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
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

1. Ask the Audience
2. Panel Discussion
3. Q&A
4. 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
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“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!*
"We don't like their sound, and guitar music is on the way out."

- Decca Recording Co. rejecting the Beatles, 1962.
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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