

SEPTEMBER 2019

ENERGY TECHNOLOGY MUSINGS

An offshoot of Musings from the Oil Patch, Energy Technology Musings will focus and provide commentary on notable insights, trends and news related to technology and software within the energy industry.

INSIGHTS & TRENDS

SOLVING DATA CHALLENGES WITH THE FOUNDATION OF THE INDUSTRY

Mineral interest ownership is one of the most complex issues for E&P companies to unwind. Since the oil industry is well over 150 years old, its history is marked by active land and mineral interest sales. When E&P companies or mineral interest buyers contemplate acreage or resource purchases, they need to know what they are actually buying in order to figure out the possible economic reward.

As we commented last month, digitalization of the oil patch is driven by needs and opportunities. In this case, determining mineral ownership is the "need" and completing that task inexpensively and quickly is the "opportunity."

Over the years, as acreage and mineral rights were sold, traded and/or transferred through bankruptcies and corporate reorganizations, understanding the volume of minerals attached to the surface ownership has become

more and more complicated. Not only does ownership uncertainty complicate the economic analysis for drilling a well, but if oil and gas is found, the producer has a legal obligation to pay the true mineral owners their share of the income generated. The entire process has created an army of professionals (landmen, attorneys, etc.) who spend their careers determining who owns what and how much. The time and expenses associated with determining mineral ownership have become a target of E&P companies seeking to lower well breakeven costs. It has become a crucial pressure point, as the shale revolution's success has been driven by growing well laterals to reach greater resource volumes. That strategy has forced E&P companies to accumulate large contiguous acreage blocks to facilitate drilling long well laterals, which means they have to know who owns the minerals.

Determining mineral ownership is a data-intensive and mathematically complex process that continues to be performed mechanically. This process can be greatly enhanced by automation software and machine learning solutions to verify mineral ownership and manage title transfer. Mineral rights ownership is just one more stubborn oil and gas industry cost that has recently begun to be targeted through the application of technology as producers strive to become more efficient and profitable. 🦁

COMPANY SPOTLIGHT



TRACTS.CO

Background: The Company was founded by Ashley Gilmore and David Dewey, who have a long-standing relationship working together on several software-related ventures. The idea for Tracts came to them while Ashley was in law school interning at a law firm that specialized in drafting title opinions for oil and gas companies. His task for the summer was to double-check a stack of complex calculations associated with verifying title. Done the conventional manual way, this task would have taken him several weeks to finish. Instead Ashley and David developed a computation algorithm that decreased the time required from weeks to hours.

Value Proposition: Tracts' software solution creates a 50-80% cost savings for its users by significantly reducing the time required to calculate and verify mineral rights ownership, as well as [READ MORE](#)

This issue of Energy Technology Musings includes our first Company Spotlight, a recurring feature that will focus on a company that provides a compelling software/technology solution.

For this month's Company Spotlight, we interviewed Tracts Co-Founder and CEO, Ashley Gilmore, about how they are addressing the inefficiencies of verifying and managing mineral rights ownership. Tracts provides a software solution that streamlines the title data verification process and provides a user-friendly title management database. For more information on Tracts, please see: <https://tracts.co/> 🦁

NOTABLE NEWS

Quorum is on a roll with its third acquisition in the last few months (closed Archeio in June and Coastal Flow in March). OGSys, based in Ft. Worth, rounds out Quorum's legacy upstream accounting software suite and expands its addressable market to include small to medium-sized businesses who are looking for affordable cloud based systems that can grow and scale with their business. Thoma Bravo, the private equity investment firm behind Quorum, also acquired Aucerna in February 2019, which provides software for integrated planning, execution and reserves. Don't be surprised if Aucerna and Quorum are combined into a single platform at some point. 🦁

Related Press Release

[Quorum Software Acquires OGSys](#)

The generational shift is underway in the oil and gas industry, and with it the younger generation is seeking real time data solutions that provide insight into field operations. Given the breadth and scope of Weatherford's product and service portfolio (especially artificial lift), it seems like a natural progression to develop a software tool (ForeSite) to create stickier relationship with customers. The Power BI connector from Microsoft broadens the ForeSite platform to include production data and to compare performance across vendors and assets. 🦁

Related Press Release

[Weatherford Releases New ForeSite® Business Intelligence and Data Visualization Powered by Microsoft® Power BI](#)

There has been a lot of hype and interest around software as a service (SaaS), but a new term people are less familiar with is blockchain as a service (BaaS). Data Gumbo, through its proprietary algorithms and software offering, allows companies, vendors and the contracts between them to operate more efficiently by collective verification that jobs / processes / procedures have been met before processing payment. The product should help reduce days sales outstanding (DSO) and payment disputes between operators and service vendors. 🦁

Related Press Release

[Data Gumbo commended by Frost & Sullivan for automating contract execution in the Oil and Gas Industry with its Blockchain-as-a-Service](#)

Through its wholly owned subsidiary, Helmerich & Payne Technologies, LLC, H&P acquired DrillScan which specializes in drilling software to help customers achieve greater reliability involving wellbore quality, accuracy and performance. H&P has made multiple acquisitions over the last three years all centered around a longer-term strategy of providing autonomous drilling using software to provide a cheaper more reliable wellbore for its customers. H&P has coined its autonomous drilling solution AutoSlideSM using proprietary software called MOTIVE. 🦁

Related Press Release

[H&P Expands Portfolio of Drilling Optimization Software and Capabilities with the Acquisition of DrillScan](#)