



N692: Well Cost Control and Forecasting

Instructor(s): Kevin Gray

Format and Duration

Classroom - 5 Days

Summary

Cost control and forecasting are fundamental to efficient well planning and execution. The ability to accurately estimate, track, and reconcile well costs is critical for drilling engineers, finance teams, and cost engineers to ensure projects remain within budget while maximizing operational efficiency.

This course provides a comprehensive exploration of well cost control, covering everything from the initial cost estimation and AFE creation to real-time cost tracking, financial reporting, and post-drilling reconciliations. By integrating both technical and financial perspectives, participants will develop a well-rounded understanding of how to effectively manage well costs, mitigate financial risks, and optimize the value of well expenditures.

The course begins with a review of fundamental cost principles, including the well cost improvement cycle and how various technical and operational factors influence well expenses. Participants will learn how to break down costs into Time-Related Costs (TRC), Depth-Related Costs (DRC), and One-Off Costs (OOC) to develop a structured, standardized approach to cost estimation. Another major aspect of the course is risk management in well cost control. Participants will learn how to recognize and mitigate potential cost overruns caused by operational challenges such as stuck pipe, lost circulation, non-productive time (NPT), and well control issues. Strategies for controlling actual well costs, managing financial commitments, and identifying cost overruns before they escalate will be discussed in detail.

By the end of the course, participants will have a clear understanding of the entire well cost control and forecasting process, from the initial budgeting phase to final reconciliation. They will be equipped with the skills needed to implement cost-effective drilling strategies, improve financial reporting accuracy, and add value to their organization by enhancing cost control practices.

This course can be tailored for various experience levels, from Awareness to Skilled level.

This course is delivered in partnership with Black Reiver Consulting Ltd.

Learning Outcomes

Participants will learn how to:

1. Understand the principles of Well Cost Control & Forecasting.
2. Recognize the link between well design, drilling execution, and cost control.
3. Apply practical cost control techniques in real world operations.
4. Develop financial control documents such as AFEs, cost trackers, and reconciliations.
5. Learn to calculate the Value of Work Done (VOWD) and apply it to financial reporting.
6. Identify cost overruns, track expenditures, and manage financial risk.
7. Effectively report and present well cost data, adding strategic value to an organization.



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Training Method

This is a classroom course comprising a mixture of lectures, discussion, case studies, and practical exercises.

- Instructor led sessions using interactive exercises, case studies, and financial simulations.
- A step by step approach, where each topic builds on previous knowledge.
- Real world examples from drilling projects to highlight cost management best practices.
- Hands-on exercises, including AFE preparation and cost tracking models.
- Q&A discussions to clarify financial reporting and cost control concepts.

Who Should Attend

This course is ideal for:

- Well Engineers & Drilling Engineers involved in well design and execution.
- Finance Teams & Cost Engineers looking to understand the financial aspects of well operations.
- Professionals with little or no experience in well cost control who need to learn cost tracking techniques for simple and complex wells.
- Anyone interested in understanding the financial impact of well construction and how cost control adds value to an Oil & Gas Operator's organization.

Course Content

1. Fundamentals of Well Cost Estimation & Control

- Understanding Time Related, Depth Related, and One Off Costs (TRC, DRC, OOC).
- Key elements of building a well cost estimate.
- Overview of AFE preparation and approval processes.

2. Well Cost Tracking & Reporting

- Setting up daily, weekly, and monthly cost reporting.
- Analysing cost variances and forecasting cost overruns.
- Time depth vs. cost depth analysis – plan vs. actual expenditure.
- Using graphs (Cost per Foot, Planned vs. Actual Costs) to visualize financial performance.

3. Role of Cost Control in Well Operations

- Integration of cost control with drilling operations and decision making.
- How financial tracking affects Realtime drilling adjustments.
- The relationship between AFE tracking, and financial reporting.



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4. Managing Cost Risks in Well Drilling

- Common cost overruns: stuck pipe, lost circulation, formation issues.
- Impact of nonproductive time (NPT) on cost forecasts.
- Risk assessment techniques for cost optimization.

5. Post Drilling Reconciliation & Auditing

- Final well cost reconciliation and variance analysis.
- Materials usage reconciliation and stock audits.

6. Financial Accounting & Reporting in Well Cost Control

- Breakdown of costs for internal financial reporting and external partners.
- Work in progress (WIP) accounting during drilling operations.
- How financial teams analyse well cost data and use it for budget forecasting.

7. Strategic Cost Management in Well Design & Drilling

- How well cost control influences drilling decisions.
- Cost saving techniques in well design, rig selection, and operations.
- The role of procurement & contract management in cost reduction.

This course equips participants with the skills and confidence to manage well costs effectively, from planning and tracking to reconciliation and reporting. With a focus on real world applications, attendees will leave with practical strategies to improve financial performance and add value to their organization.