Morning Reporting and Field Tickets

April 22, 2020

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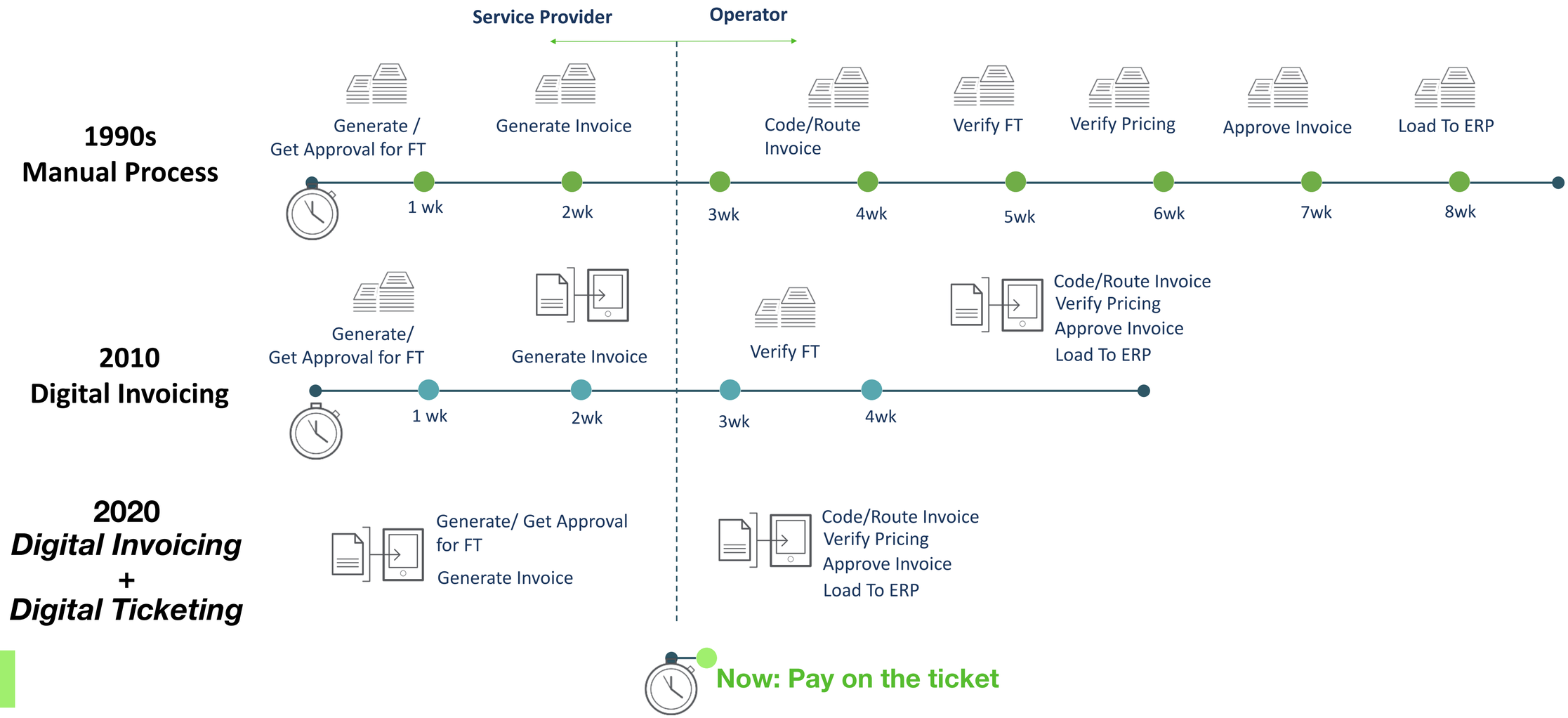
Peloton

