PDO Integrates Reserves Management and Corporate Planning for Portfolio Optimization

Merak software provides consistent approach to annual business plan cycle

**CHALLENGE**
Streamline reserves management process and annual business planning procedure for consistency across assets; capture all projects and related reserves data in a single, consolidated system.

**SOLUTION**
Implement Merak* planning, risk, and reserves software suite, including the following modules:
- Merak Capital Planning
- Merak Peep
- Merak VOLTS.

**RESULTS**
Improved resource planning and capital budgeting through reserves coordination; reassigned business planning and maintenance for greater efficiency; provided easy access to projects and reserves data for every department; accomplished smooth transition to new system with user training program.

"Having an integrated system makes our corporate business planning and reserves management not only more efficient, but also more accurate.”

Mr. Moataz Al Riyami
PDO Corporate Planning Head
Petroleum Development Oman

The core business of producing and managing hydrocarbon resources is supported by two main activities: 1) reserves management, as hydrocarbon resources represent the company’s value and are the key assets with direct impact on corporate share price; and 2) a solid business plan to effectively use company resources, sustain development, and facilitate profitable production growth.

Business planning is focused on production and costs rather than on reserves; however, these two processes go hand in hand on an annual basis to help companies realize long-term financial goals and achieve short-term targets—while still maintaining growth. The hydrocarbon maturation process is fundamental to linking a company’s projects to its resources, by monitoring maturation over time and maintaining an acceptable reserves replacement ratio.

**Data workflow**

Integration of Merak Peep and Merak VOLTS software, with databases that store business plan and reserves data for estimation and reporting.
**CASE STUDY:** Merak software streamlines reserves management and business planning

**Adopt comprehensive, dynamic software technology**
Schlumberger Information Solutions (SIS) provided the Merak software suite as the main technology tool to fully integrate reserves management and business planning. The solution included Merak Peep, VOLTS, and Capital Planning modules together with a customized integration of the whole system. This met the business requirement to replace three separate legacy financial applications.

**How it works**
The company’s hydrocarbon-related projects are assigned a reserves category and project maturation attributes in Merak Peep software. The projects are quality controlled in an annual reserves review process and delivered to the Corporate Planning system for the next year’s business planning period.

In the annual reserves review process, the current year’s production and reserve changes are assessed in Merak Peep and the data is synchronized with Merak VOLTS. The current year’s production is updated automatically from the data warehouse via a Merak VOLTS link. The OFM* system also provides production updates. The reserves replacement ratio is calculated from the production and reserves maturation data received from Merak Peep projects.

All data is published in PDO’s Reserves Book using Merak VOLTS reports and exporting them in required formats. The data is then available and quality controlled in Merak Peep software, where it can be used as a reference and basis for the next year’s planning cycle.

**Training and security**
SIS provided training to bring users quickly up to speed. A new security feature was introduced to support different levels of access and permissions for asset engineers, asset planners, and administrators. Since implementing the solution, more than 150 people representing all PDO assets have been added to the system.

**Increased corporate planning efficiency**
A full cycle of the new business planning process was developed and adopted by all PDO departments, identifying their involvement at various stages during the plan year. The year was divided into two parts—business planning and reserves management—with different departments feeding relevant data into the Merak Peep system, all of which automatically rolls over from one business cycle to another after endorsement and signoff by the board and shareholders.

The integrated system has enabled more thorough and efficient resources planning and capital budgeting. Users can easily access the project and financial data they need, and quickly run standardized reports for internal and external use. Business planning is now based on PDO’s real and future assets, using accurate volumes of reserves with categories linked to specific project data.

**Schlumberger Information Solutions**
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