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Decline Curve Analysis and Material Balance, as Methods for Estimating Reserves (A Case Study of D₄ and E1 Fields)

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Abstract:

Reserve estimation entails the interpretation of geologic and/ or quantitative calculation of the petro physical data, PVT(Pressure, Volume, and Temperature), and production histories of the reservoir to estimate the reserve¹. Reserve estimation using Decline Curve Analysis and Material Balance and attempts to answer the question of reserve evaluation based on performance trend. Various techniques have been developed for computing reserve². This study therefore focused on comparing Decline Curve Analysis and Material Balance using two fields as a case study. These are D₄ Sand Guico field, and the Eleke (E1) field. Particular emphasis was laid on the determination of decline rate from the graph of production rate versus cumulative production which was also used to obtain the maximum produced oil and consequently the stock tank oil initially in place (STOIP) when the decline curve analysis was used.

Since the two reserves used are combination drives, the graph of the variables plotted against each other gave a slope U, known as the reservoir constant and the stock tank oil initially in place as the intercept when the material balance approach was used³.

1. Introduction

Many petroleum engineer spend a major part of their professional lives developing estimates of reserves and production capabilities, along with new methods and techniques for improving these estimates. To understand the confidence level and risks of the estimates, a clear and consistent set of reserve classification must be used. The confidence level and the techniques implemented by the petroleum engineer depend on the quantity and the maturity of the data available. The data quality, therefore establishes the classification assigned to the reserve estimates and indicates the confidence one should have in the reserve estimates. Reserve estimation is simply evaluating or assessing a particular reservoir³

One major reason for the estimates of reserves is for management decisions which are seen in the formation of policies for:

- Exploration and development of oil and gas properties.
- Design and construction of plants, gathering systems and other surface facilities.
- Determining and construction of ownership in unitized projects.
- Establishing sales contracts.

An extensive work in oil and gas reserves classification, estimation and evaluation was done by Forest, A.G⁴.

According to him, reserve estimation methods are:

- Analogy
- Volumetric Methods
- Performance Techniques
 - Numerical Simulation Models
 - Material Balance Method
 - Production Decline Curves

In the analogy method, geologic provinces where production from target formation in other entrapments exists, statistical analysis of the older wells are used to determine the mean or median reserves can provide useful information. Actually, before a reservoir is drilled, prospective reserves are usually estimated on this basis.

In the volumetric method of estimation recoverable reserves, the original oil in place (OIP) and the estimated recovery efficiency factor are multiplied. In this way, stock tank oil in place can be calculated.

For material balance to be used to estimate the reserve, five percent of its volume must have been recovered. In simple volumetric terms, the material balance can be expressed as:

Initial volume = volume remaining + volume recovered³

Decline curves are plotted to show a graphical representation of production data available. They show that production decreases with time and since the graphical representation of production data eventually shows production curves decrease with time, the curves are known as 'decline curves'. Analysis of such curves is what decline curve analysis is all about.

Mathematical simulation approach reserve estimation by making a model of the reservoir.

2. Methodology

Two reserves were considered in this work; The D₄ Sand, Guico field as D₄ and Eleke field which is termed E1; are all combination reservoir drive mechanism.

2.1. Material Balance Equation Methodology

Different methodology approach was used for both the D₄field and E1fields:

MBE applied to E1 field

- The underground withdrawal, F; oil and dissolved gas expansion, E_o; and gascap gas expansion, E_g were first calculated for E1 field using the following formulae:

$$\text{➤ } F = N_p (B_o + (R_p - R_s) B_g) + W_p B_w (rb)$$

which is the underground withdrawal

(1)

$$\text{➤ } E_o = (B_o - B_{oi}) + (R_{si} - R_s) B_g (rb/ stb)$$

which is the expansion of oil and its originally dissolved gas

(2)

$$\text{➤ } E_g = B_{oi} \left(\frac{B_g}{B_{gi}} \right) - 1$$

which is the expansion of the gascap gas

(3)

The following assumptions were made;

- The reservoir is producing under combination drive.
- Change in hydrocarbon pore volume (HCPV) due to connate water expansion was neglected.
- The water formation volume factor B_w is 1
- m = 0.7 was assumed for E1 field.

With these assumptions in place, the general material balance equation

$$F = N (E_o + mE_g + E_{f,w}) + W_e B_w (rb)$$

(4)

Reduced to;

$$F = N (E_o + mE_g) + W_e$$

(5)

Where

$$\frac{F}{E_o + mE_g} = N + \frac{W_e}{E_o + mE_g}$$

(6)

This was gotten as a result of dividing both sides of equation 5 by (E_o + mE_g).

