

Leveling the Playing Field: Exploration Economics in Western Canada

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Abstract

One of the most noticeable trends amongst the recent surge of drilling activity in the Western Canada is the increase in the number of junior exploration companies operating in the basin. As the basin becomes more competitive, the need for effective planning and cost control increases since the returns from increased product revenues can be eaten away by cost escalation and uneconomic plays. For larger companies, the challenge is to maintain effective control over a large drilling program and to ensure that the strategy is bringing results that are superior to the competition.

Technology improvements have increased the chances of success and it is now possible to deliver the data geologists and engineers need to accurately assess risk and justify exploration and development proposals before wells are drilled.

Companies now have the ability to access an unbiased, independent perspective into the past performance and future potential of specific geographic regions on their desktop and quickly and efficiently formulate detailed, per-well analyses of each play including historic success rates, full-cycle economics and production performance profiles gives the junior company confidence in their selected plays.