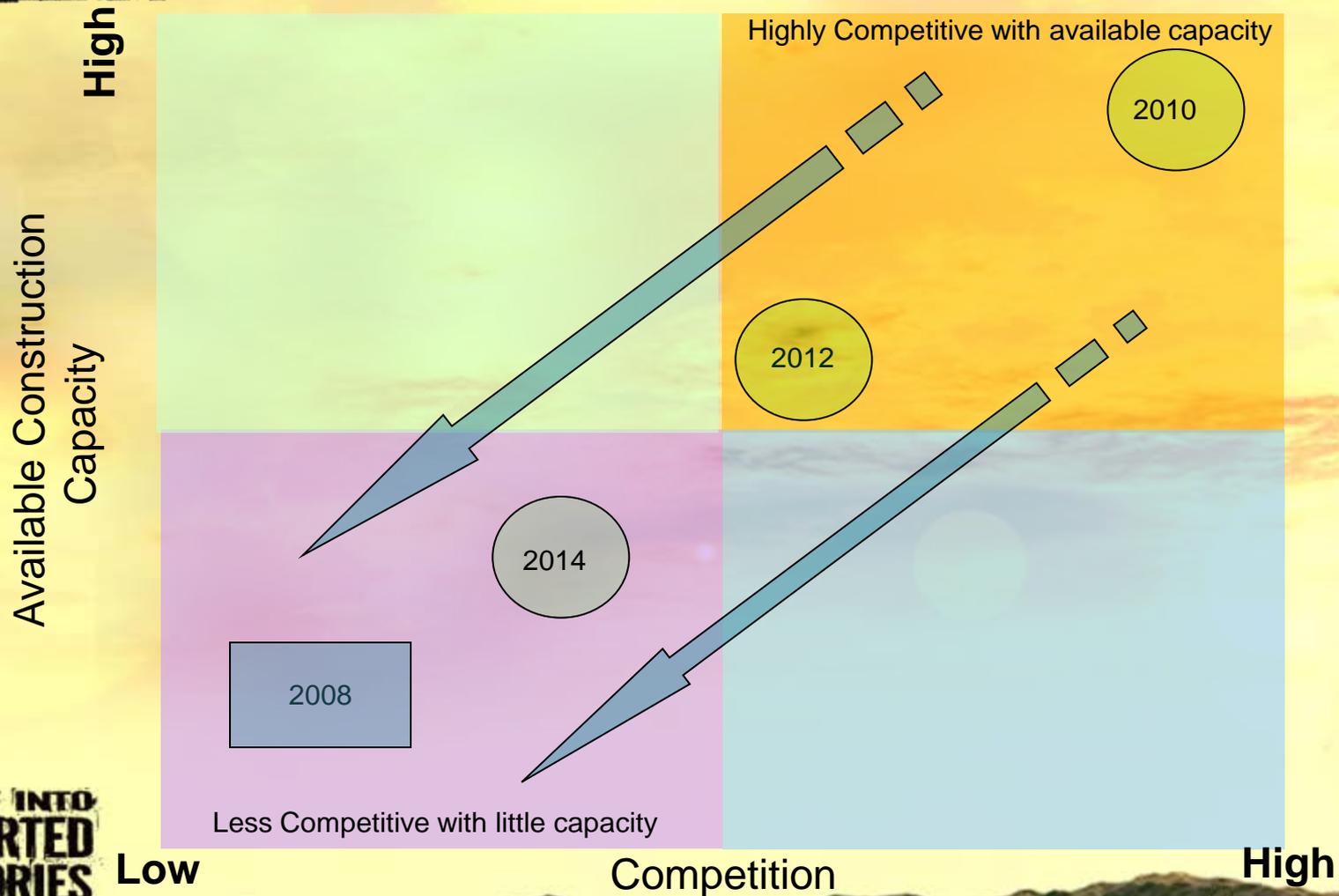


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Source: Oilsands Developer Group Presentation

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Oilsands: Yesterday, today and tomorrow's Market...!