The calculation for F, E_o and E_g were done for each plateau pressure level (see table 1.0).

- Secondly, the water influx calculation was made using the Hurst and Van Everdingen method.

- First the dimensionless time, t_D for E1 was given by the formula

$$t_d = \frac{4.57 \times 10^{-7} kt}{\Phi \mu C_i A}$$

(7)

the reason being that the aquifer oil leg area A was given

- The pressure drop, ΔP was then calculated using the formula (see table 2.0);

$$\Delta P_i = \frac{P_{i-1} - P_{i+1}}{2}$$

(8)

This was gotten for the different time levels.

- With the t_D and ΔP in place, the water influx, We was calculated using the equation (see table 2.0);

$$We = U \sum_{i=0}^{n-1} \Delta P_i W_d(t_D - T_{Di}) \quad (9)$$

Where U = water influx constant, rb/psi; $W_D(t_D)$ = the dimensionless water influx read from the Van Everdingen and Hurst water influx chart.

- Lastly, a table was incorporated which was principally done on Excel spreadsheet to calculate for $(E_o + mE_g)$ for the different pressures and the consequent fractions of $F / (E_o + mE_g)$ and $We / (E_o + mE_g)$

From equation 6;
$$\frac{F}{E_o + mE_g} = N + \frac{We}{E_o + mE_g}$$

A graph of $F / (E_o + mE_g)$ vs. $We / (E_o + mE_g)$ will result in a straight line graph with slope U which is the water influx constant in rb/psi and the stock tank oil initially in place, N which is the intercept.

- MBE applied to D_4 field

Though similar procedure was used, only the configuration of the terms changed.

- F , which is the underground withdrawal was calculated using the formula;

$$F = (N_p [B_t + (R_p - R_{si}) B_g] + W_p - W_j) \quad (10)$$

Where $B_t = B_o + (R_{si} - R_p) B_g$; $B_{oi} = B_{ti}$ and B_t which is the total two-phase formation volume factor. E_t which looks like a variant combining $(E_o + mE_g)$

$$E_t = E_o + \frac{mB_{ti}}{B_{gi}} E_g$$

- This equation was summarized as;

$$E_t = \frac{mB_{ti}(B_g - B_{gi})}{B_{gi}} + (B_t - B_{ti}) \quad (11)$$

Equation 12 was used then used for the calculation at different pressures levels.

- Now the combination drive mechanism formula is;

$$F = N \left(E_o + \frac{mB_{ti}}{B_{gi}} E_g \right) + C \sum \Delta P Q(\Delta t_D) \quad (12)$$

Where $E_o = B_t - B_{ti}$

C = consistency test which is a function of real time.

Dividing both sides of the equation 13 by

$$\left[E_o + m \left(\frac{mB_{ti}}{B_t} \right) E_g \right]$$

- Would give a basis of the plot to obtain the stock tank oil initially in place, N

$$\left[E_o + \frac{mB_{ti}}{B_{gi}} E_g \right] = N + \left[\frac{C \sum \Delta P Q(\Delta t_D)}{E_o + \frac{mB_{ti}}{B_{gi}} E_g} \right] \quad (13)$$

➤ the water influx We , was calculated using the formula;

$$We = \left[\sum_{i=0}^{n-1} \Delta P_i Q(\Delta t_D) \right] / E_t \quad (14)$$

• Assumption made:

The value of $Q(t_D)$ was assumed for all the pressure levels.

➤ The pressure drop, ΔP was calculated using the formula;

$$\Delta P = \frac{P_{i-1} - P_{i+1}}{2} \quad (15)$$

➤ With $Q(t_D)$ assumed, the water influx We , was calculated.

• Lastly, a table was incorporated on Microsoft Excel spreadsheet to calculate F/E_t and

$$\left[\sum \Delta P Q(\Delta t_D) \right] / E_t$$

A plot of F/E_t vs. $\left[\sum \Delta P Q(\Delta t_D) \right] / E_t$ will give a slope C in rb/psi and an intercept N , which is the stock tank oil initially in place.

