

# BUILDING A SUCCESSFUL CRUDE PIPELINE

Learn how a midstream company leverages DI ProdCast to estimate the optimal capacity of a new pipeline in a matter of minutes.



**Case Study**

**Typically known as a time consuming and resource intensive process, determining the potential for new pipeline projects can now be realized in minutes with DI ProdCast.**



## THE CHALLENGE

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Midstream service providers must continuously track current production along with forecasted production out of each basin to determine the potential for new pipeline projects. The process of scraping state production data, building type curves, tracking well releases, and generating a DCF model in order to determine future production can be time consuming and resource intensive.



## THE SOLUTION

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DI ProdCast is a dynamic platform that builds on Drillinginfo's depth of data, energy industry expertise, and analytics to provide clients with the ability to quickly and accurately perform their own in-depth market fundamental analysis in an interactive manner.

In this example, we will follow a midstream service provider that will use DI ProdCast to determine:

- Pipeline location
- Pipeline capacity

- Producers to work with
- Type of crude to target

Using the Long-Term Forecast feature of DI ProdCast, the company follows an intuitive step-by-step process to build a forecast in the Permian basin. Once the forecast is created, the company can dive deeper by analyzing the production of specific fields, look at the economics associated with certain producers or fields within a basin, and visually locate the type of crude produced in a specific region.

The company begins by inputting their specific assumptions into the DI ProdCast interface. Assumptions include price forecasts, rate of return thresholds, well cost assumptions, type curves, and drilling ramp up schedules.

Once the company runs the economic model to determine the forecast, they are able to determine that production is expected to grow by 1.5 MMbbl/d by 2022. Using what they know about current takeaway capacity, they are able to determine that building a pipeline with a capacity of 200 MMbbl/d, expandable to 400 MMbbl/d, would be a good investment for them.

Furthermore, they notice that most of the growth out of the Permian comes from two major fields, the Delaware and Midland basins. In order to understand these fields further, the company accesses the field breakeven comparison tab to verify these regions have supreme economics that will justify a pipeline in the area.

Using the DI ProdCast Short-Term Forecast tool, the company can assess who the major players are in the Permian and in



## DI ProdCast Key Features

### *Interactive Forecast Function:*

*Input prices to understand the effects on potential production for over 180 areas.*

### *Guidance-Based Forecast:*

*Based on the CAPEX and drilling plans of 70 producers.*

### *Drillinginfo Forecast:*

*Economics-driven and based on the Drillinginfo price forecast.*

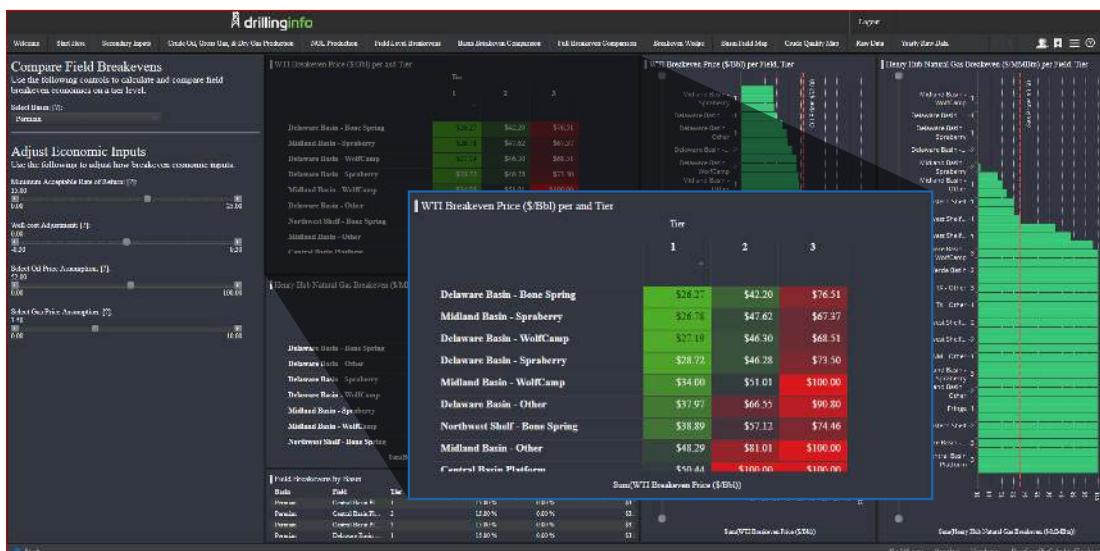
### *Breakevens:*

*Breakeven and other economics calculations for over 500 breakouts of production at the producer and/or field level.*

# Case Study



*DI ProdCast Oil Production by Field*



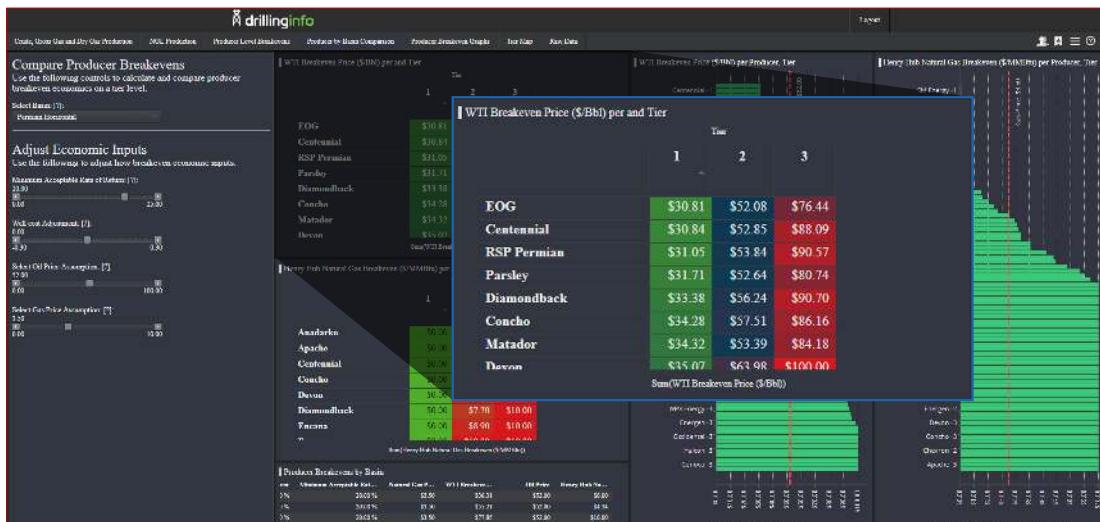
*DI ProdCast Basin Breakeven Comparison*