With Digital Ticketing, ‘Pay on the Ticket’ can be a reality



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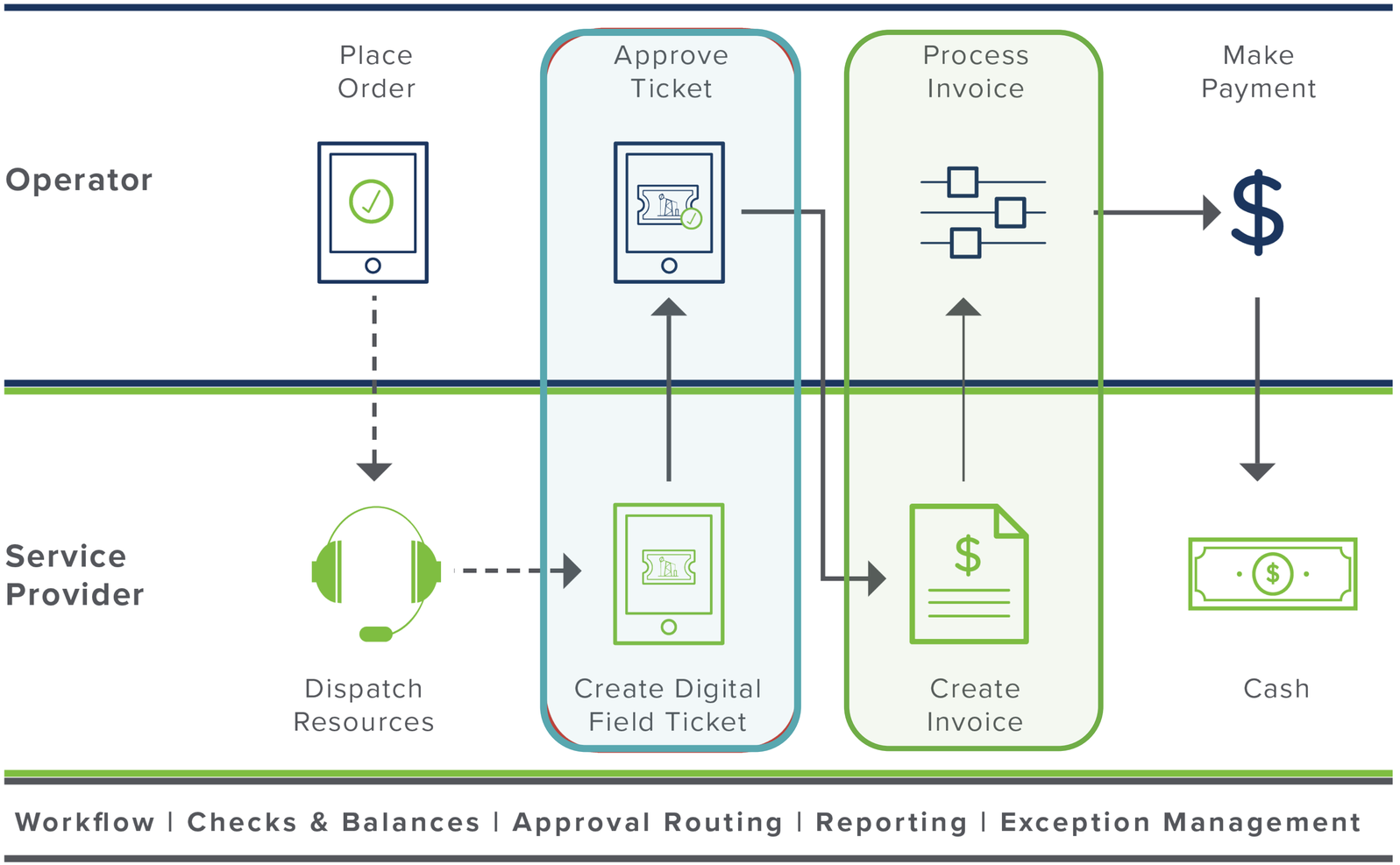
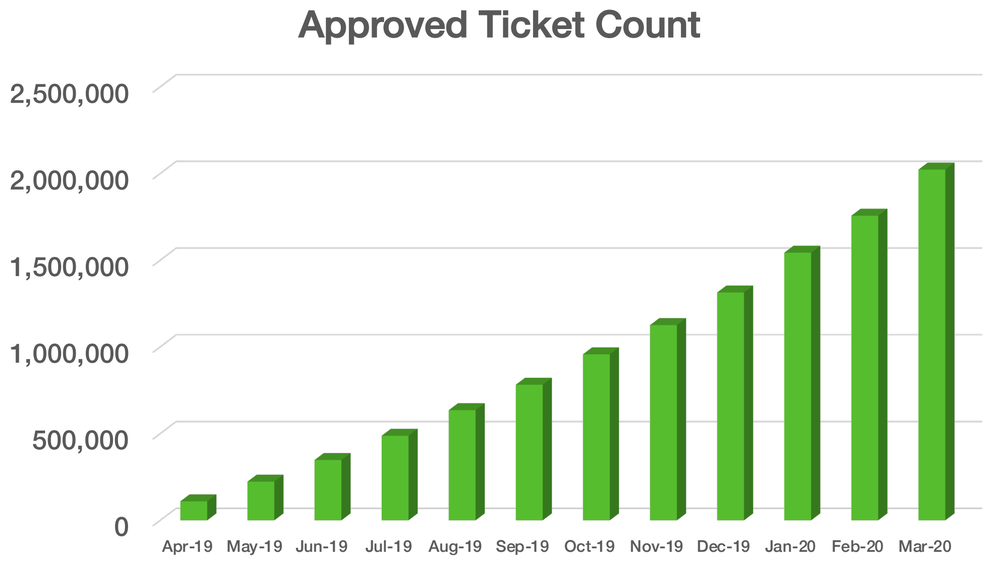
How does Digital Ticketing work?

