

Integrating Peer Review and Lookbacks into Risk Analysis and Decision Making

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Pioneer's driver for rationalizing its portfolio management process resulted from the need for consistent assessment of project potential and chance of success across the company. Consistency was achieved at each stage of portfolio management through implementation of risk & size analysis, training and a rigorous peer review process. Once consistency was achieved and demonstrated by tracking the predicted versus actual results at each decision point, i.e. lookbacks, management could apply portfolio analysis into their decision making. These steps and processes built confidence that right decisions and course of action were being pursued, executed, and that results fit strategic goals. Lookbacks are touted as the way to know if your projects ever achieve the payout expected. While we at Pioneer don't disagree with this, we do believe that if we wait until the economics play out, too much time will have passed between the project completion and opportunity to adjust technical assumptions. The conclusion was obvious; looking back only helps if it helps you look ahead. To make informed adjustments to the prospect, play or portfolio.

This presentation will explore how peer reviews and lookbacks can be used as an effective tool for improving assessment and selection of projects and plays. At Pioneer this is accomplished not by looking at projected economics only, but by tracking the measurable and timely technical assumptions that were used in determining the economic forecast - a reality check to see if reasonable ranges utilized and if tracking expectations. Then, we can evaluate each decision point separately on a cost forward basis or collectively on a full cycle cost basis. This information can be used to modify plans, test analog assumptions, calibrate and improve decisions regardless of where we are in the business cycle.