

BUDGET COMMITTEE MEETING
25-26 February 1987
San Francisco, CA

5 March, 1987

To: EXCOM

From: BCOM (C. Helsley, M. Keen, K. Kobayashi, G. Brass and N. Piasias)

The Budget Committee (BCOM) met on the 25th and 26th of February in San Francisco to discuss the FY88 draft program plan and budget. The BCOM has made recommendations to JOI based on the following suppositions:

- a) The target base budget is \$35.5 million dollars with enhancements of \$1M, based on seven non-U.S. partner members.
- b) The FY88 drilling program, as presented by PCOM, can be accomplished at this budget level.
- c) The program presented by PCOM (which includes additional expenses for an ice support vessel and drilling one hard-rock site) is representative of the operations to be expected in a normal year.
- d) A balance between FY88 objectives and long term objectives of the Ocean Drilling Program must be achieved in the budget process.

For future BCOM meetings the committee recommends that:

- a. Copies of the PCOM plan summarized from the annual PCOM meeting and submitted to JOI should also be distributed to the BCOM in advance of their first meeting. [At this BCOM meeting a summary of PCOM's plans was presented orally.]
- b. Provision for an additional BCOM meeting after the contractors respond to BCOM recommendations and before "administrative review" by NSF should be considered. This meeting would be held if there is a marked disagreement between BCOM recommendations and contractors budget adjustments.
- c. In the future, the contractors are asked to present all budgets with the following information: the program plan budget, operating budget, (to include carryover from previous years), expenditures and carryovers from previously completed fiscal year (FY86); program plan and operating

budget for the present fiscal year (FY87); and proposed budget for the upcoming fiscal year (FY88). This data should be arranged in seven vertical columns on each budget sheet.

- d. The draft program plan should be transmitted to the PCOM at their spring meeting.
- e. The program plan budget should contain three primary elements:
 - i) Standard Operating Expenses
 - ii) Special Operating Expenses
 - iii) Enhancements.

The Special Operating Expenses would include special operations cost such as ice support vessels; expenses associated with drilling in difficult formations (e.g. bare-rock drilling) and other "large ticket" items such as replacement drilling string. Any deferred expenses from previous years which may be included in this category should be noted.

The BCOM strongly recommends that the "base" budget be defined as the sum of both the standard operations + the special operations budget.

The BCOM feels that this budget breakdown provides a very useful management tool for planning, especially for the PCOM. The PCOM will have a better understanding of the impact of planning decisions and will provide better guidance on how many special operations should be considered within a fiscal year.

To achieve the budget target of \$35.5M the BCOM has made specific recommendations to JOI which will be forwarded to the subcontractors. A full report of the BCOM meeting will be presented at the next EXCOM meeting.