

FieldDIRECT Value Study With CamWest II Limited Partnership

Fall 2003

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EXECUTIVE SUMMARY

The results of the IHS Energy study with CamWest II Limited Partnership (CamWest) to quantify the benefits of FieldDIRECT produced exciting results for CamWest and FieldDIRECT.

A reduction by almost 90 hours a month or over two weeks in the time spent on non-profit-oriented activities like searching for data has resulted in increased staff efficiencies. Based on estimated salaries and including the cost of FieldDIRECT, this yielded a net benefit to CamWest of \$1,229 monthly (\$14,745 annually) as follows:

Monthly Cost Savings (time, resources)	\$	2,946
Monthly Cost of FieldDIRECT		(1,717)
Monthly Net Benefit to CamWest	\$	1,229

Overall, FieldDIRECT is producing superb benefits to CamWest by reducing the time spent on data management.

Additional efficiencies in reduced data entry time and increased data accuracy should be expected once FieldDIRECT data can be imported into the accounting package used by CamWest.

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DATA

Description of the Company, Interviews and FieldDIRECT Systems

CamWest II Limited Partnership operates 162 wells, mostly oil, in North Dakota, Montana and Wyoming with administrative offices in McKinney, Texas and Denver, Colorado and a field office in Williston, North Dakota. At the time of this study, September 2003, CamWest had been using the FieldDIRECT service for approximately one year and was using the most current version of the FieldDIRECT software, version 2.5.

To create a complete analysis, numerous staffers were interviewed. Those interviewed included the Vice President of Operations, the Vice President of Engineering, the Engineering Tech, two Pumpers (one company, one contract) and the Field Superintendent.

Salary Data

Since time savings was a factor in this study, estimated salaries were needed. Based on data from salary.com as well as local knowledge, the average salaries used in this study are shown in Table 1.

Table 1 Salary Data

Position	Annual Base Salary	Annual Salary including Benefits (25% addition)	Estimated Hourly Salary with Benefits
Production Analyst/Regulatory Analyst/Production Accountant/Engineering Tech	\$ 45,000	\$ 56,250	\$ 27.04
Field Superintendent	\$ 70,000	\$ 87,500	\$ 42.07
Pumper	\$ 50,000	\$ 62,500	\$ 30.05
Vice President/Executive Vice President	\$ 125,000	\$ 156,250	\$ 75.12

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CALCULATIONS

Cost Savings

For CamWest, cost savings came from increased resource efficiencies since its employees were able to accomplish similar or improved tasks in a shorter time. These time improvements were seen in the office and in the field. The Engineering Tech described 2-3 hours a week saved by not looking for and entering data into a spreadsheet for the Engineering and Executive staff. This time spent locating data was confirmed when an Executive also mentioned that 1-2 hours, 2-3 times a week had previously been spent searching for data. The Engineering Tech also mentioned she saves time by no longer gathering production data for reserve calculations on new wells. She estimated this saved her forty hours every quarter. Likewise, the Engineering and Executive staff saved time by not having to look for the data or by not needing to find someone

to gather the data, then wait for the data to be collected.

CamWest is following the industry trend toward employing more contract pumpers. Of its 10 pumpers, approximately two are company pumpers with the remaining being contract pumpers. While the time savings for a contract pumper is a benefit, it does not typically factor into the company's saving and therefore was not included in these calculations. The company Pumper interviewed estimated he saved 45 minutes a day by not looking up tank tables and calculating production. Additionally, FieldDIRECT saved him an hour and a half each time he would otherwise have needed to fill out an 8-day gauge sheet.

All of these time savings by CamWest employees add up to nearly 90 hours a month with a salary savings of \$2,946 a month by using FieldDIRECT. These details are seen in Table 2 below.