3. Results of the Material Balance Method

Pressure (psia)	F MMrb	Eo Rb/stb	Eg Rb/stb	mEg	Eo + mEg	We Mrb	F/ (Eo + mEg) MMrb	We/ (Eo + mEg) Mrb
4487								
4444	2.5464	0.00073	0.102	0.006834	0.006907	1.590	368.67	230.20
4416	5.3569	0.00165	0.0164	0.010988	0.012638	5.64	422.30	446.27
4370	8.4056	0.003950	0.0225	0.015075	0.019025	11.79	441.82	619.71
4332	12.3895	.002004	0.0300	0.0201	0.022104	20.19	560.51	913.41
4298	16.1938	0.003088	0.0490	0.03283	0.035918	30.11	450.86	838.29
4260	20.8213	0.003531	0.0491	0.032897	0.036428	41.56	571.57	1140.88
4228	26.1943	0.004972	0.0553	0.037051	0.042023	54.51	623.33	1297.15
4230	28.2560	0.0040100	0.0573	0.038391	0.042401	67.12	666.40	1582.98
4259	29.3895	0.002945	0.0532	0.035644	0.038589	77.27	761.60	2002.38
4282	30.6539	0.002600	0.0532	0.035644	0.0382244	84.27	801.54	2215.25

Table 1: Material balance method table of values.

MBE values for Eleke field, E1

Td	Wd(td)	Pressure drop ΔP (psi)	We (Mstb)
0	0	21.5	0
205.9	74	35.5	1.590
411.7	140	37.0	5.64
617.6	190	42.0	11.79
823.4	240	36.0	20.19
1029.3	280	36.0	30.11
1235.3	328	35.0	41.56
1441.0	370	15.0	54.51
1646.9	400	-15.0	67.12
1852.7	430	-25.0	77.27
2058.6	465		84.27

Table 2 :Values for water influx of the Eleke field
 The slope $U = 232.4$ rb/psi and the intercept N was; $N = 330$ MMstb
 The D_4 Sand Guico field, D_4

ΔP (psig)	Q (tD) reD	Et (rb/ stb)	$We = \left[\sum_{i=0}^{n-1} \Delta P_i Q(\Delta t_{D_i}) \right] / E_t$ $\times 10^4$ Bbl
23.5	220.15	0.1104	4.6861
16.5	222.45	0.1188	7.4579
10.5	225.42	0.1293	8.7234
10.5	226.45	0.1311	10.4411
14.0	227.89	0.1417	11.9100
11.0	228.56	0.1478	13.1340
7	229.89	0.1551	13.5964
-13.0	230.45	0.1563	11.7380
1	231.06	0.1391	13.3960
17.5	234.12	0.1576	14.3301
15	235.68	0.14609	16.1913
5	236.98	0.1771	15.4395
-21.5	237.06	0.1674	13.6038
-1.5	238.45	0.1498	15.0530
1	246.0	0.1654	13.9114

Table 3:The water influx table of values:

Pressure (psig)	Et (rb/ stb)	F MMbbl	F / Et MMstb	$\left[\sum \Delta P Q(\Delta t_{D_i}) \right] / E_t$ $\times 10^4$
1814	0.1104	8.499	76.98	4.6861
1799	0.1188	8.987	75.65	7.4579
1781	0.1293	9.747	75.38	8.7234
1778	0.1311	12.782	97.50	10.4411
1760	0.1417	14.200	100.21	11.9100
1750	0.1478	15.340	103.79	13.1340
1738	0.1551	16.801	108.32	13.5964
1736	0.1563	18.397	117.70	11.7380
1764	0.1391	19.001	136.61	13.3959
1734	0.1576	20.113	127.62	14.3301

1729	0.1609	20.615	128.12	16.1913
1704	0.1771	21.716	122.62	15.4395
1719	0.1674	22.573	134.84	13.6038
1747	0.1498	22.937	153.12	15.0530
1722	0.1654	23.644	142.95	13.9114

Table 4: Material balance table of values:

The slope, $U = 667.0$ rb/psi

The stock tank oil initially in place, $N = 29\text{MMstb}$.

4. Decline Curve Analysis Methodology

For the two fields, E1 and D₄, the same approach was used in calculating the decline curve.

The graph of production rate versus time was plotted on the semi-log graph (see fig.2). A straight line relationship on the semi-log graph shows that the data undergoes the empirical model of Arps, J.J.⁶, i.e;

$$q_t = q_i e^{-D_i t} \tag{16}$$

All such plots on the semi-log graph showed a linear relationship, so it was concluded that the resources follow the empirical exponential model.