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

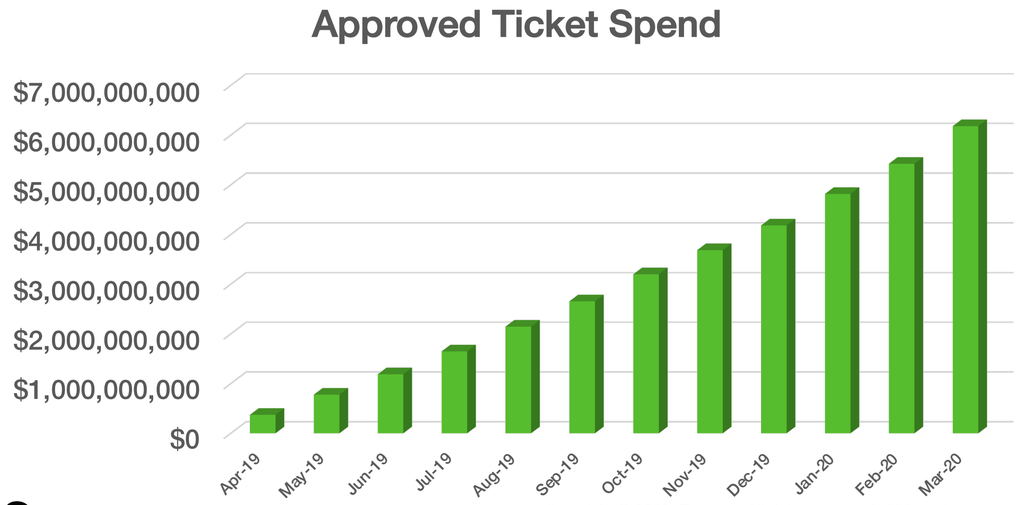


OpenTicket Trends – March 2020



Trailing 12 months:

