

# PowerTools

PowerTools Provides the Economic Modeling and Visuals for Making a Case to Investors



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## Case Study

### Business Benefits

- PowerTools enables Calvin Resources to present concise production and economic scenarios to both engineering and financial decision-makers.
- PowerTools' ease of use allows for quick evaluation of numerous oil and gas properties.
- Calvin Resources imports data from a variety of sources and exports findings into different formats for presentation, saving valuable time on both ends.

### Customer Profile

Calvin Resources, Inc. is an independent energy company formed in 1984 to explore for and acquire oil and natural gas assets. Based in Houston, Texas, Calvin has participated in the drilling of over 70 wells in the East Texas Salt Basin, as well as one of the first true coalbed methane tests in Texas. The firm also conducts field studies, reservoir characterization and due diligence for clients, as well as evaluates and packages development or exploratory drilling projects, or acquisition and divestiture projects. President John C. Griffiths is a certified petroleum geologist and has been in the oil and gas industry for more than 28 years.

### Business Challenge

Working independently since 1986, John Griffiths typically researches his own O&G exploration projects, and then

matches the opportunities he finds with the right partners and investors. In doing so, Griffiths relies on his experience, historical production performance and pricing profiles derived from industry sources. To make well-documented presentations to potential investors, he looks for easy-to-use tools for developing economics and resource models, and for creating corresponding maps and graphs. Because decision-making within the oil and gas industry has expanded beyond technical staff to include financial executives, presenting a concise financial picture – with the data, research and evaluation to back up exploration recommendations – has become an essential part of the process.



**“The real value in PowerTools is the ability to bring information to an understandable level and have the visual elements to explain it to investors. With numbers in a format they’re familiar with, decision-makers can see the potential returns and how to leverage that down the road.”**

John Griffiths, President – Calvin Resources, Inc.

## IHS U.S. PowerTools Solution

Throughout his career, Griffiths has used IHS well and production data. When he began searching for a more efficient way to conduct in-depth reservoir and economics evaluations and effectively present findings to potential investors, he selected PowerTools from IHS. The easy-to-use Windows®-based software complements his expertise by offering flexible data integration, mapping and the extensive economic modeling to help him evaluate costs and potential returns, and create visuals to support his presentations.

For reservoir analysis, Griffiths typically uses decline curve analysis when he has adequate historical data with which to match his numbers. Yet decline curve is just one type of calculation he performs using PowerTools. When lacking sufficient historical data or presenting to a more engineering-oriented group, he also taps into the volumetrics capabilities in PowerTools to ensure his findings match up with and add greater confidence to the results.

## Quick Economic Modeling and Mapping

After Griffiths has identified promising drilling sites, he uses PowerTools to perform extensive economic modeling that will indicate potential costs and returns. The tool enables him to create several scenarios quickly, such as low-risk to high-risk, which allow investors to determine the level of risk they might be willing to accept. Bringing in the software's mapping options, including time bubbles that visually demonstrate changes in value through time, he illustrates impact on revenue.

In PowerTools, Griffiths can rapidly run reports such as breakeven analysis, annual cash flow, and more detailed calculations like capital requirements, projected payouts, the forecasted rate of return, and the ratio of total capital costs to cumulative net production. Griffiths frequently imports data from a variety of sources, including IHS U.S. Production Data and data from state agencies. By comparing data within PowerTools, he achieves a greater comfort level with the results. Likewise, he regularly saves significant time when preparing presentations with the ability to export findings from PowerTools into programs such as Excel and PowerPoint.

## Applying PowerTools in Groundbreaking CBM Project

Calvin Resources and its partner, Raven Ridge Resources Incorporated, were one of the first groups to perform coalbed methane (CBM) testing in Texas. When exploring for CBM in the Upper Texas Gulf, they applied PowerTools to run an economic analysis that assumed 96 wells would be drilled over eight years and would have an economic life of more than 20 years. The scope of the exploration covered over 3,500 square miles and required that Griffiths use data from several thousand wells. They imported data from a simulation program and scheduled wells over the eight-year span, staggering well starts to take into account escalating costs. He could change working interest and net revenue well by well to break down risk and investment options.

Finally, he performed a breakeven analysis to show that, despite waning gas prices, the project would be economically viable. The analysis took just one week, though he estimates that an analysis of this complexity would have taken months without the help of the flexible IHS analysis tool.

## Delivering Flexibility and Ease of Use

Griffiths has remained loyal to PowerTools as his primary tool for economics and reserves analysis largely due to the software's combination of the right functionality and its ease of use. "From my perspective, it's a lot more intuitive than the other programs I've seen," he explained. And as he has become more fluent in the use of the software, he has relayed comments and suggestions to IHS for enhancements – and has been pleased by the company's willingness to listen and continuously improve the functionality of PowerTools.

Most importantly, the software's flexibility allows him to document his findings in the most appropriate formats for his various audiences – financial and non-financial oil and gas professionals. "The real value in PowerTools is the ability to bring information to an understandable level and have the visual elements to explain it to investors," Griffiths said. "With numbers in a format they're familiar with, decision-makers can see the potential returns and how to leverage that down the road."



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