Then a graph of production rate vs. cumulative production was plotted on the Cartesian graph for the two reserves(see fig.3) . From these, the several decline rates, D, were gotten from the slope of each graph of the different field.

To obtain the maximum produceable oil from the reservoir, $N_{p_{max}}$, the formula was used;

$$N_{p_{max}} = \frac{q_i}{D_i} \tag{17}$$

“ q_i ” was gotten when the straight line from the semi-log plot of production rate vs. time was extrapolated to $t = 0$.

To obtain the stock tank oil initially in place (STOIP), the cumulative production up to the last year and the maximum produceable oil were added. The formula is given by;

$$STOIP = N_{p_{max}} + \text{Cumulative produced oil up to the last year.} \tag{18}$$

5. Results for Decline Curve Analysis

Date	Production rate (stb/d)	Cumulative Oil Production (N _p) Mstb
01/01/86	0	0
01/01/87	5507	2010
01/01/88	6123	4245
01/01/89	6123	6393
01/01/90	6441	8733
01/01/91	5641	10792
01/01/92	4751	12526
01/01/93	4131	13986
01/01/94	2907	15047
01/01/95	2337	15900
01/01/96	1836	16700

Table 5: Values for Eleke field

xTime (days)	Production Rate Mbb/ day	Cum. Oil Produced, N _p MMbbl
1056	4.930	5.2030
1058	5.190	5.4940
1061	5.600	5.9440
1211	6.580	7.9670
1607	5.540	8.9070
1757	5.440	9.5550

1997	5.274	10.520
2237	5.210	11.655
2357	5.170	12.188
2507	5.140	12.790
2567	5.070	13.022
26.87	5.010	13.463
2867	4.910	14.081
3077	4.760	14.651
3227	4.680	15.092

Table 6: Vs for the D₄ Sand, Guico

	D (Day⁻¹)	N_{pmax} (MMstb)	STOIP (MMstb)
Eleke field	2.059 x 10 ⁻²	311.36	327.93
D ₄ Sand field	4.8443 x 10 ⁻⁴	13.583	28.675

Table 7: A table showing the values of D, N_{pmax} and STOIP for the two fields is shown below

	DCA (MMstb)	MBE (MMstb)
Eleke field	327.93	330
D ₄ Sand field	28.675	29.0

Table 8: Comparing the results of DCA and MBE STOIP values of the two fields

5.1. Results

	Decline Rate (Day⁻¹)	Decline Curve Value of STOIP (N)	Material Balance Value of STOIP (N)
Eleke Field Reservoir	2.059 x 10 ⁻²	327.93 MMstb	330 MMstb
D ₄ Sand Guico Field Reservoir	4.8443 x 10 ⁻⁴	28.675 MMstb	29 MMstb

Table 9: Results for the two fields

6. Discussion of Results

In this study, decline curve analysis (DCA) and the material balance equation (MBE) were used to estimate the stock tank oil initially in place (STOIP) of two different reservoirs, that is, Eleke field, and the D₄ Sand, Guico field.

The closeness to which the several values of the STOIP gotten from each method shows a very important value for scrutiny and reasoning.

The MBE treats a reservoir as a single homogenous tank with no areal or vertical distribution of reservoir rock or fluid. Normally, before the MBE is applied, the reservoir's volume must have been exploited to some degree. This implies that its accuracy is hindered by the fact that most calculations assume gas released to be distributed homogeneously. This is a weakness in the material balance method as it tends to over-estimate the reservoir regardless of the tact and experience of the estimator.

Decline curve is applied only when production is noticed to have been stable over a period of time and when this time is compared with the time in which material balance data are gotten is shorter in range.

From the foregoing, it can be inferred that the data quality therefore, establishes the classification assigned to the reserve estimates and indicates the confidence one should have in the estimates of the reserve. This is one major factor why the values of STOIP gotten from the MBE is higher as compared to those from DCA.

Though, this criticism is to build a healthy thought as to considering a run of both methods together so as to compare the analysis of one over the other. So we cannot relegate the MBE to the background. The reason is obvious; the extrapolation of the decline curve method is based on the assumption that the near future trend of the reservoir will be governed by the empirical mathematical function of its past performance thus making decline curve analysis at times inferior to material balance.

The Eleke field has a larger value of STOIP. So it's more economically viable to exploit when compared to D₄ field

7. Significance of the Results

STOIP values gotten from both DCA and MBE is of utmost importance to the reservoir engineer, production engineer and the operating company at large.