Volume: 2,022,368
Spend: $6.18B
Suppliers: 4,059



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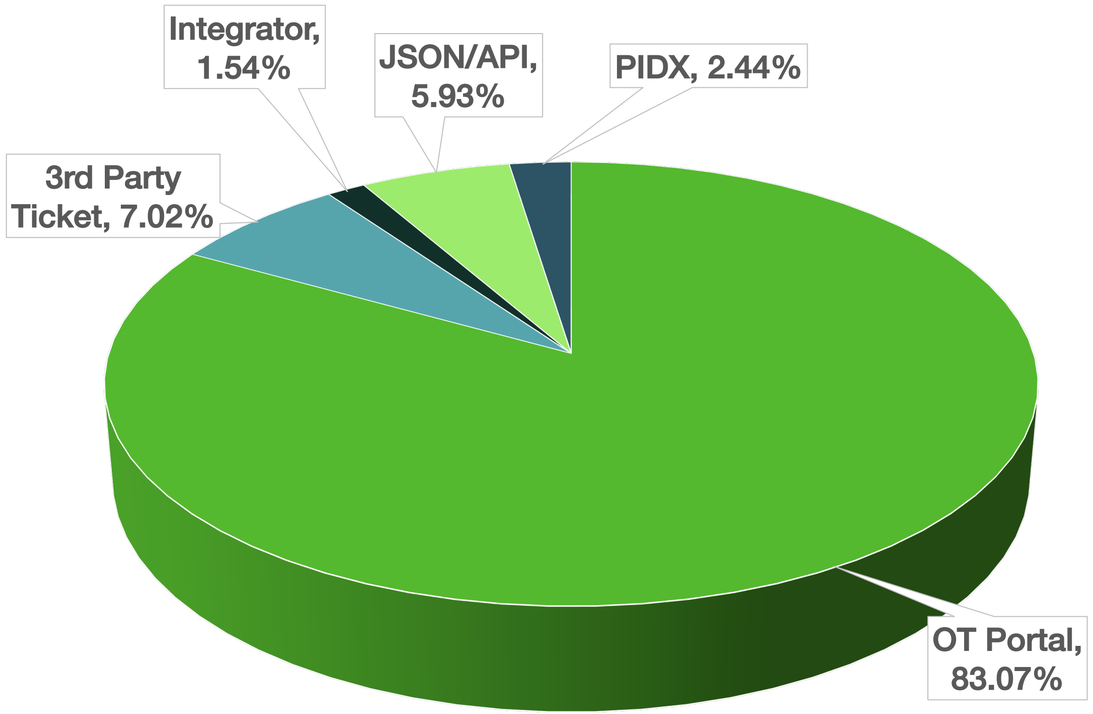
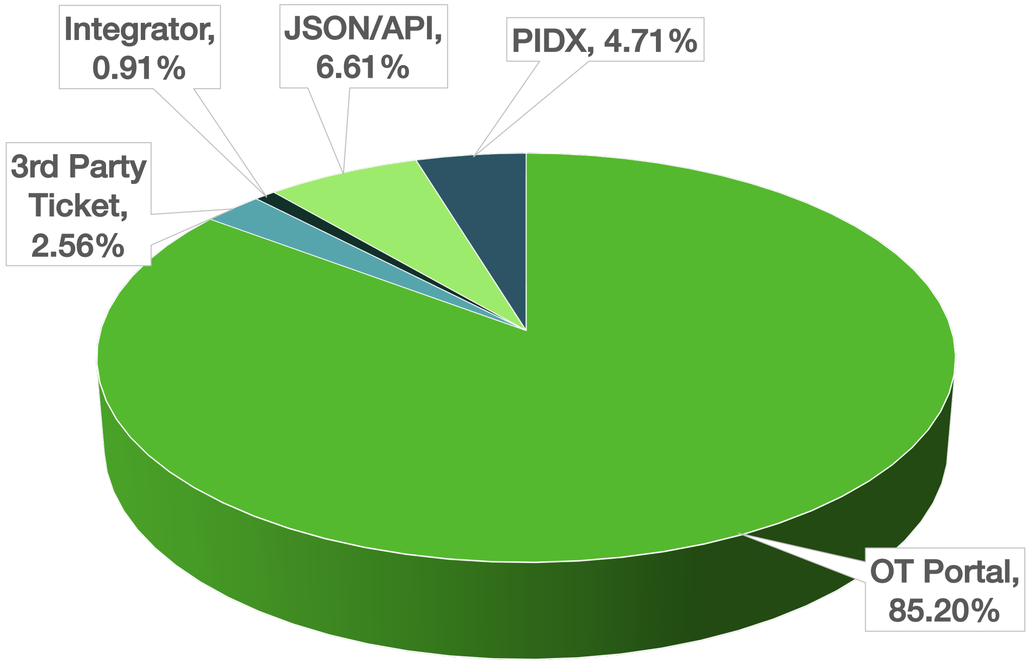
PIDX Usage on OpenTicket Network



