

3 QUESTIONS

to ask before drilling
in the Permian Basin





The oil and gas industry is sometimes forced into hibernation.



But when prices rebound, operators can't waste time shaking off the sluggishness. There is land to lease and wells to drill.

During the recent downturn, unrecovered resources in the Permian Basin lay in wait. Now, oil and natural gas activity is higher there than in any other U.S. basin: 10 of the top 15 counties for oil and natural gas production are in the Permian. Eight of the top 15 counties for newly approved drilling permits in the past year are there, too.

Are there opportunities for you in the Permian?
New venture teams should ask and answer these three questions before recommending a Permian entry.

1

How do I put together an acreage position of any scale in the Permian Basin given how popular it has become?



Unlike two or three years ago, you will have difficulty organically putting together acreage in the Permian without buying someone else's position or challenging existing dogma and looking where others are not. Many companies are undergoing portfolio rationalizations and selling assets outside the Permian to raise cash for Permian acquisitions, but picking up greenfield acreage anywhere in the Permian is nearly impossible now unless a ranch or other large mineral owner that refused to sell earlier goes on the market. However, some smaller players are having success accumulating portfolios of relatively small tracts and then consolidating those positions through sale or trade into a handful of units that they can drill. With the stacked pay so prevalent in the Permian, even a modest acreage position such as this can require dozens of wells and create significant value.

Better, faster decisions

Drillinginfo keeps leasing information current in a well-ordered digital database that helps highlight Permian Basin acreage not yet assigned. Our offerings can eliminate the stress you feel trying to optimize decisions to move on opportunity and grab land rights. Plus, Drillinginfo's robust web application rapidly screens opportunities and forecasts production on available land.

2

If the price per barrel of oil doesn't rise soon, will prices for Permian acreage drop to keep drilling active and offset the cost of services?



Companies have become very efficient, driving per-well drilling costs down and refinancing their debt to keep their Permian plays active as oil prices dropped. Although there may be some “future price optimism” in their plans, operators have established that they can keep rigs active—and add new ones—for \$40 to \$50 per barrel. However, if the price per barrel dropped to \$30, Permian acreage costs and drilling activity would quickly decline. A strong hedge book, expiring acreage, or significantly reduced acquisition costs would be the main incentives for drilling in the Permian to continue. Otherwise rigs, which now number more than 360, would be laid down as they were in 2014.

Reliable, real-time data

One of the reasons the Permian is hot is that there are not many places you can go to get stacked opportunity. With any given tract in the core of the region, there are three or four plays you can test, bringing you profit through higher production per drilling unit. With [DI Excel Tools](#), you can automatically populate your Excel models with updated oil and gas information to ensure your analyses are accurate.

3

Is the Woodford the next Wolfcamp or just a minor storyline in the Permian?



Although the Woodford Shale is a major target in the Arkoma Basin, it may not have much running room in the Permian basin where much of the Woodford Shale is believed to be too deeply buried for oil. Apache has had success in the southwest Delaware Basin (Alpine High) while XTO and QEP are testing the Woodford in the Central Basin Platform (Winkler and Andrews counties). Besides the Woodford, high prices in the Delaware and Midland Basins are driving tests on the Central Basin Platform in second-tier plays at a likely entry price of less than \$30,000 per acre.



Valuable data integration

Drillinginfo gathers data to best predict the stratigraphic and structural relationships of subsurface rock. Drillinginfo's integration and finger on the pulse of multiple data sources includes facies variability and porosity, which are critical for making plays work and finding oil and gas sweet spots. Drillinginfo products and services can interpret well data and evaluate projects, ideally minimizing problems before drilling begins.



New Ventures in the Permian



Rather than assembling data piecemeal, with Drillinginfo you can tap a single source for well and production data, geologic mapping and analyses, LAS files, type curves, decline curve analysis, and current lease assignments.

At a **fraction of the cost** of proprietary data collection, small operators can make quick but informed decisions. Among the Drillinginfo product line, DI Play Assessments offer curated, clean data for the Permian Basin plays including more than 22,000 digital logs, more than 69,000 formation tops, summary production data, more than 7,300 directional surveys, and more than 160 maps. You may especially appreciate the DI Transform application to which you can upload a DI Play Assessment as well as your data to compare zones on a single platform. With or without external data, DI Transform can help you make optimal use of your time and budget.



About DrillingInfo

Drillinginfo is the leading energy SaaS and data analytics company that provides predictive tools and technology to drive exploration decisions, evaluate rapidly evolving opportunities and achieve better, faster results. The company delivers actionable intelligence over mobile, web and desktop platforms to analyze and reduce risk, conduct competitive benchmarking and uncover market insights. Drillinginfo serves more than 2,500 companies globally from its Austin, Texas, headquarters and has more than 400 employees.

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