

Using Portfolio Management to Turn Exploration into a Business

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Following the recent merger of ChevronTexaco, the newly formed company has placed considerable focus on its exploration processes, and in particular the management of its exploration portfolio. The introduction of a rigorous and consistent portfolio management process, which allows management to make more informed and objective decisions, has been critical to improving exploration performance.

Utilizing a consistent risk and uncertainty process as an underpinning of portfolio management, we have been able to improve the business virtues of exploration by becoming more efficient at deploying human and financial resources. In using a Portfolio Management approach, we have not only been able to focus our resources and improve efficiencies of our short term processes, but have also gained key insights as to where the best potential lies for future investment.

Through focusing on better management of the exploration portfolio, we anticipate: 1) Better concentration and alignment of technology to find and develop hydrocarbons 2) Access to new exploration areas through focused technical, political and commercial energies. 3) Improved exploration performance evaluated through business metrics.

The key will be to maximize efficiencies through effective portfolio management of the exploration asset and opportunity base.