Digital Ticket Type By Volume



Digital Ticket Type By Spend

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February 2020 data

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

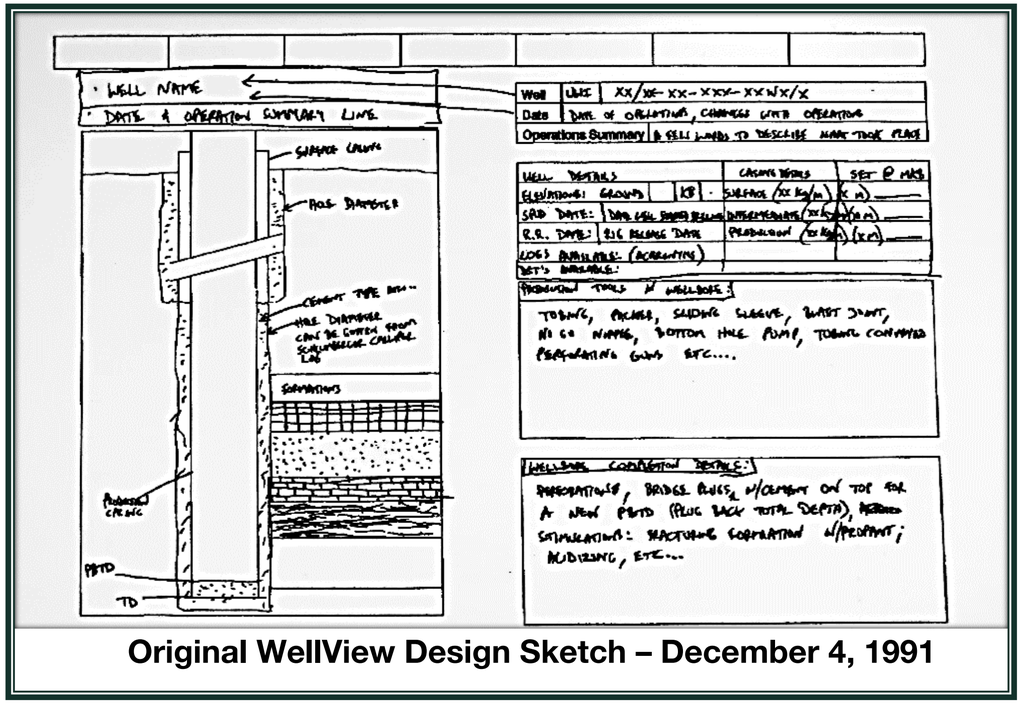
- B2B suppliers have unique challenges
  - Ticketing systems typically have “fit for purpose” ticket types (General, LEM, Hauling)
  - Difficult to support multiple ticket types technically
  - Difficult to support multiple departments in a customer with different business rules

