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Transforming Security into a Core Business Practice

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Abstract

In oil and gas firms, security-related issues have historically been the concern of corporate/functional security departments rather than operational units. However, as the global footprint of upstream oil and gas companies extends into widely-dispersed areas with elevated threat levels, the necessity of effective implementation of security practices has driven ownership and implementation of security to the operations function level. Simultaneously, corporate security organizations are placing ever-increasing emphasis on strategic security and traditional business skills. In short, the nature of security within the oil and gas sector is evolving: operations functions are taking on increasing responsibility for security, while security departments are becoming more interlaced with operations functions.

We believe that as the scope of operations extends further into areas of elevated threats, integration of security as a core business practice, with the support of competent security professionals within the corporate security department who provide technical functional guidance and quality assurance, is essential to effective implementation of security programs. This process is best supported by providing global standards that the corporation's security department can assist in implementing and sustaining. Achieving global security standards, meanwhile, is best driven by changes in the structure of corporate security organizations regarding the qualities sought in the department's management and in optimization of reporting chains.

The paper will present a framework for creation of a corporate security organization that provides functional expertise and promotes a security culture within the corporation as opposed to dictating a security protocol. The shift in security's role from delivery of operational security to quality assurance provider and in-house consultancy is essential if global standards and consistency are to be achieved. Finally, this paper will also discuss the collection and analysis of meaningful security performance metrics and the growing importance of leading indicators.

Changing Global Footprints

Between 1987 and 2007, the global total of proved reserves of crude oil grew from 910 billion barrels to over 1.2 trillion barrels.¹ This represents an increase of over 35% in just two decades. As proved reserves have grown, the regional distribution of those reserves has shifted dramatically. The Middle East claimed more than 60% of total proved reserves in 2007 and that percentage has remained constant throughout the previous twenty years. However, during the same period, Europe / Eurasia reserves jumped from 8% of total proved reserves to 12%, increasing from 75 billion barrels to over 143 billion barrels, with much of this increase attributed to Eurasia. Africa doubled its total proved reserves, jumping from six percent of global proved reserves in 1987 to ten percent by 2007. Figure 1 clearly illustrates these changes.

As illustrated in figure 2, several shifts are observed in the distribution of proved natural gas reserves. While global proved reserves have grown from 107 trillion cubic meters in 1987 to more than 177 trillion cubic meters in 2007,² the growth has not been distributed evenly. The Middle East has more than doubled its proved reserves from 45 trillion cubic feet to 73 trillion cubic feet, increasing its global share from 29% of total proved reserves to more than 41%. Growth in proved reserves has been slower in other regions resulting in a decreased share of global totals: Europe's share fell from 42% to 34% and North America now claims less than 4% of proved reserves.