## -ENVERUS Morning Reporting and Field Tickets

September 16, 2020 Enverus Peloton



- DSO (Days Sales Outstanding) why it matters
- Digital Ticketing in E&P
- The challenge with Drilling and Completions and Digital Tickets
- The benefits of integration with morning reporting systems



### **DSO – An Industry Challenge**

- Days Sales Outstanding (DSO) is a key metric for businesses
- suppliers) shows average DSO of XX days
- to the date the invoice is submitted
  - Take a supplier with an annual revenue of \$100M
- Payment is time critical now more than ever



• Analysis of largest North American E&P B2B network (\$180B in annual spend, 300 operators, 30,000

Largest component of "effective DSO" is time taken by supplier from the date the service is undertaken

Every 10 days of DSO reduction equates to \$300K of access to additional capital annually





### How Can A Supplier Impact DSO?





Service to Submit Disputes Approval Payment

### With Digital Ticketing, 'Pay on the Ticket' can be a reality









### How does Digital Ticketing work?

A cloud-based collaborative platform for operators and service providers to generate, review, and approve digital field tickets

Operator	
Service	Dispa
Provider	Resou

Workflow | Checks & Balances | Approval Routing | Reporting | Exception Management









### **PIDX Usage on OpenTicket Network**



### **Digital Ticket Type By Volume**



February 2020 data



### **Digital Ticket Type By Spend**

### **Digital Field Ticketing Lessons Learned**

- Most suppliers prefer to review field tickets internally before using them as the basis for an invoice Validate pricing (was the right discount used?)

  - Ensure scope aligns with the work done (was the right catalog item selected)
- Geofencing and GPS tracking show promise, but have issues
  - Geofencing for pads is problematic too many objects in a relatively small space
  - Geotracking relies on drivers/crews to use the application properly
- B2B suppliers have unique challenges

  - Ticketing systems typically have "fit for purpose" ticket types (General, LEM, Hauling) Difficult to support multiple ticket types technically
  - Difficult to support multiple departments in a customer with different business rules





### Since 1991, "well focused" on creating Software

### **Full Operations Lifecycle Data** Management Solutions

More than 500 companies in over 50 countries today

## About Peloton



## Peloton Well Lifecycle



### WelView and Costs

- WellView model can track AFE, Field Estimates and Final Invoiced Costs
  - Costs are integral to morning reporting
  - Daily cost total, cum to date
  - AFE vs field estimate
  - Cost per depth

### WellView\*

	Well	Name:	Sam	ple 12	2 - Phas	se and Prod											
API/UWI Surface Legal Location 100/01-26-050-21W5/00 00/01-26-050-21V					Location -050-21W5/0	Цо 12	License # 1234567			State/Province Alberta		KFE Number 112233	AFE+ 2,10	+Supp A 65,600			
Spud Date Rig Release Date 4/7/2014 00:00 5/24/2014 00:00					кв 3.	Ground Dist	ance (m)	KB-Casing F	Flange Distance (m)	$\square$	Day Total (Cost) 26,002.00	Cum 1,72	To Date 22,330				
	Time L	og											Field / AFE % (%) 79.5				
	Start Time	Dur (hr)	Cum Dur (hr)	End Time	e Code 1	Code 2	Problem?	Prob Hrs ? (hr)	Prob Ref #	Com		$\mathbf{\Lambda}$	Start Depth (mKB) 3, 103,00	End E	Depth (m 13.00		
	00:00	7.75	7.75	07:45	2	DRILL	No			3107M			Cost/Depth (Cost/ft) 792.54	Cost 1.0	Per Hou 83.42		
	07:45	0.25	8.00	08:00	7	RIG SERVICE	No			RIG SERVICE, FUNCTION TEST UPPER RAMS (4 SEC TO CLOSE)		RIG SERVICE , FUNCTION TEST UPPER RAMS (4 SEC TO CLOSE)			Daily Contacts	.,	
	08:00	7.75	15.75	15:45	2	DRILL	No			DRILLACTUAL FROM 3107M TO 3110M T.G. O		Job Contact T.G. Gats by, Drilli Foreman	ing				
	15:45	0.25	16.00	16:00	7	RIG SERVICE	No			RIG SERVICE FUNCTION ANNUL/ O/C 13 SEC		RIG SERVICE FUNCTION ANNULAR O/C 13 SEC		Brett Farve, Drillin	ng		
	16:00	2.25	18.25	18:15	2	DRILL	No			DRILL ACTUAL E/	2110 2112 mb	h	roronan				

