



# Power Tools And Leverage

“LOOK, I’LL LEVEL WITH YOU. OUR LAST ONE OF THESE PROJECTS WAS A DISASTER AND IF IT HAPPENS AGAIN I’LL BE DOWN THE ROAD.”



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The speaker was the wells manager of an independent field operator whose asset base and wells programme was rapidly growing. His tone was businesslike and his voice steady, but he had a real dilemma on his hands. His last reactivation project had cost far more than anticipated and now he was responsible for another job. One more failure and it was curtains.

Technology had moved on. Modular rigs were now available which could be installed onto a platform temporarily. On the face of it, this negated the need to reactivate—or even maintain—an aging rig in situ. However, modifications to the platform would be needed to accept a modular rig.

While the wells manager was tempted, he needed to be certain that a modular rig was the best option—technically, operationally and economically. A wrong choice could be very costly. To complicate matters further, our client had not completed their wells specification and their senior management wanted to make a decision within a month.

Kicking the project off, our team discussed options and variables. Drawing on their combined experience from drilling operations, technical and rig projects they quickly filled in the gaps of our brief, deciding on an approach for the analysis. Time was the main factor and the best comparator for the economics; efficiency and safety were the operational measure. All this had to be plotted against a baseline estimate for reactivating the existing rig, along with a project and operational-risk profile for both options.

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Four weeks later, we delivered a set of curves that clearly showed when each option—modular or reactivation—made economic sense relative to our client’s proposed drilling campaign. To add context, we included a comprehensive risk profile and ‘worst case’ time-and-cost sliding scale for both options.

The technical analysis also picked up a failure point with the modular rig’s operation which gave our client leverage with the drilling contractors, who either had to solve the problem or offer better commercial terms in the event of the failure.

The ‘worst case’ sliding scale allowed the wells manager to develop his budgets based on real risk data. He could also be more confident of the likely outcome when their drilling contractor suggested a way forward in future. Our client has undertaken several drilling campaigns since this case and the wells manager still has his job.

### So what?

Our client was uncertain about which path to choose and knew that the wrong decision would be costly. The ‘power tools’ we developed used easily compiled data to help our client decide on the best option—modular rigs or reactivation—on every drilling campaign from that point forward.