Geologic Components of Shale Production*

Dwayne Purvis¹

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¹Consultant, Dwayne Purvis, P.E., Reservoir Engineering and Management, Fort Worth, TX, United States (dpurvis@dpurvispe.com)

Abstract

Industry and investors recognized from the beginning that the traditional components of a field — reservoir, trap and charge — did not apply to shale production since the target formation provided all three. While it is mostly true that there are no dry holes in shale production, there is wide range of productivity, and many areas are unprofitable for geologic reasons. After years of delineation and experimentation we can now offer a model for what geologic components are necessary for profitable production:

1. Reservoir – sufficient thickness of a rock matrix able to contain and flow fluids
2. Geomechanics – the ability to create and to sustain a complex fracture network within the reservoir
3. Fluids – initial pressure and fluid type able to maintain a driving force

Unlike defined accumulations for which the criteria are binary (present/absent), the components are mostly gradational. That is, quality exists on a spectrum, and better quality in one dimension compensates for worse in different dimension. There are, however, deal-killers which cannot be overcome by other dimensions.
Defined accumulations yield binary results

Yes or no criteria:
1. reservoir
2. trap
3. then charge
Wells are either productive or non-productive

probability
profitability

volumes (read “dollars”)
Continuous accumulations yield continuous results

Volumes are rarely zero, but large (or even most) areas of a shale are uneconomic.

Even within an economic area, variability from one well to the next makes many wells uneconomic.
First geologic components for shale production

1. Reservoir – sufficient thickness with ability to contain and to flow fluids
Second geologic component for shale production

1. Reservoir
2. Geomechanics—ability to create and sustain complex hydraulic fracture system within/throughout zone
Third geologic component for shale production

1. Reservoir
2. Geomechanics
3. Fluids – pressure and fluid able to maintain driving force

(no RIPs)

In addition, recovery depends more heavily upon the drilling, completion and operations practice than in higher quality rocks.
Haphazard list of considerations...

e.g.
clay content
porosity
brittleness
frac barriers
stress contrast
TOC content
TOC maturity
...fit within one or more headlines

<table>
<thead>
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<th></th>
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<th>brittleness</th>
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<td>2. Geomechanics</td>
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<td>3. Fluids</td>
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more modes of failure
some trade-offs between criteria

fuller discussion can be found at www.dpurvispe.com/shale-rubric
Continuous variation obscures patterns

**Defined accumulations**

- discrete criteria give binary feedback from drilling
- so...

- best fields drilled early
- best locations within each field drilled early
- diminishing results through development

**Continuous accumulations**

- ambiguous feedback
  - stochastic variation within a common geologic area
  - uncertainty in reserves estimation
- requires many more wells to delineate areas and ranges of recoveries
- so...

- slow and diffuse high-grading of acreage
  - often mistaken for technology improvements

Better theory could shorten delineation and avoid more uneconomic areas
“[O]ptimal mix of permeability and thermal maturity”. . .

- **Traylor North 1H**
  - Peak Rate: 0.3 mmcf/d and 930 bbls/d

- **Lazy A Cotulla 1H**
  - Peak Rate: 0.3 mmcf/d and 930 bbls/d

- **PGE Browne 1-H**
  - Peak Rate: 4.0 mmcf/d and 1,200 bbls/d
...turned out not to be... colored and sized by 24-mos cum oil
Patterns are clearly defined after thousands of wells

year end 2014, 3265 wells

There is no such thing as a “Karnes County average well”
Some area boundaries could be defined in advance, others not.

There is no such thing as a “Johnson County average well.”

Year end 2018, 5,947 wells.
Thank You!

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