About Peloton

Since 1991, “well focused” on creating Software

Full Operations Lifecycle Data Management Solutions

More than 500 companies in over 50 countries today



Original WellView Design Sketch – December 4, 1991

Peloton Well Lifecycle

Field Development

Project Execution

Operations

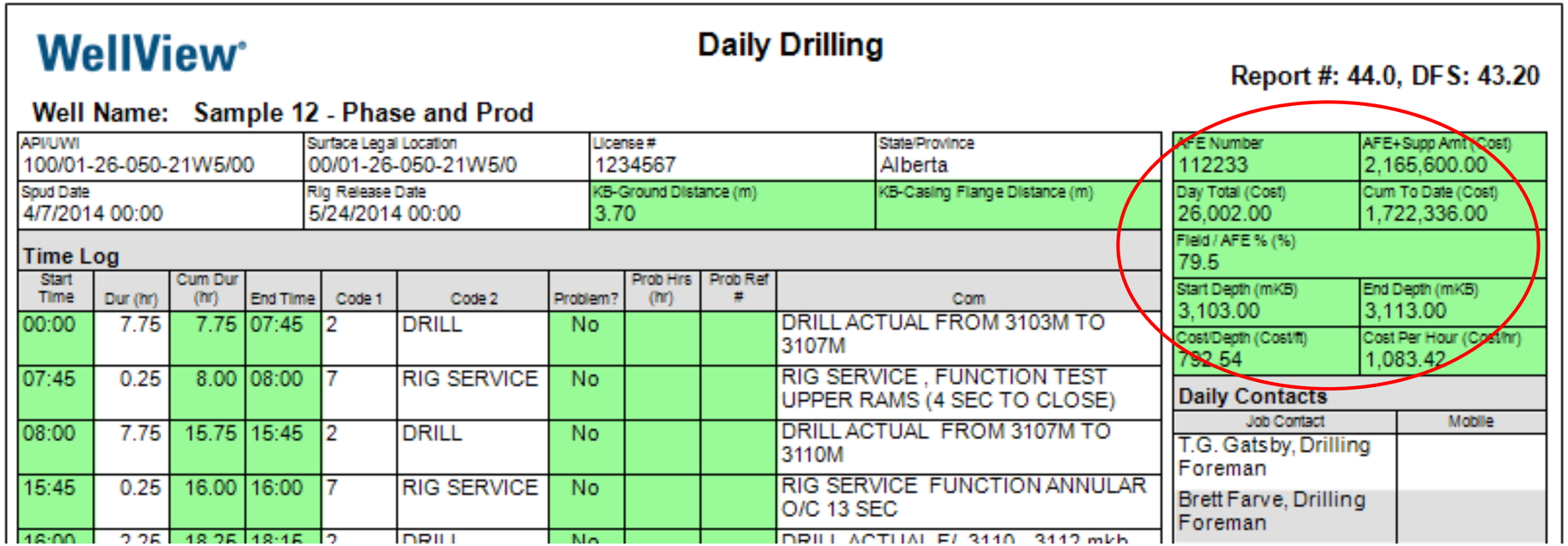
Planning and Approvals

AFE / daily field estimated costs

Workovers / Intervention Costs

WellView 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

Daily Drilling

Report #: 44.0, DFS: 43.20

Well Name: Sample 12 - Phase and Prod

API/UWI	Surface Legal Location	License #	State/Province
100/01-26-050-21W5/00	00/01-26-050-21W5/0	1234567	Alberta

Spud Date	Rig Release Date	KB-Ground Distance (m)	KB-Casing Flange Distance (m)
4/7/2014 00:00	5/24/2014 00:00	3.70	

AFE Number	AFE+Supp Amt (Cost)
112233	2,165,600.00
Day Total (Cost)	Cum To Date (Cost)
26,002.00	1,722,336.00
Field / AFE % (%)	
79.5	
Start Depth (mKB)	End Depth (mKB)
3,103.00	3,113.00
Cost/Depth (Cost/ft)	Cost Per Hour (Cost/hr)
752.54	1,083.42

Time Log

Start Time	Dur (hr)	Cum Dur (hr)	End Time	Code 1	Code 2	Problem?	Prob Hrs (hr)	Prob Ref #	Com
00:00	7.75	7.75	07:45	2	DRILL	No			DRILL ACTUAL FROM 3103M TO 3107M
07:45	0.25	8.00	08:00	7	RIG SERVICE	No			RIG SERVICE , FUNCTION TEST UPPER RAMS (4 SEC TO CLOSE)
08:00	7.75	15.75	15:45	2	DRILL	No			DRILL ACTUAL FROM 3107M TO 3110M
15:45	0.25	16.00	16:00	7	RIG SERVICE	No			RIG SERVICE FUNCTION ANNULAR O/C 13 SEC
16:00	2.25	18.25	18:15	2	DRILL	No			DRILL ACTUAL F/ 3110 - 3112 mkb

Daily Contacts

Job Contact	Mobile
T.G. Gatsby, Drilling Foreman	
Brett Farve, Drilling Foreman	

WellView and Costs

- Costs are entered at the rig site during the operation; office pre and post RR
  - Costs are entered manually by company code structure, vendor, and for each field ticket
  - Effort and inaccuracies

Daily Summary

AFE Number	Total AFE + Supp Amount (Cost)	Report Start Date	Report End Date	Daily Mud Field Est (Cost)	Daily Field Est Total (Cost)	Cum Field Est To Date (Cost)
112233	2,165,600.00	5/20/2014 00:00	5/21/2014 00:00		26,002.00	1,722,336.00

