

CASE STUDY

E&P Acquisition Integration Project

The Challenge.

In 2015, oil prices dropped dramatically, forcing many energy companies to sell assets. For companies with liquidity, the downturn provided an opportunity to acquire assets. Such aggregation programs often resulted in asset-integration problems with acquiring companies' existing accounting and financial reporting tools. Magnum Forge was hired to bring a large number of wells online within sixty days while delivering new functionality to clients' existing software.

The Opportunity.

Magnum Forge client is a privately held company focused on the acquisition of onshore oil and gas assets in the United States and Canada, and it targets assets where opportunities exist to add value through low-risk development, operational enhancements, and the application of proprietary technical knowhow. The client installed Enertia software to handle its ERP needs but could not fully utilize the software subsequent to the closing of two recent acquisitions. Financial data associated with the acquisitions needed to be cleansed and assimilated before it could be integrated into the client's accounting- and financial-reporting system. This was a formidable, labor-intensive task for a staff lacking the training and expertise specific to the Enertia software platform. To make matters worse, the management was unsure whether the software provider could integrate the newly acquired production data in a timely manner to produce the needed regulatory reports. In addition, the client's production group was understaffed, so it was critical for them to find a team that understood production accounting within the oil industry, that had deep functional expertise within their software, and that required very little oversight to complete the project.

The Project.

With more than twenty-five years of combined experience in integration projects involving Enertia, Magnum Forge was hired to bring a series of asset purchases online, which involved a large number of wells that would require considerable assistance from Enertia. Our integration team worked with the client to secure delivery-system schematics from each of the previous owners. These schematics needed to be analyzed and converted into Enertia within eight weeks of the project's start date. Magnum Forge worked with existing production team members, as well as newly acquired production resources from the new assets, to review the setup of the new delivery systems and the allocated results. With little input from the client, Magnum Forge manually built all master data and delivery systems, and the data was validated against records from the state-regulatory website. Within sixty days of the project's beginning, the client produced state-regulatory reports using Enertia. With the help of Magnum Forge, our client more efficiently utilized the Enertia software, taking advantage of additional functionality that had not been incorporated.

The Outcome.

Magnum Forge understands that integration-acquired properties require speed and unique knowledge of clients' systems and properties. By properly reviewing the gathering systems with key resources in sellers' organizations, then loading and testing the gathering systems in clients' ERP solutions, Magnum Forge gets clients up and running to meet their deadlines for allocating volumes, driving revenue distribution, and filing state-regulatory reports. Such quick action helps clients avoid time-consuming efforts of running initial allocations and revenue manually, allowing the client to make the most of its existing ERP solution. Along the way, Magnum Forge also provided critical training to the client on how it could better position its resources to handle its next acquisition without assistance.

CONTACT

Russell Corl

Managing Partner
713.252.5028
rc@magnumforge.com

Shanna Graves

Sales and Marketing
713.206.8489
sgraves@magnumforge.com

Magnum Forge

1401 Calumet#505
Houston, TX 77004
832-856-1401 Main
www.magnumforge.com