### Daily Drilling

Report #: 44.0, DFS: 43.20



### WelView and Costs

- Costs are entered at the rig site during the operation; office pre and post RR

  - Effort and inaccuracies

Daily Summary									
AFE Number 112233	Total AFE + Supp Amount (Cost) 2,165,600.00		Report Start Date 5/20/2014 00:00	Report End Date Dally N 5/21/2014 00:00		Dally Mud Field Est (Cost)	Dally Field Est Total (Cost) 26,002.00	Cum Field Est To Date (Cost) 1,722,336.00	
Daily Costs									
Cost Des	Cost Des Code 1 Code 2		Vendor	PO#	Ticket	SN	Field Est (Cost)	Note	
Camp and Supplies	Intangible		Camps R Us				450.00	Camp and Supplies	
Matls Other/Supply/Consum	Intangible		H2O To Go				125.00	Potable Water & Water Shed	
Camp and Supplies	Intangible		Camps R Us				1,100.00	Crew Travel & Subsistence	
Rig	Intangible		Precision Drilling Ltd.				12,500.00	Drilling - day work	
Fluids	Intangible		The Drilling Fluids Co.				702.00	Drilling - mud and chemicals	
Other Equip and Services	Intangible		Safety First				650.00	Safety services	
Supervision	Intangible		TheBoss				1,000.00	Drilling supervision	
Mud Logging/Geological	Intangible		Rock Solid				1,000.00	Geological supervision	
Rental - Surface	Intangible		ABC Rentals				375.00	Fork lift/Loader	
Rental - Surface	Intangible		The Pump Co.				85.00	Trash pump / Flyght pump	
Rental - Surface	Intangible		ABC Rentals				65.00	Garbage bin	
Rental - Surface	Intangible		Joe's Tanks Ltd.				645.00	Surface tanks	
Rental - Surface	Intangible		ABC Rentals				750.00	Centrifuge	
Rental - Downhole	Intangible		The Downhole Rental Co.				900.00	Shock sub & jars	
Fluids	Intangible		The Drilling Fluids Co.				65.00	Mud Van	

## Costs are entered manually by company code structure, vendor, and for each field ticket





## Morning Reporting – Digital Field Ticket Fit

- Field Ticket cost estimates are provided by suppliers to operators at rig site for supervised operations, or batched and provided for review/authorization for unsupervised operations
- This cost information is being provided by the supplier through digital tickets Digital ticketing can support contract price matching providing more accurate cost
- estimates
- Digital ticketing can support complex AFE/CC and GL splits, breaking out costs accurately between entities
- Integration between the digital field ticket and morning reporting solutions:
  - reduces the data entry burden
  - Improves accuracy  $\bullet$
  - in the case of unsupervised operations provide estimates more quickly



### Cost Split Challenge



- 1) 8 well pad, 2 wells recently completed (< 60 days),</li>
  6 in production (>60 days)
- 2) All 8 wells pipe produced water to the same storage tank
- 3) Water hauler draws off 120 BBLs, charges \$150 for load.
- 4) Company man estimates 80% of water from flowback, 20% from Production

ed	AFE	CC	Major	Minor	Description	(
E and names and tra	Χ		300	8300	Flowback Disposal	\$
		Χ	700	1702	Trucking	



## Cost Split Challenge

CostVolume1) 80% of cost	Volume	Cost	Description	Minor	Major	CC	AFE
\$120 96 BBLs allocated to CA	96 BBLs	\$120	Flowback Disposal	8300	300		1234
\$30 24 BBLs 20% to LOE	24 BBLs	\$30	Trucking	1702	700	9988	

## 2) 80% of cost and fluid volume allocated to two wells in completion3) 20% of cost and fluid volume allocated to six wells in production

Destination	Well	AFE	CC	Major	Minor Description		Cost	Volume
WellView	Well 1	1234		300	8300	Flowback Disposal	\$60	48 BBLs
WellView	Well 2	1235		300	8300	Flowback Disposal	\$60	48 BBLs
SiteView	Well 3		9988	700	1702	Trucking	\$5	4 BBLs
SiteView	Well 4		9989	700	1702	Trucking	\$5	4 BBLs
SiteView	Well 5		9990	700	1702	Trucking	\$5	4 BBLs
SiteView	Well 6		9991	700	1702	Trucking	\$5	4 BBLs
SiteView	Well 7		9992	700	1702	Trucking	\$5	4 BBLs
SiteView	Well 8		9993	700	1702	Trucking	\$5	4 BBLs





### **Morning Reporting Integration Lessons Learned**

- Support for real time digital ticketing in D&C operations is slowly being adopted
- Current digital ticketing processes support LOE operations very well, can speed business process
- There is requirement to extend the integration between morning reporting systems and digital field ticketing systems – have morning reporting be the source of digital field ticket approvals



### The PIDX Opportunity

# Provide leadership in enhancing standards for data and transport layers for field ticket information



### **ENVERUS**

# Thank You