For instance, the Eleke field has a higher value of STOIP of 327.93 MMstb from DCA and 330 MMstb from the MBE and also a higher decline rate of $2.059 \times 10^{-2} \text{ day}^{-1}$. Though decline rate of the reservoir is high, the volume of the reserve present offsets the rate at which the decline occur, by implication the well will produce for a longer period of time. This means greater profit for the owners of the well.

Therefore, based on the results, Eleke field is favourably disposed to be exploited and will yield greater profit than either the other reservoir. This objectivity in results is highly needed by the operating company whose major aim is to maximize profit at minimum cost.

8. Conclusion

In this study, the decline curve analysis (DCA) and material balance (MBE) method were used in estimating two different reserves, that is; Eleke field, and the D₄ Sand, Guico field to obtain their decline rates and corresponding stock tank oil initially in place (STOIP). The two reservoirs were of the combination drive mechanism type.

Plotting a graph of production rate against cumulative production for each field, the following decline rates of Eleke field and D₄ Sand, Guico field were gotten as: $2.059 \times 10^{-2} \text{ day}^{-1}$ and $4.8443 \times 10^{-4} \text{ day}^{-1}$ respectively. Their corresponding values of STOIP for each using decline curve method were: 327.93MMstb and 28.675MMstb respectively.

Using the material balance method, the STOIP of Eleke reservoir was gotten by plotting the variables $F / (E_o + mE_g)$ against $W_e / (E_o + mE_g)$ on a cartesian graph to obtain; 330MMstb. For the D₄ Sand, Guico field, plotting the variables F / E_t against $[\sum \Delta P Q(\Delta t_D)] / E_t$ resulted in an STOIP value of 29MMstb.

The evaluation of these reserves using either of the two methods depend principally on the quality of the data, the experience of the estimator and the interval of estimation.

9. Recommendation

Production data to be used for both material balance and decline curve analysis should be carefully obtained.

Since the extent and nature of commercially recoverable hydrocarbon from the subsurface cannot be determined with a high degree of precision, several estimation methods should be run together to compare the result of one with the other.

Even after several methods have been employed, operating companies can still carry out estimation methods to further reassure confidence after some years from the first estimation done.

Its one thing to have a good data, its yet another to have competent hands for the estimation. Operating companies should pay close attention to whoever does the estimation for them.

Eleke field has a higher value of STOIP. To maximise profit, operating companies can exploit it first because it would offset cost of production.

After all these methods have been employed, enhanced oil recovery can still be run for each reservoir to recover the interstitial oil.

