



McKay Oil & Gas Increases Production by 4 Percent and Per-Well Revenue by \$8,900 Per Year

Customer:

McKay Oil & Gas

(some wells operating under El PamCo Operating)

Well Profile:

14 producing gas wells in the San Juan Basin, New Mexico

Well Monitoring Objectives:

- Increase production by identifying outages and bringing wells back on stream more quickly.
- Allocate pumper's time more efficiently and effectively by eliminating drive-by monitoring.

As a small independent operator in New Mexico's San Juan Basin, McKay Oil & Gas employs a part-time pumper to oversee 14 producing gas wells.

Up to 2004, McKay's pumper monitored wells in the traditional way: driving from well to well to record compressor values. Inevitably, he could not visit every well, every day, so outages could go for a while before the company was aware of them.

"It wasted a lot of time going by every well to know if they were working or not," said Bill Mayhew, Vice President and General Manager. "And we might not have known for a day or two if something was down, which affected production."



Bill Mayhew, Vice President and General Manager

Continuous Insight on Well Performance

Mayhew looked into remote well monitoring as an alternative. He evaluated a couple of solutions, including Wellkeeper. With near real-time, Web-based access to well data, Wellkeeper would provide McKay with the same pressure information—sooner and without having to physically visit every single well.

After Wellkeeper implemented the solution at all 14 producing wells, the company's pumper began monitoring them a couple of times a day on his home computer. He primarily looks at compressor pressures, allowing him to identify dips and determine if a well is down. Wellkeeper shows him the most recent reading and any changes over the past 12 or

"Wellkeeper allows us to focus on getting units back up and running. It reduces well downtime, making us more profitable as a company. It pays for itself monthly in keeping wells running."

24 hours. The easy-to-use Web interface lets the pumper view data for all wells at once, or at the individual well level, and in text format or as graphs to see changes clearly over time.

When needed, McKay can also access details on water tank levels, production, temperatures and other indicators of well performance.

The Impact of Remote Monitoring

- Reduced the average downtime per well by about eight days per year, or three percent.
- Production increased by about four percent.
- Additional revenue of about \$8,900 per well, per year.
- Solution pays for itself in the first four months of the year.



The capability instantly changed the pumper's job from well-by-well driving to prioritized action. Each morning, he looks at pressures and proactively plans well visits for that day. With updates again in the afternoon, he finds and addresses any problems before they go overnight.

"With Wellkeeper, Andy always knows exactly where to go," Mayhew said. "It saves him a lot of time, so he can stay at each well longer and actually prime them a little bit. We are able to keep wells running more than we have in the past, especially in the winter when things freeze up."

Back at the company's office in Albuquerque, Mayhew views the same well data via Wellkeeper's Web-based interface. He can see pressure changes, and knows when Andy has addressed a problem. It minimizes update calls between the two, and gives Mayhew peace of mind that issues impacting production are being addressed quickly. Mayhew also regularly exports, with just one click, the most relevant Wellkeeper data into Excel spreadsheets to provide to the company's founder.

Wellkeeper is also simple for the small independent operator to manage and maintain. Wellkeeper engineers installed the solution on all 14 producing wells and quickly troubleshoot any issues on site as needed.

Reducing Downtime by Three Percent

Implementing remote monitoring has positively impacted McKay's production as well as its profitability. With the previous drive-by method, the pumper visited each well about three times a week. At times, outages could go a day or two.

Remote monitoring now allows the pumper to troubleshoot routine stoppages, and get wells back on stream, more quickly. McKay compared "short" outages, those under 36 hours, before and after well monitoring. Short outages are usually quickly fixed by restarting compressors, rather than extensive

work, making them a more appropriate basis for comparison. Without daily monitoring, McKay's short outages lasted, on average, about 1.17 days.

With Wellkeeper, McKay has reduced the average downtime per well by about eight days per year, or three percent—translating to a production increase of about four percent. Taking into consideration gas prices and production, the company estimates it saves about \$8,900 per well, per year. Considering the annual cost of monitoring all wells, McKay Oil & Gas pays for the Wellkeeper solution in the first four months of the year and benefits from increased profits from that point on.

Remote monitoring has been a significant addition to the company's operations. "Wellkeeper allows us to focus on getting units back up and running. It reduces well downtime, making us more profitable as a company. It pays for itself monthly in keeping wells running," Mayhew said.



Wellkeeper monitoring equipment on McKay gas well

About Wellkeeper...

Providing Web-based information access, Wellkeeper brings remote monitoring technology previously only available to the majors within reach of any independent. Near real time and historical well data allows operators to identify and troubleshoot downtime more quickly; reduce the costs of spills, field mileage and truck maintenance, reduce environmental liability, and increase production and profitability. Visit www.wellkeeper.com or call 1-888-WELLKEEPER (935-5533) to learn how remote monitoring can impact your operations.