Quantifying Value

Customers generally perceive Value in the following way:

$$\text{Value} = \frac{\text{Results} + \text{Quality}}{\text{Cost} + \text{C.A.C}}$$

- Results: performance, schedule and adherence to commitments
- Quality: includes actual quality, safety, level of sophistication
- Cost: the relative cost as compared to alternatives
- C.A.C: Customer's Access Cost= Client's cost of doing business with you

Formula Reference: Value Profit Chain
Heskett, Sasser, Schlesinger

Customer Value Equation

- Customers perception of value changes over the life cycle of a project.
- Different Stakeholders perceive value differently.
- Projects can be generally described in 3 phases:

Award Phase

$$\text{Value} = \frac{\text{Results} + \text{Quality}}{\text{Cost} + \text{C.A.C}}$$

Execution Phase

$$\text{Value} = \frac{\text{Results} + \text{Quality}}{\text{Cost} + \text{C.A.C}}$$

Turnover Phase

$$\text{Value} = \frac{\text{Results} + \text{Quality}}{\text{Cost} + \text{C.A.C}}$$

Supply Chain Value ----- Project Mgmt. Value ----- Operations Value

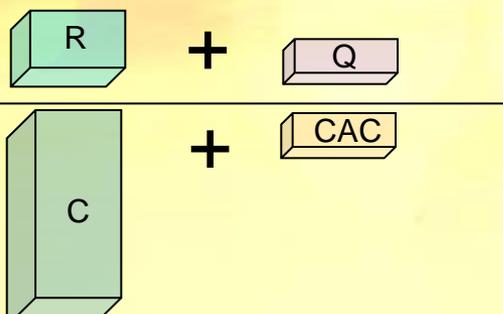
Customer Value Equation

Example Case: Customer Y 2010

Past Scenario with abundance of Construction Capacity

Owners Award Criteria (provided):

- Technical 10% (Team, Process, Systems, Quality, Competence, etc.)
- Commercial 80%
- Safety 5% (Quality)
- C.A.C 5%

$$\text{Value} = \frac{\text{Results (10\%)} + \text{Quality (5\%)}}{\text{Cost (80\%)} + \text{C.A.C (5\%)}} \approx \frac{\text{R} + \text{Q}}{\text{C} + \text{CAC}}$$
The diagram illustrates the Customer Value Equation using 3D rectangular blocks. The numerator consists of a light blue block labeled 'R' and a light purple block labeled 'Q', separated by a plus sign. The denominator consists of a tall light blue block labeled 'C' and a light purple block labeled 'CAC', also separated by a plus sign. An approximation symbol (≈) is placed between the fraction and the block-based representation.

Customer Value Equation

Example Case: Customer X 2011+

Today's scenario in a market that is quickly heating up!

Owners Award Criteria (provided):

