MAINTAINING TIGHT REINS on budget and production is a complicated task, says Terry Joubert, Vice President, Business Development of 3esi. “A large oil company spends a billion dollars a year on a multitude of little projects. Your company is constantly changing: wells succeed or fail, mergers and acquisitions occur.”

Losing sight of targets can have expensive ramifications. “Companies often see a significant drop in stock price when they revised their production forecast,” says Joubert. “You get beat up if you don’t do what you say. It can cost a big company billions in market value.”

Cal Buchanan, the manager of planning and information systems at Murphy Oil, understands the importance of keeping abreast. The Calgary-based company, a wholly-owned subsidiary of its Arkansas-based parent, spends around $340 million annually on a myriad of projects, everything from exploration off the East Coast to production expansion at Syncrude’s oilsands plant.

“We had a number of systems — accounting, production — that didn’t talk to one another,” Buchanan notes. “It was ad hoc tracking. If you wanted to know how a project was doing, you had to pull data from different sources. We needed something that could manage a project from initial conception to project realization.”

Now, there is a solution. 3esi’s petroAra is touted by its creators as the first commercial, real-time project management tool for the upstream oil and gas industry. The suite integrates budget planning, program tracking and post appraisals. It measures key performance goals and targets in real-time, and ensures they remain on-track. “We’re not just forecasting, we’re bringing in the actual numbers live,” says Joubert. “Decision makers can see what has been accomplished and what is left to do.”

The inspiration for petroAra arose through Joubert’s first-hand experience in the oilpatch. After graduating from Brock University with a BSc in math and physics, the Ontario native came to Calgary in 1980 to work for Amoco Corporation as a geophysicist. After various detours into education and travel, he returned to Amoco in 1989 (which was later purchased by BP), and in 1999 became an asset team leader.

Joubert’s responsibilities as an asset team leader taught him the intricacies of managing a capital budget. “There’s a whole lot of things that have to be done in upstream. You have to buy land at an auction. Then you drill a well. Then you have to case it. Then there is production equipment. It’s a sequential process.”

Multiply each of the variables by a hundred projects, and the task of keeping track of every-
thing soon becomes gargantuan. “We had monthly goal-oriented meetings at BP where we asked, where are we, how are we in terms of goals and targets, and what do we need to do to achieve those goals and targets? It was an awkward process. You’d come away with reams of paper, but no clear idea of what was agreed. There would be misunderstandings, and it would take a while to sort them out.”

BP had an in-house software program that tracked budgeting, but it was not that good, says Joubert. “It had no ability to look at where you were now versus one month ago, and it didn’t integrate well with other systems — you couldn’t pull in numbers from accounting.”

Joubert decided it was time to build a better mousetrap. He quit BP in 2001 and formed a partnership with programmer Hal Heinrich, a high school pal from his hometown in Ontario. Through visiting various companies in town they found, “they were mostly using Excel, which was not effective. Accounting systems are good at looking behind, but not good at looking forward or integrating back-look and forward-look. There was no easy-to-use tool that would link front line to management.”

Murphy was one of the firms contacted by Joubert, and soon became intrigued by his ideas. “Every company has their own internal programs, but we couldn’t find an outside solution that pulled everything together and rolled it into our accounting system,” says Murphy’s Buchanan. “We were in a situation where we had these projects, and needed a capital management system to rank, follow through and track them, and look at how they did.”

The two companies worked together to fine tune the project. “Murphy was frontline in helping,” says Joubert. “We asked, what do they want in functionality?” Heinrich began programming and, after about 2,000 hours of work, established a prototype. In April 2003, the program was installed at Murphy, which used it to plan and track its 2004 budget.

The system has several valuable aspects. First and foremost is the ability to make the data widely available in a timely fashion. “Anyone with access — from the president on down — can go and look and get a report on the stage of a project,” says Buchanan. “You can analyze and rank projects.”

Another valuable feature is the ability to compare goals and targets with reality on a real-time basis. “If there is no way to see what is accomplished versus what is promised, there is very little accountability,” says Joubert.

“You can now see the status of all projects,” agrees Buchanan. “The responsibility goes on the project manager to keep data as current as possible.” Complications, such as cost overruns, can be identified before they get out of control. “It’s way better to tell people there are problems coming, so that you can get smart people together and fix it.”

Finally, the system allows companies to bring their capital and operating budgets and production schedules quickly up to date, even under rapidly changing circumstances. “We recently sold off a lot of property,” says Buchanan. “We could re-rank projects and production almost immediately. It’s certainly easier than doing it by hand.”

The database is open and data can easily be imported to and from other products, such as Excel or Merak’s PEEP. It uses a Windows interface, and the system is easy to learn. “It’s very intuitive and takes about one day of training,” says Joubert.

3esi is an international software and services company with headquarters in Calgary, Alberta that creates enterprise business solutions for the upstream oil & gas industry. 3esi is now building the next generation of petroAra - esi.manage™ using the latest development and integration technologies. “esi.manage™ will be a robust, scaleable application based on the lessons learned in implementing petroAra,” says Joubert.

Buchanan is happy with petroAra. “At the end of the day, we wanted a system that takes you from idea through our whole business to project completion. Overall, the system does what was promised. I have recommended it to others.”

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