

PowerTools®

PowerTools' Ease of Use Cuts Acquisition Analysis Time by 75 Percent for Matador Petroleum



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Case Study

Business Benefits

- A seamless interface between PowerTools and IHS U.S. Well and Production Data eliminates the need to import data.
- PowerTools' ease of use cuts the time to perform essential acquisition evaluations by 75 percent over previously used applications.
- Matador Petroleum used PowerTools to build type curves for more than 1,000 wells and completed it in two days – versus an estimated four to five days with more complex applications.
- Proven accuracy, simplified ease of use and lower cost amount to greater efficiency, faster decision-making and an improved bottom line.

Customer Profile

Matador Petroleum Corporation is a Dallas-based independent energy company engaged in oil and natural gas exploration, production, development and acquisition primarily in the East Texas Basin and the Permian Basin of West Texas and Southeastern New Mexico. (Matador was acquired by Tom Brown, Inc. in August, 2003.) Founded in 1987, Matador has increased proved reserves through both drilling and acquisition activities from 8.1 Bcfe at the end of 1989 to 281.6 Bcfe at the close of 2002, for an average annual growth rate of 31 percent – landing it among the top 10 fastest growing oil and gas companies in the U.S. in 2002. Approximately 85 percent of the company's reserves are natural gas.

Business Challenge

To sustain its rapid growth, Matador Petroleum pursues new acquisitions, valued at anywhere from \$500,000



to \$40 million. For quick, yet informed decisions, the company needs to evaluate a variety of factors, such as reservoir and reserve performance, estimated ultimate recovery (EUR), and projected cash flows. With each acquisition, Matador must assess opportunities thoroughly, yet promptly. In the past, the company used other reservoir and economics analysis tools for these types of evaluations, but those applications required them to first import well and production data into the programs, which delayed Matador's ability to begin evaluations. Engineers

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Mike Wood, Team Leader,
Acquisitions and Divestitures, Matador Petroleum Corp.

and geologists were further slowed by applications that were cumbersome to use. Matador needed a more agile program, one that would integrate with its well and production data and provide quick, intuitive analysis.

IHS U.S. PowerTools Advantage

Because Matador primarily uses IHS U.S. Well and Production Data, PowerTools software was a natural choice for its reservoir and acquisition analysis. Through an interface between the data and PowerTools, Matador eliminates the need to import data and has immediate access to the information it needs.

“Before we started using PowerTools, we had to import wells from the IHS data into other programs, so anytime you wanted to pick up new wells it was a laborious process,” explained Mike Wood, team leader of Acquisitions and Divestitures. “Now, when we want to add a new well, it’s a seamless link from the data over to PowerTools, so we can quickly do the reserves analysis.” Other factors such as ease of use, compatibility with the Windows operating system and a low cost relative to other programs made PowerTools attractive to Matador. Because of the software’s simplicity, which translates to more efficient analysis, PowerTools is Matador’s primary tool for evaluating acquisitions.

Based on his experience using other economics and reservoir analysis programs, Wood found that PowerTools simplifies many of the evaluations his company performs, including reservoir analysis, EUR calculations, and particularly forecasting. In acquisition evaluations, Matador often pulls in teams that don’t regularly use analysis tools. With PowerTools, these teams get up to speed quickly and with minimal instruction. Plus, their familiarity with IHS well and production data further eases their comfort level with PowerTools.

In the course of examining acquisitions, Matador uses PowerTools heavily for predicting reservoir performance, as well as reserves of other companies in targeted locations. The company regularly relies on the software to create normalization plots to feed type curves for help in modeling future drilling and development.

For an active project in the Bosier formation of East Texas, Matador quickly needed to build various type curves for different producing areas in a region with more than 1,000 wells. Using PowerTools, the company tapped into IHS Energy U.S. well data to create normalization plots, and then merged the plots with forecasting to build type curves. According to Wood, the ease of using PowerTools brought significant efficiency to the project. “Using other programs to do that may have taken four to five days,” he said. “With the ease of use in PowerTools, we accomplished the work in less than two days.”

Maps and Graphs Add Dimension to Analysis

Matador also taps the reporting capabilities of PowerTools to determine monthly and annual cash flows, essential information for valuing acquisitions. Additionally, graph reports, which show multiple graphs and plots, provide an added dimension to the company’s analysis.

Likewise, PowerTools’ mapping features provide a simple, yet powerful way for engineers to gain a quick view of structures they may not see on other geological maps like lake bodies, urban centers or highways. “Petroleum engineers who don’t normally have access to large mapping packages can now use PowerTools to map things like EURs, structures and water saturation to help look for trends,” Wood explained.

Matador also has the peace of mind that the information it generates using PowerTools provides much-needed accuracy. The company has even benchmarked the software against other tools and the numbers have been consistent.

Overall, PowerTools supports Matador’s aggressive growth track by providing rapid, solid statistics on which to base acquisition decisions. “PowerTools saves us 75 percent of the time we used to spend creating normalization plots, monitoring offset operators and calculating reserves and production,” Wood added. “That translates to faster decision-making and the ability to broaden the size of our projects to incorporate more data.”



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