

Detailed performance evaluation and benchmarking against peers in the Permian Basin

Situation



The oil and gas division of an international integrated trading company with a joint venture in the Permian Basin unconventional resource trend had concluded that its performance lagged behind its peers. The company believed that it could improve its level of performance to that of its peers, but required a detailed analysis of the overall play, using both its own and public data.

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Action



Upstream Oil & Gas Consultants:

- Assembled a normalized database which included the operator data as well as data from other operators, as available in IHS Markit databases
- Assigned production results by a defined stratigraphic interval and geographic sub-play, evaluated overall performance, modeled type curves and cash flows for each sub-play and interval, and calculated economic indicators (NPV and IRR)
- Performed performance comparisons with other operators
- Provided a ranking of intervals and sub-plays across the region using two IRR cut-offs

Result



As a result of the study, the client obtained a clearer understanding of its assets' performance compared to other operators in the trend, and was able to demonstrate that it could improve performance in the region. The results of the study were included in the presentations to the client's senior management in order to secure future funding for the project.