10. References

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Annexure

1. Material Balance Graph of Eleke Field

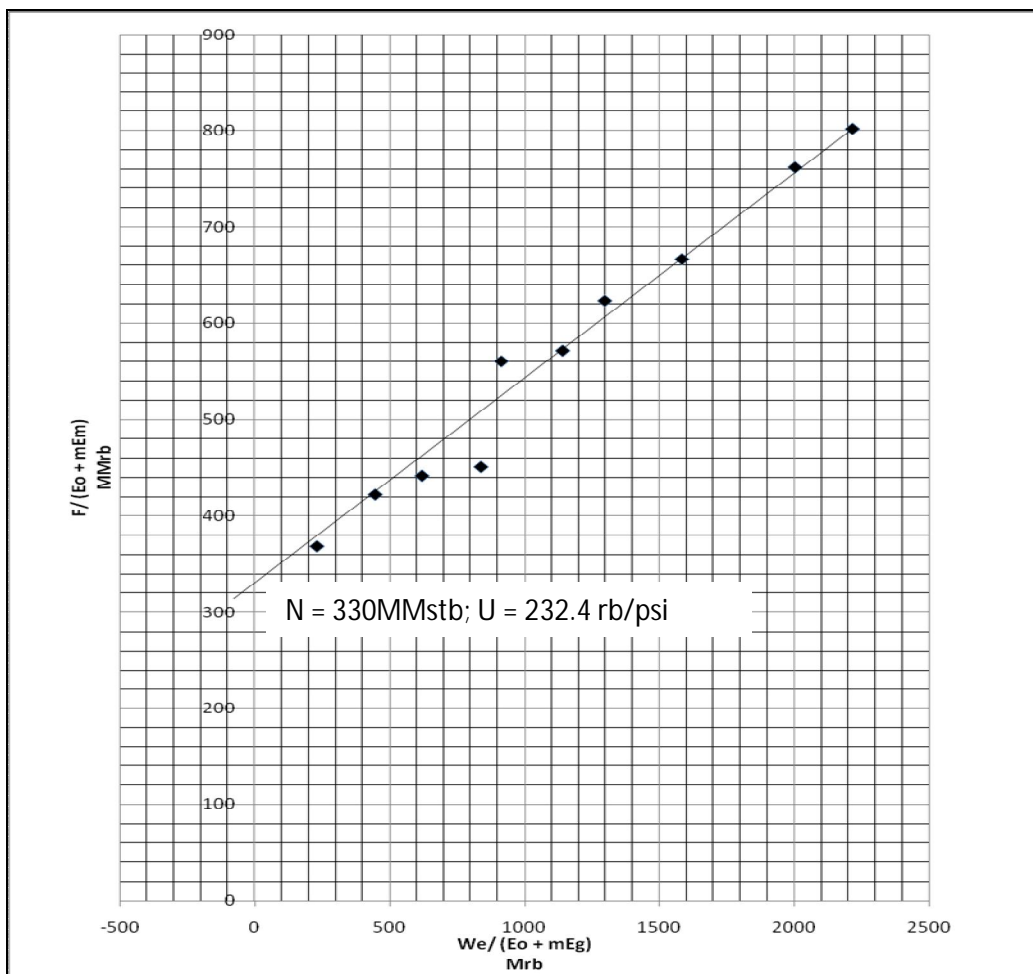


Figure 1: A plot $F/(E_o + mE_g)$ vs $W_e/(E_o + mE_g)$

2. Decline Curve Graphs of the Eleke Field

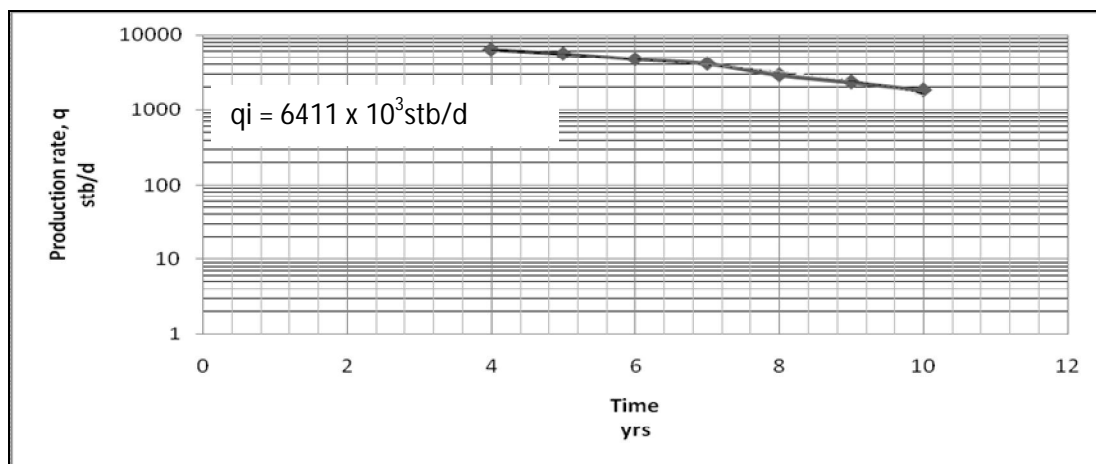


