



# Stewart Johnston

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## Career Synopsis

Until recently, Vice President of IHS based in Dubai with responsibility for Consulting in the Oil and Gas Sector in the region. Now an independent consultant with over 30 years' experience in the oil and gas industry, both as a consultant and working directly for an oil company. Previously, a director of Schlumberger Business Consulting, a Senior Vice President and leader of the Global Energy Practice of Arthur D. Little/CRAI, and Managing Director of its UK operations.

Concentrates on providing consulting advice to national and international Oil Companies in the area of strategy development, business performance improvement, value creation and strategic due diligence.

## Representative Functional Expertise

### Strategy Development

- Advised a major Middle East NOC on their move into the development of Unconventional Resources. The analogies of the US development were taken on board and they have embarked on a major pilot study.
- Developed a strategy for a major Middle East Drilling Contractor to allow them to expand internationally. This was implemented and the company now operates in five countries with three times the number of rigs.
- Development of a long-term E&P strategy for a Middle East national oil company, building robust strategic options to deliver on their growth targets for the next 20 years. The strategy was implemented and the target set as to daily production is still in place.
- Developed a strategy for a Middle East Bank as to how it could invest in the Oil and Gas and Service sector. The bank subsequently invested in the O&G and Service sector to promote value creation.
- Development of a strategy for a Middle Eastern Islamic investment house to create and establish a new Energy sector investment vehicle and operating company in the Gulf. The \$1 billion fund was successfully launched with presentations at the fund debut.
- Led a project for the Republic of Uzbekistan developing an overall energy strategy for the country. The assignment was funded by the European Commission and was undertaken over a 12-month period. This policy has been implemented over time making the country an attractive country for investment.

### Strategic Due Diligence, Fiscal Terms and Negotiations Advice

- Led a strategic due diligence exercise advising a Far East Sovereign Fund on their successful multi-billion acquisition of a suite of E&P assets from a European super major. This involved the Due Diligence of over 350 global assets and a final valuation which allowed our client to successfully bid at c. 50% of original asking price. This was a landmark consulting case involving over 50 people across the consulting organisation.
- Led a team advising a European super major on the acquisition of a billion dollar investment in European E&P assets which allowed them to purchase at a significant discount to asking price.
- Responsible for the financial analysis and valuation of a major European integrated Oil Company for a client interested in purchasing a substantial minority interest which resulted in one of the first ME Sovereign Funds significantly investing in a European Major.
- Led a project for Kazakhstan authorities reviewing the administrative, economic and legal arrangements for the successful introduction of foreign and private investment in the petroleum industry. This has led to the activity in the Kazakh E&P sector that we see today.
- Advised the government of Turkmenistan on fiscal changes required to attract further investment. This resulted in changes in the O&G law within eight weeks of our report being presented.
- Secondment to a major oil and gas company acting as financial consultant as part of a commercial team. The project related to a major gas condensate field in Kazakhstan. This was a multi-billion dollar investment, which the client was awarded against very strong super major opposition.

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- Advised a major independent on the possible selling price of the rights to develop a major multi-billion asset in Kazakhstan. This allowed the client to decide to invest in development rather than sell the rights to such.

### Technology Strategy

- Undertook a major exercise in identifying the requisite components of subsurface excellence for an IOC, which allowed the company to identify future technology needs and current technological skills gaps.
- Assessment of technology performance across the value chain for a leading IOC for comparison against its top super major competitors to determine areas of strength and to identify areas of focus for performance improvement. This allowed the company to invest more effectively across the energy value chain as to what was identified as future technology trends.
- Project Manager for an assignment which benchmarked onshore activity for four German oil and gas companies in terms of exploration, drilling and production. The assignment also involved comparisons with international benchmarks. Led to a 25% performance improvement in drilling operations of all participants.
- Initiated and annually led a Global Drilling Benchmarking exercise, on a regional basis. This exercise resulted in operators reducing annual drilling costs by as much as 25% through new technology implementation and process improvement. This exercise has also included significant studies of contracting trends; written and presented numerous international conference papers.
- Directed a reserves development benchmarking undertaken for Lagoven, a PDVSA subsidiary. The case identified best practices in comparable operations worldwide and developed technology performance goals for Lagoven's eastern and western divisions, which were implemented.
- Led a major project in the Middle East benchmarking the drilling performance of Petroleum Development Oman, whose annual drilling budget was in excess of \$400 million. The implementation of the recommendations led to a 10% cut in drilling costs due to technology innovations and improved efficiency.

### Organizational Re-design

- Undertook a major Business Process Re-Engineering exercise for a major North African NOC. Allowed the European Major in the JV to push through changes to improve the operations of the jointly owned company.
- Advising an IOC on the required business model to adopt to develop an international business in Tight Gas. This allowed the company to adapt and adopt its business model to allow successful operation of such operations.
- Diagnostic of the restructuring of a major NOC in the Middle East. This involved re-designing the organisation from a traditional functional focus to a business-focused asset-based organisation. This resulted in the restructuring of the entity into an asset focussed organisation producing gains in efficiencies and cost.
- Led the restructuring of a major utility concern in the Middle East. This was the bringing together of four separate regional electricity companies into one Generation, Transmission and Distribution organisation.
- Led an assignment where the company, a major North Sea operator, was proposing to integrate two business units as a result of internal and external pressures to deliver operational efficiencies. The integration was completed three months ahead of schedule with the launch of a new organisation structure for the business unit. A feature of this design was the full integration of key contractors into the client organisation to deliver operational cost efficiencies via manpower synergies. As a result the savings exceeded the stretch targets set (\$40 million in year one vs. \$25 million target). This was achieved without any short-term loss in integrity, HS&E or business performance.
- Led a case for an international major to assess the minimum information needs for effective management of a newly devolved corporate structure relying on substantial outsourcing. Identified the key factors (management and IT needs) for success and the internal barriers to change within the client in terms of culture, risk and responsibility.
- Project Manager over a period of two years on a review of the management information systems and financial management techniques of an Eastern European country's national oil company. This also involved participation in the restructuring of the national oil company as it moved towards more western techniques.

### Performance Improvement and General Management

- Significant experience in PI and general management.

### Education and Training

- Member of the Institute of Chartered Accountants of Scotland (1981).
- Bachelor of Accountancy, Glasgow University (1975 – 1978).