Table 2 Indirect Cost Savings

Category	Positions Affected	Number of Hours Saved per Month	Number of Similar Positions in Company	Estimated Monthly Cost Savings
Eliminated time looking for current data by 2-3 hours a week (Not searching and pulling together data for engineers, etc.) Manager estimated 1-2 hours, 2-3 times a week (i.e. between 2 and 6 hours per week). (Used 4 hours.)	Engineering Tech	17.2	1	\$ 465
Eliminated time looking for current data for reserves by 40 hours every 3 months	Engineering Tech	13.3	1	\$ 361
Eliminated time-consuming paper work—daily (45 minutes a day, 6 days a week)	Company Pumper	19.9	2	\$ 1,194
Eliminated time-consuming paper work—every week days (1.5 hours for the 8-day gauge sheet)	Company Pumper	6.0	2	\$ 361
Eliminated time looking for production data (1 hour a week)	Engineer/VP	4.3	1	\$ 323
Eliminated wait time for data (1/2 hour a week)	VP	2.2	1	\$ 242
			Indirect Savings Monthly Subtotal	\$ 2,946

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**Production/Sales/Revenue
Increases**

Some FieldDIRECT clients have experienced production increases of up to 5% by being able to attend to down wells faster or by identifying trends for workovers. In the course of the interviews with CamWest, increased production was not identified as a result of implementing FieldDIRECT. However, it is worth noting that this a potentially significant benefit of using FieldDIRECT for some companies.

Non-Quantifiable Benefits

In the search for quantifiable benefits to FieldDIRECT, there were a few benefits identified where quantification was not easily accomplished. These include:

- Reduced the number of times the data is entered by eliminating a data entry step in the Williston field office. Previously, the Pumper would write the data in the field, then on the 8-day gauge sheet, then send it to the Williston office where it would be keyed into a spreadsheet and emailed to the corporate office. Then the gauge sheets were mailed to Denver where they were entered again by the Production Accountant Clerk. With FieldDIRECT, the data is entered by the Pumper and is then available to the corporate office the next day. An additional data entry step will be eliminated once the data import into CamWest's accounting system is completed.

- Better production trending and being able to better work the data was also identified as a benefit of FieldDIRECT but no specific data was available.
- Calculating reserves on new wells is much easier and accurate with 60–90 daily production values than the summarized 2-3 monthly values previously available.
- Verifying and monitoring changes to injection rates is easier and done on a timelier basis with FieldDIRECT's daily data.
- The corporate office now receives and is able to use data it did not previously receive for example, tubing pressures and injection data. This additional data assists in reservoir analysis and planning.

FieldDIRECT's benefits such as increased production or staff efficiencies are quantifiable, however some of its benefits are less verifiable and are listed above so that a complete picture of the benefits is presented.

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Savings Not Directly Attributable to FieldDIRECT

FieldDIRECT has links into many accounting systems and is working with software developers to enable bridges to others. The package CamWest uses is one where the data connection is still under development. It is expected that CamWest will benefit from additional time savings and data accuracy, as has been experienced by other companies, once this data bridge is established.

Cost of FieldDIRECT Hardware and Service

FieldDIRECT is priced as a service on a “per well, per month” basis. CamWest has all its 162 wells on FieldDIRECT. The service utilizes handheld technology that is an additional cost to the client. Assuming a 3-year replacement cycle for the handheld equipment for the 10 pumpers and the cost per well per month of \$10, the total pro-rated monthly cost for FieldDIRECT is \$1,717 as shown in Table 3.

Table 3 FieldDIRECT Cost

	Number of CamWest wells in FieldDIRECT	Cost of FieldDIRECT \$/well/month	Total Cost per Month
FieldDIRECT Service	162	\$ 10.00	\$ 1,620
FieldDIRECT Hardware [Hand-held costs]. 10 pumpers with average hand-held costing \$350. Assumed a 3-year replacement cycle. [10 pumpers * \$350 per handheld / 36 months]			\$ 97
		Indirect Savings Monthly Subtotal	\$ 1,717

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CONCLUSIONS

FieldDIRECT Benefits to CamWest

The benefits to using FieldDIRECT for CamWest are impressive with a net benefit of \$1,229 a month (\$14,745 annually) as shown in Table 4.

As has been detailed, the benefit at CamWest is from increased staff efficiencies by not needing to search for and enter or re-enter production data. This analysis determined that as a result of FieldDIRECT, CamWest employees have gained nearly 90 hours a month which can now be put toward more useful tasks than searching for or managing production data.

For more information about how **FieldDIRECT** services from IHS Energy can help your organization get daily production data from the field to the office quickly and cost-efficiently, call **1.800.527.7756 ext. 577**, e-mail sales@fielddirect.com or visit www.ihsenergy.com/products/fielddirect.

Table 4 Totals

	Totals
Decreased Costs	\$ 2,946
Cost of FieldDIRECT Service	\$(1,717)
Benefit per Month to CamWest	\$ 1,229

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