Figure 2: Semi-log plot of production rate, q vs. time, yrs

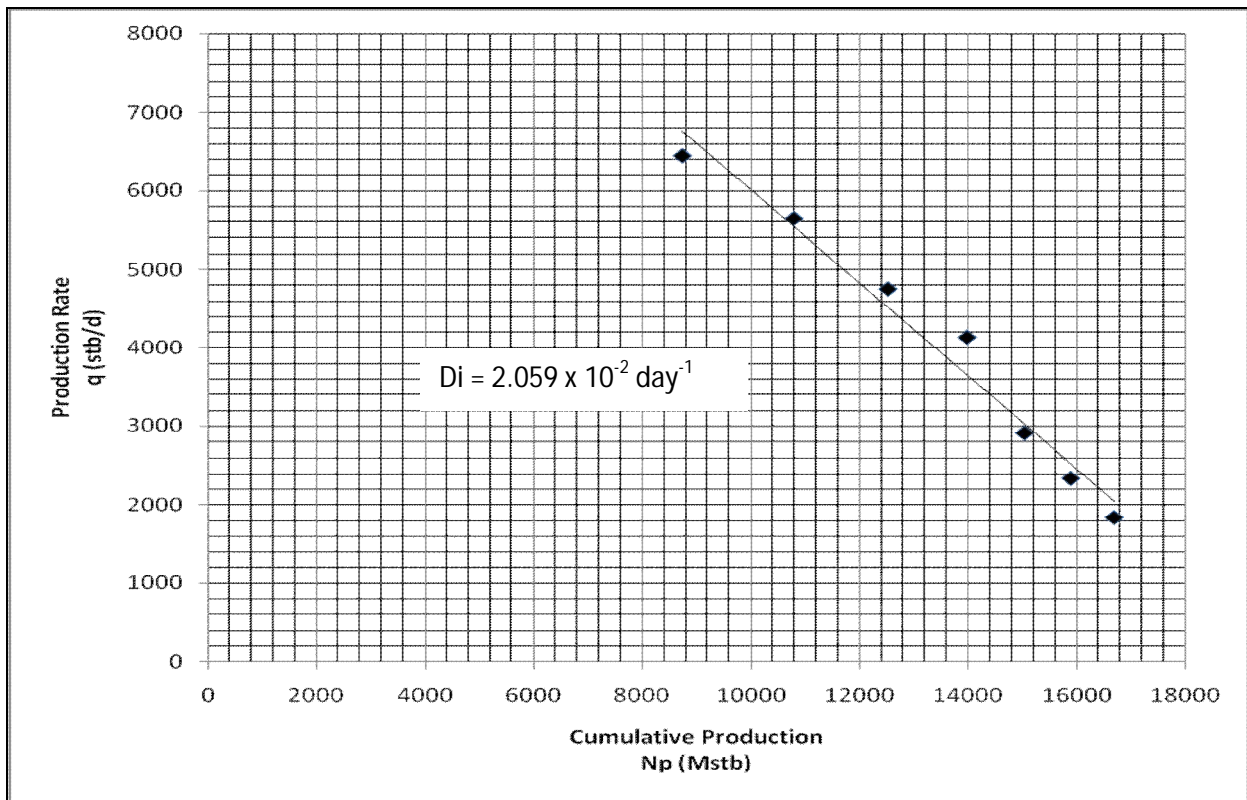


Figure 3: Plot of production rate, q vs. cumulative production rate, Np

3. Material Balance Plots for Guico Field

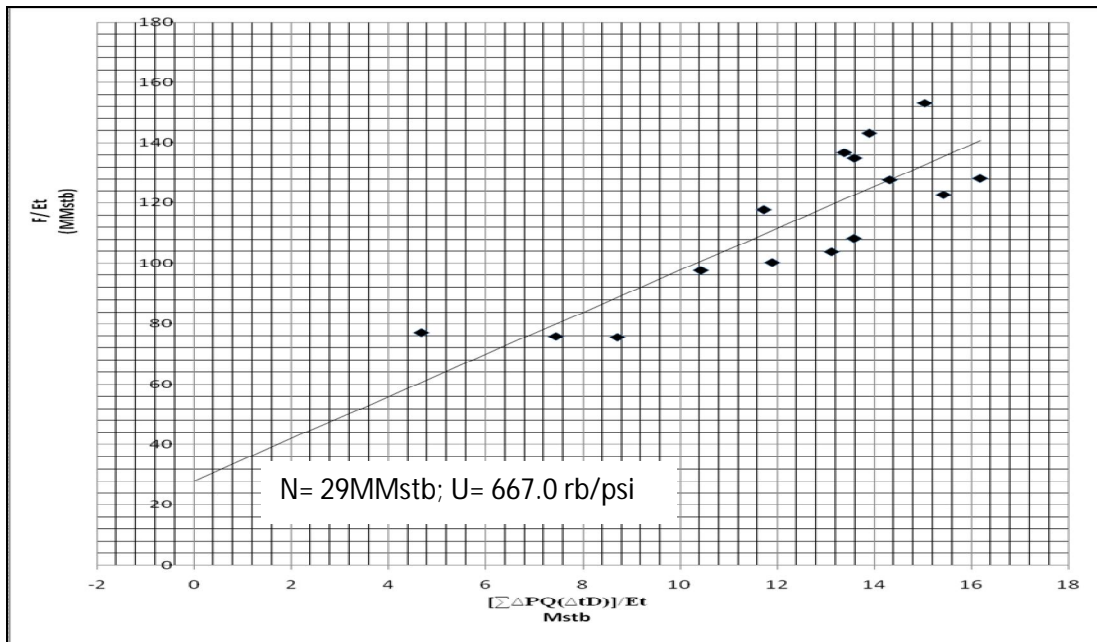


