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Developing efficient internal procedures for a new gas and LNG export project  
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# Developing efficient internal procedures for a new gas and LNG export project

## Stopping errors before they have been made

Setting up a new gas and LNG export business is complicated at the best of times. When the project involves several parties, there are even more opportunities for things to go wrong.

Our client in this case — a new venture involving several companies with varying levels of industry experience — wanted us to prepare its commercial team for the start-up of production and delivery of LNG and natural gas liquid. We were tasked with helping them to identify, develop and implement internal procedures that would minimise the risk of mistakes being made once production started.

Working alongside the commercial team, we identified the contractual processes and associated rights obligations. We used these to create flow charts, which were combined with our client's existing organisational structure, roles and responsibilities, information systems and delegation of authorities, to draft the commercial procedures. The result was a set of clear instructions to the commercial, legal, finance and operations teams on how to deal with day-to-day commercial activities, plus non-routine events.

## Tailor-made teams for the tasks ahead

A key part of our role was to advise the commercial team on how to interact with the operations, finance, legal and other groups. This involved defining the commercial team's roles and responsibilities, and how they would work with others in order for contracts to be managed effectively across the organisation. Once agreed, this was incorporated into the draft commercial procedures.

We then supported our client in identifying the capabilities they needed in order for the procedures to work as smoothly as possible. We also identified risks and gaps in the operations, and put in place governance of decision-making for key commercial and operational decisions.

## Simulated tests for operational readiness

We simulated 20 potential day-to-day and non-routine events to test whether the processes we had put in place were ready for operations. Routine events we tested included cargo and vessel scheduling, creating an annual delivery program, and creating and updating the 90-day schedule. We simulated the entire process from the vessel arriving at the loading port, loading and measurement, producing shipping documentation and creating cargo invoice for FOB and DES LNG, liquids and domestic butane cargoes. We also simulated non-routine events, such as loading delays, cargo delivery delays, short-term interruption of production and a fault in an LNG storage tank.

The two-day simulation exercise gave our client's organisation an understanding of the processes involved and what needed to be done by each team in order to be ready for operations. Group feedback after each simulation exercise gave an opportunity to agree on the action needed to close any

organisational or operational gaps that were found. Gaps and inefficiencies in hand-offs and decision-making were brought to the urgent attention of senior management.

Our client now has a set of processes and procedures that guide the contractual, commercial, operational and legal aspects of its LNG sales.



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