

Profiles in Modernization: Contrast Energy



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- John Redmond

Chief Executive Officer at Contrast Energy, LLC

Before you started this modernization journey, how would you rate Contrast Energy against your peers and other industries?

Contrast Energy is a new, private operator that was founded in August 2019 and we just closed on our second acquisition. We are currently a small team of 12, but collectively, we have spent many years in the industry and previously worked together at other oil and gas companies. While the scope of our operation is small, we are on the upper right quadrant of enthusiasm in deploying innovative technology towards our growth efforts.

Our team continuously evaluates new ways for us to combine and analyze data to arrive at decisions faster. We select our technology meticulously so that we can roll in any new assets as quickly as possible.

Our team's experience from working in mid to major oil and gas companies from the 1990s enabled us to be exposed to organizations with high budgets for technology investments and evaluate where the greatest ROI is.





As we embarked on our journey to build Contrast, our perspective from those previous experiences helped us appreciate the value of technology and the approach we should take to increase the efficiency of our operations. At the core, we believe that it's about harvesting your daily data to support 3 key areas:

- ⬡ Better understanding of your assets and production
- ⬡ Accurate accounting of forecast compared to actuals
- ⬡ Improved action plan to make the best topline decisions

In order to have a strong pulse on our performance, it's all about accurate projections and planning – what do you say you're going to do, what you actually did, and how good were you at predicting and executing. The integration of accounting and reserves forecasting is very important and access to daily data enables us to respond to challenges in a timely fashion. Without harvesting your data effectively, you really can't determine that information.

How did you get your journey off the ground and develop your roadmap?

When we first started, we built our own architecture of tools and had an in-house production accounting system that was flexible for our needs at the time. However, with our anticipated growth and our acquisition plan, we knew we needed to look outside and explore other technology options. When we evaluated Quorum's integrated offerings, it made sense for us to partner with a proven software vendor rather than build solutions from scratch and detract from our core focus as an operator. Although we only had 10 wells at the time, we knew that this would change quickly, and we saw tremendous value in working with a software provider to establish our technology infrastructure and enable an automated data flow within our organization.

Our technology focus centered around three key requirements:

- ⬡ Cloud-based offering
- ⬡ Accessibility to the data
- ⬡ Responsive customer support

Each of the technologies we selected were specific to our functional areas – accounting, drilling, production, SCADA, etc. It was critical for us to have the flexibility to access the data on the backend and apply our own analytics

We like to have creativity in calculating our production scenarios and applying different algorithms to help us identify issues early and find nuances. We also looked at technologies where upgrades and new features can be easily deployed so that we are always taking advantage of the latest enhancements without impacting our daily operations and workload.

What are the cultural challenges that you had to overcome?

With a smaller team, it's easier to get alignment. We had the benefit of meeting several times to compare the pros and cons of our technology roadmap and discuss areas of improvement. To learn from past experiences, we reached out to colleagues with whom we had previously worked with and interviewed them on their experiences. One key finding was that in prior companies, my technology selection process was too "top-down" driven, and I needed to allow team members to use the tools that would be most helpful for their tasks. For example, at our prior company, our SCADA group used some very operation-centric tools and our local engineers learned to live with and use them effectively. Initially we worked to migrate the team away from that tool, which ultimately proved to not be the best strategy and resulted in unnecessary distractions.

In that situation, we needed to learn how to adapt existing technologies into the ecosystem that we wanted to create, rather than simply pushing for new technology. The most important lesson is to trust your people who are closest to the work and allow them to select the tools that are most beneficial for their needs.

When you are implementing technologies, it is also important to recognize how well the existing capabilities of the product match your requirements. It's like stretching a rubber band and understanding how much resistance you can apply. If you feel early in the process that you're already too stretched thin, then you need to take a step back and re-evaluate your approach. In addition, implementing a technology roadmap is about having a disciplined plan. If you're not thinking long-term and determining the growth and scalability of 3-5 years down the road, then your strategy will be very limited, and you will likely have to start over at some point.

What types of technology were the keys to your success? E.g. mobility, IoT, analytics

Business Intelligence (BI) has been a key pillar for Contrast. It's how we tie everything together and it is critical for our business. Without BI, I don't know how we would analyze all of our information. Especially with the current macro and commodity pricing, it's all about operating margins.





Contrast plays in a mature production space, so our performance depends on the ability for us to understand our revenue versus expenses in a very accurate and timely way. We've created engines where we can easily process the information we have and go through our invoice approval time as quickly as possible. It's a painfully detailed process that requires a lot of discipline as we grow, but we have assembled the right tools to support that.

Also, our mobility tools for field data acquisition have been very important. We are able to get real-time data into our systems and communicate effectively across our teams. In terms of other technologies, I see potential for Artificial Intelligence (A.I.), but there is still a lot of work that the industry has to do to demonstrate its tangible benefits.

Where are you along this journey and what's your goal for the future?

Contrast is on a growth path, and we are creating a long-term legacy with our core team. When looking at our company compared to our peers, we get a lot of visibility from the acquisition market and can understand how we are performing by measuring different KPIs of similar organizations. As we expand from a personnel standpoint, we will focus on hiring people who are technical enthusiasts and can support our modernization strategy. We plan to look at different technologies like local plunger optimization or well interference identification tools to increase our operational efficiency and throughput. Our goal is to grow as resourcefully as possible, and we are poised to do that by using the best technology that's available.



Quorum Software powers growth and profitability for energy businesses by connecting people, workflows, and systems with decision-ready data.

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