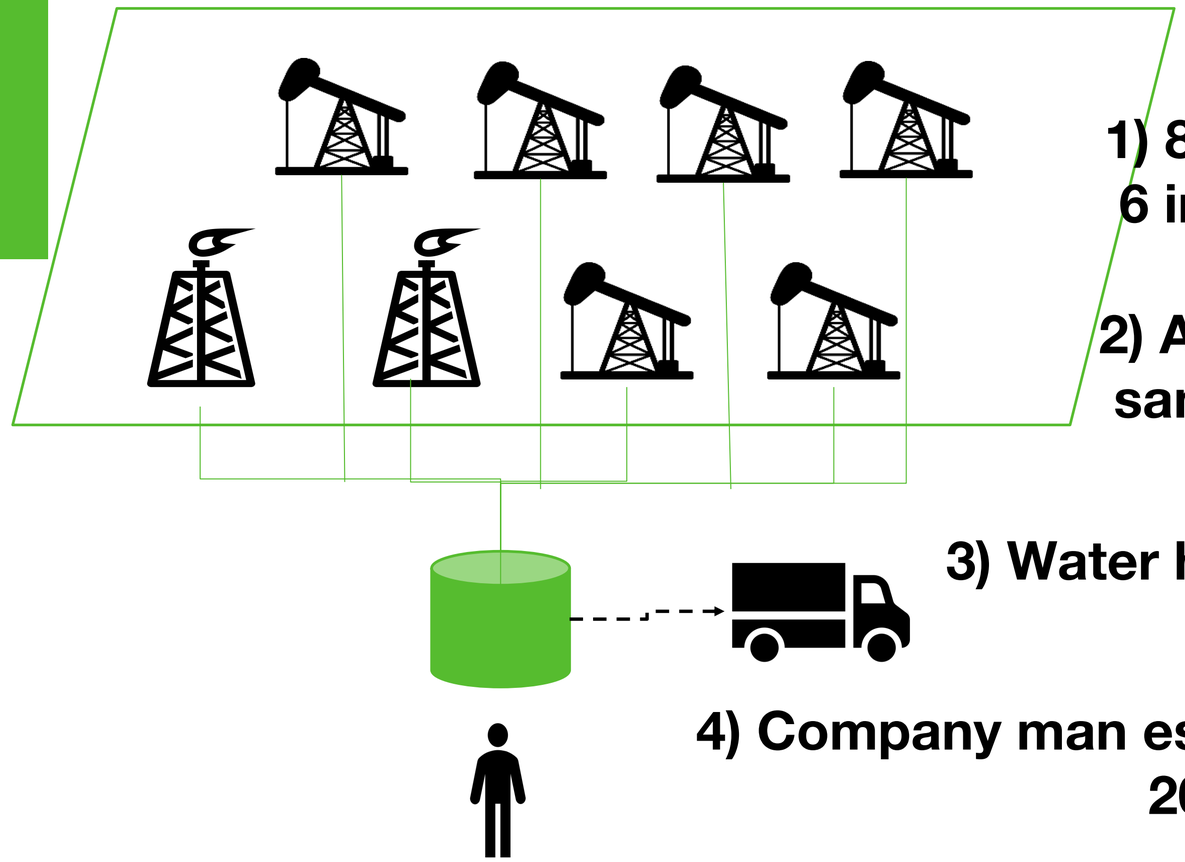
Daily Costs

Cost Des	Code 1	Code 2	Vendor	PO #	Ticket	SN	Field Est (Cost)	Note	Carry forward?
Camp and Supplies	Intangible		Camps R Us				450.00	Camp and Supplies	No
Matls Other/Supply/Consum	Intangible		H2O To Go				125.00	Potable Water & Water Shed	No
Camp and Supplies	Intangible		Camps R Us				1,100.00	Crew Travel & Subsistence	No
Rig	Intangible		Precision Drilling Ltd.				12,500.00	Drilling - day work	No
Fluids	Intangible		The Drilling Fluids Co.				702.00	Drilling - mud and chemicals	No
Other Equip and Services	Intangible		Safety First				650.00	Safety services	No
Supervision	Intangible		The Boss				1,000.00	Drilling supervision	No
Mud Logging/Geological	Intangible		Rock Solid				1,000.00	Geological supervision	No
Rental - Surface	Intangible		ABC Rentals				375.00	Fork lift / Loader	No
Rental - Surface	Intangible		The Pump Co.				85.00	Trash pump / Flyght pump	No
Rental - Surface	Intangible		ABC Rentals				65.00	Garbage bin	No
Rental - Surface	Intangible		Joe's Tanks Ltd.				645.00	Surface tanks	No
Rental - Surface	Intangible		ABC Rentals				750.00	Centrifuge	No
Rental - Downhole	Intangible		The Downhole Rental Co.				900.00	Shock sub & jars	No
Fluids	Intangible		The Drilling Fluids Co.				65.00	Mud Van	No

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
  - in the case of unsupervised operations provide estimates more quickly

Cost Split Challenge



1) 8 well pad, 2 wells recently completed (< 60 days), 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

5) 80% of cost allocated to CAPEX, 20% to LOE

AFE	CC	Major	Minor	Description	Cost
X		300	8300	Flowback Disposal	$120
	X	700	1702	Trucking	$30

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Cost Split Challenge

AFE	CC	Major	Minor	Description	Cost	Volume
1234		300	8300	Flowback Disposal	$120	96 BBLs
	9988	700	1702	Trucking	$30	24 BBLs

1) 80% of cost allocated to CAPEX, 20% to LOE

2) 80% of cost and fluid volume allocated to two wells in completion

3) 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

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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

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Thank You