Figure 4: a plot of F

4. Decline Curve Analysis plots of the Guico Field.

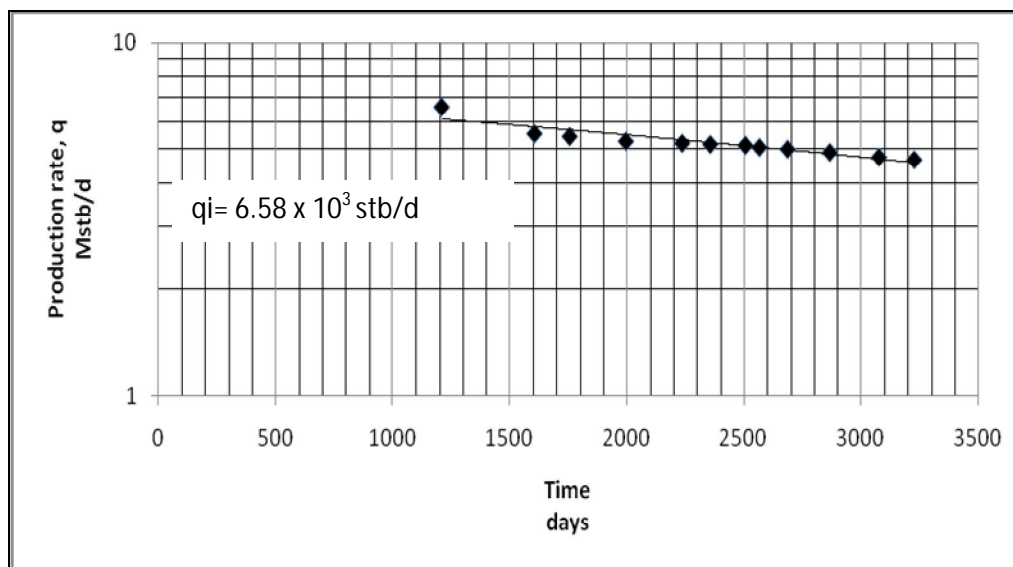


Figure 5: Semi-log plot of production rate, q vs. time, days

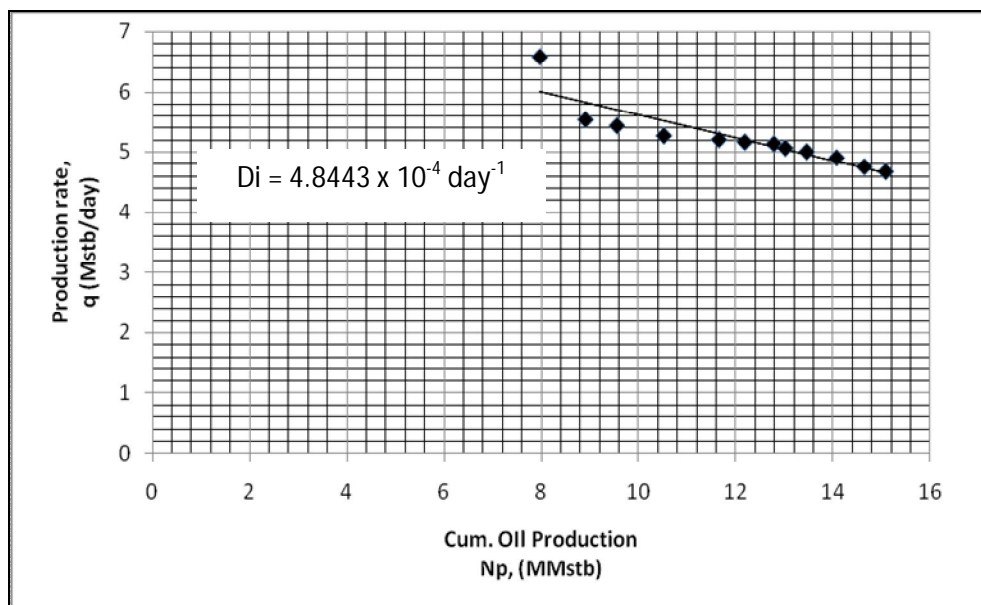


Figure 6: Plot of production rate, q vs. cumulative production, N_p