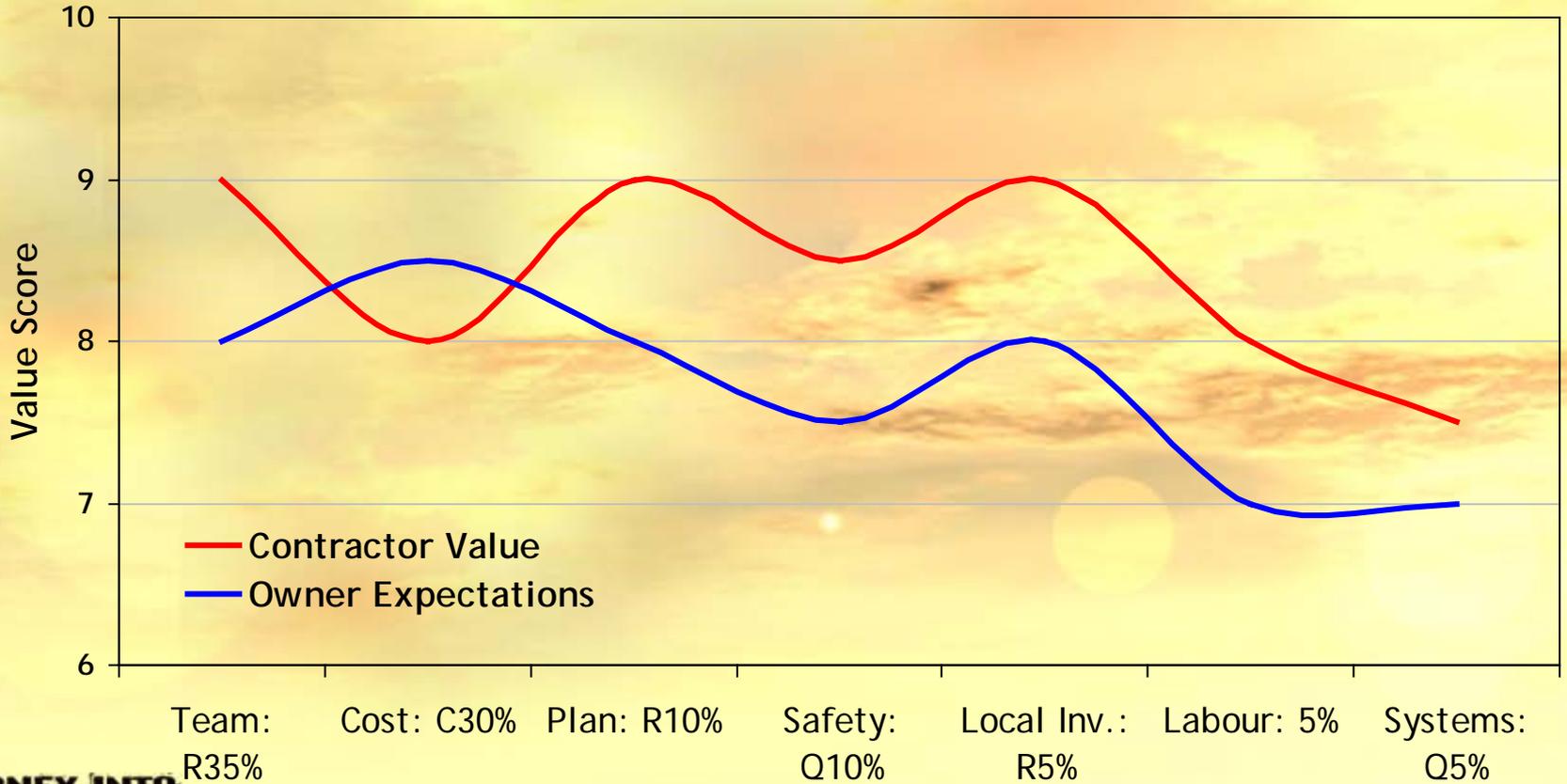
- Technical 50% (Team, Process, Systems, Quality, Competence, etc.)
- Commercial 30%
- Safety 15% (Quality)
- Community Involvement 5%

$$\text{Value} = \frac{\text{Results (50\%+5\%)} + \text{Quality (15\%)}}{\text{Cost (30\%)} + \text{C.A.C (\sim 0\%)}} \approx \frac{\text{R}}{\text{C}} + \frac{\text{Q}}{\text{CAC}}$$