turn, determine who they would like to get firm commitments from. Given that the Short-Term Forecast uses actual well-release schedules mentioned in earnings calls, paired with type curves built by DI, the pipeline company can evaluate and compare the operators within the Permian.

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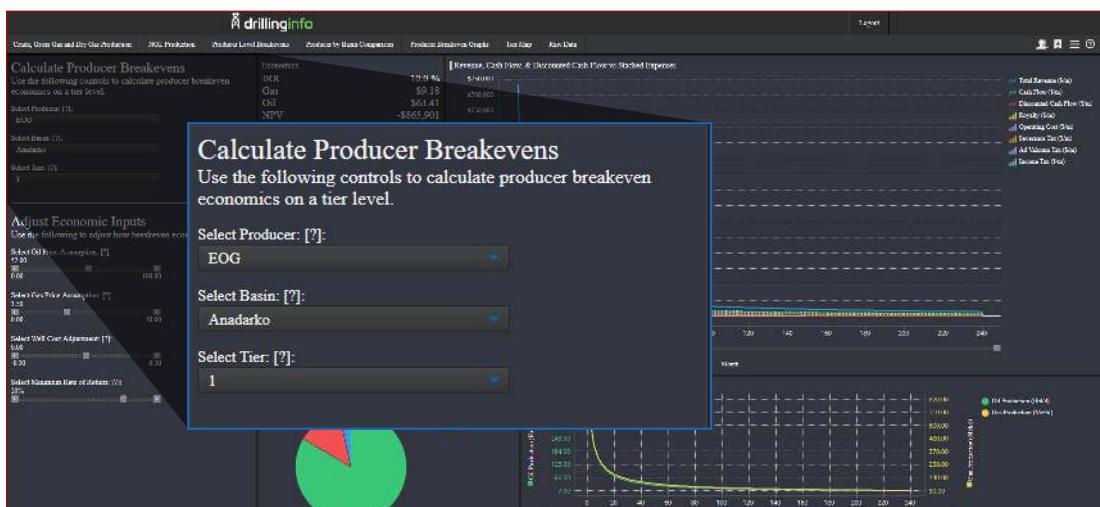
## Case Study

In order to compare the operators, the pipeline company takes advantage of the producer comparison analysis found in the Short-Term Forecast. They can



*DI ProdCast Producer by Basin Breakeven Comparison*

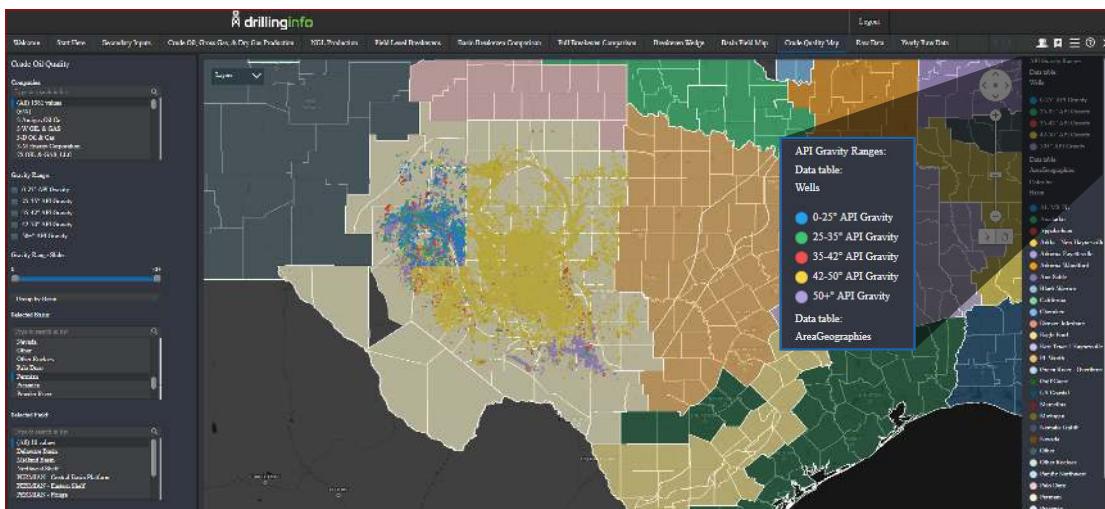
understand how key operators stack up against each other, and identify price thresholds where wells/assets are in-the-money. For producers that are also active in other plays, economics across their portfolio can be analyzed side-by-side to identify where capital is likely to be invested.



*DI ProdCast Producer Level Comparison*

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Lastly, the pipeline company wants to determine at what specs to make the pipeline. Using the Crude by Quality Map, they are able to see the API gravities that are most prominent in the Permian.



*DI ProdCast Crude Quality Map*

In a few seconds, the pipeline company has identified which fields will have the most production, which producers have the best economics and where they are focusing their assets in the Permian, and the type of crude being produced in the area.

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