

## **Small is Beautiful and Effective - A Case Study from Kodeco Energy's Decade of Success in the East Java Basin, Indonesia**

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Kodeco Energy Co., Ltd. is the operator of the West Madura Production Sharing Contract (PSC) in Indonesia and is engaged in oil and natural gas exploration and exploitation. By any standards, Kodeco's performance and results in the decade 1999-2009 must be deemed successful and indeed is the envy of many of its peers in Indonesia. In terms of numbers that success may be reported as: 25 exploration wells drilled with 80% success ratio, and together with associated appraisal drilling confirmed 229MMBOE at a finding cost of 0.30 US\$/BOE, development costs of <1.75\$/BBL and lifting costs of <\$3.50/BOE, leading to 2000% increase in oil production, 1000% increase in gas production and 2000% increase in gross revenue. Success can be due to many things but whatever the scale of reference, one may be sure that ultimately it derives from the critical coming together of timing, funding, opportunity and work ethos. Without opportunity funding is wasted and without funding opportunities are lost.

Opportunities may come in many forms, from acquiring new acreage; introducing new technologies to enhancing exploration, production, drilling and completion practices; improving interdepartmental communications and cooperation; and bottom line - to providing added value!

This requires not only a vision but also a commitment that all be on the same page! Individuals and departments must be collaborative, ethical, flexible, innovative, responsible, sustainable, transparent and trustworthy, aimed not merely at solving technical problems but in developing a mindset that would enable them to fulfill the above, because success will be measured as the sum of parts. For this to happen, success must be built from top down not bottom up. Knowing how different parts or functions work is all well and good but to succeed demands a sound design to guide how the mix of skills, knowledge and experience can be welded together to blend both creative and analytical functions. The Kodeco experience, which covers the gamut of geological and geophysical applications and interpretation, to completion initiatives, to planning a drilling campaign, offers an interesting and informative case study.