Modeling Value Offering

Value Alignment: Contractor and Customer X

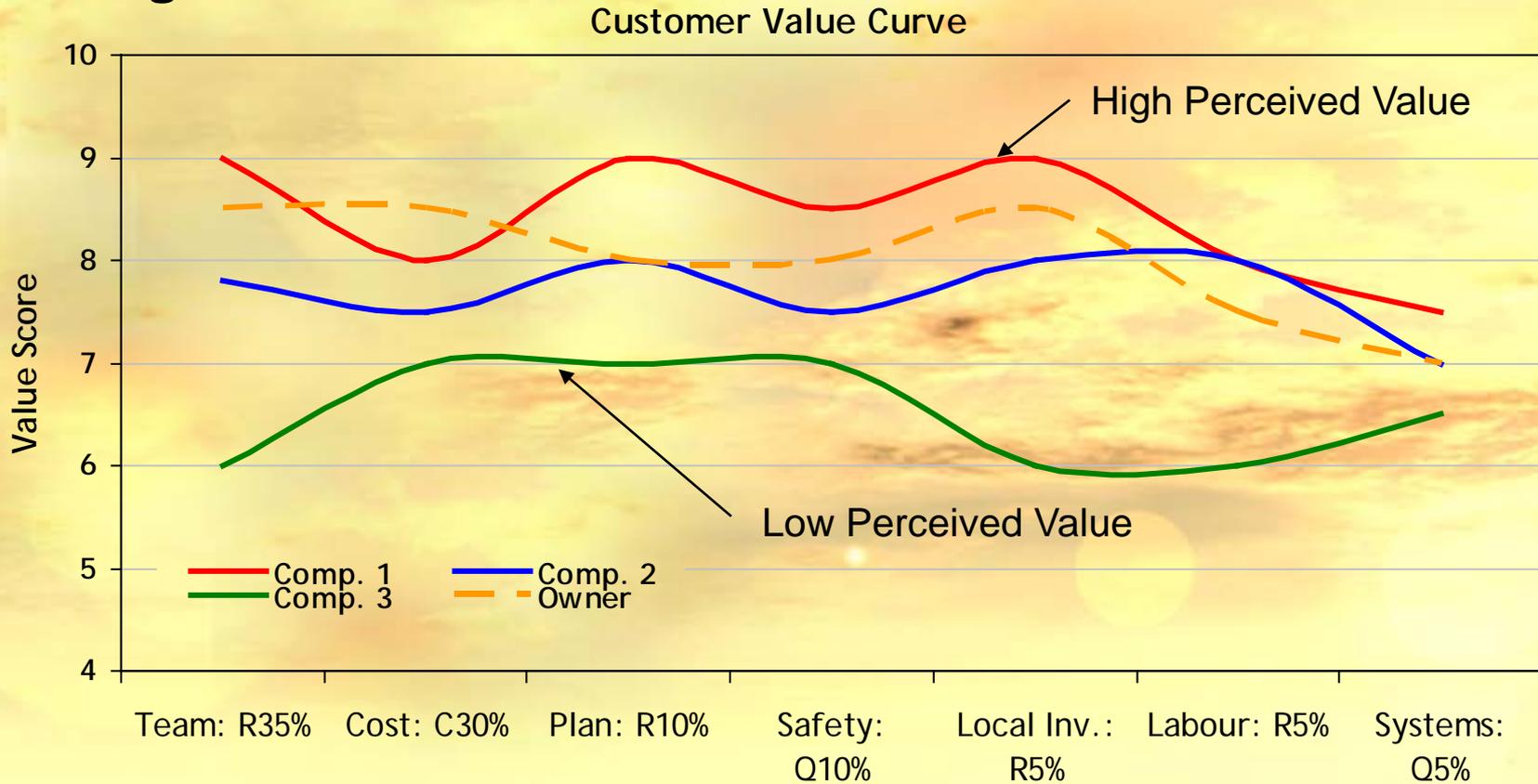
Customer Value Curve



Value Criteria (Weighed by Customer Perception)

Modeling Value Offering

Value Alignment: Customer X



Value Criteria (Weighed by Customer Perception)

Maximizing Value

Commercial Model:

- Lump Sum \longleftrightarrow Reimbursable/fixed components
 - Align the contract with the market conditions
 - Engineering readiness and Material status
 - Reduce unacceptable levels of Risk transfer

Short term vs. Long term:

- Project \longleftrightarrow Program Mentality
 - Increase Contract's utilization of resources:
Labour and equipment
 - Implement Lessons Learned and KPI performance management culture

Maximizing Value

Alignment of Strategic organizational goals:

- Contractual Relationship \longleftrightarrow Collaboration
 - Greater collaboration between Owner and Contractor
 - Align the Commercial model
 - Award success

Questions

Thank You

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