Guest editorial
Colin Lightbody from Proserv says producers need to address inadequate metering strategies

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When the oil price slump of 2015-16 saw margins nose-dive for operators, it ushered in a strategic sea-change focused on heightening efficiencies, extending the life of assets and maximising returns. Some experts dubbed it as the ‘new normal’ and as prices gradually rallied over the next few years, such a consistent policy made sense as a means of enhancing profits and hedging against future volatility.

But while column inches, in the wake of the downturn, extolled the merits of joined-up operational excellence programmes, enabling producers to stay on top of potentially costly outages, in reality, huge gaps existed in the maintenance planning of some of the world’s biggest firms, particularly regarding vital metering equipment. The effective measurement of flared gas, produced water, fuel gas and real-time production levels, as just a few examples, are crucial for an operator to meet locally enforced emissions legislation, to provide accurate data when conducting custody transfers of hydrocarbons from one party to another, and to deliver an efficient operation, following best practice. Significant errors could lead to fines, millions of dollars of lost revenue or, even worse, the overcharging of key clients.

I have carried out gap analysis on metering equipment for oil and gas companies right around the world, and I have seen how some of the industry’s most recognisable names have administered such insufficient measurement management policies that they have been exposed to potential losses of more than US$100 million per annum, simply due to deficient maintenance histories, a lack of documentation, and the poor installation or inaccurate calibration of vital kit.

With few exceptions, many of the larger operators seem to have a disconnect between their production and accurate measurement procedures. Often, their vast daily output obscures awareness of the financial pitfalls of unreliable metering systems.

In oil and gas, a customer pays for what is demonstrably measured, not for what is supposedly produced, so if an operator’s shaky flow meters suggest eight million barrels per day are produced, but in truth, the total is actually closer to nine, then the customer is receiving millions of dollars of free oil. In contrast, a globally respected supermajor could find itself short-changing valued clients if flow meters are over-estimating production levels.

The outlay needed to ensure measurement equipment is effectively monitored and checked is minuscule compared to the sums that could be lost when it is no longer accurate. If a car isn’t serviced regularly, then it is no surprise when tyre treads and brake pads wear down, jeopardising reliability and quality of performance.

There appears to be a clear culture problem around the significance of this critical function. Some operators engage inexperienced staff, perhaps not armed with the necessary skillset, to undertake important calibration work on integral flow meters and transmitters.

The irony is that the same firms will invest sizeable sums in the latest digitalisation advancements and technology to improve the sophistication of their monitoring systems, but if one key flow meter is wrongly calibrated on a major platform, so much of that expenditure could be then wasted, as revenue is needlessly lost through an inadequate measurement strategy.

Senior management at leading producers need to understand that metering is a core revenue-generating function. If they can recognise that the shutdown of a pipeline will hit their bottom line, then so could the readings generated by obsolete, poorly maintained metering equipment.

The push towards greater efficiencies and less wastage was an undoubtedly positive outcome emerging from a challenging industry downturn. Now, as the energy sector finds itself facing strengthening economic headwinds, due to recession fears triggered by a developing global pandemic, and fresh oil price plunges that have already seen margins collapse, there is no better time than the present for operators to bring their measurement technologies and strategies up to speed and tighten up a genuine area of weakness.

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EIC guest editorial

Global operators need to measure up

Colin Lightbody, Technology Manager, Measurement, Proserv Controls

says producers need to address inadequate metering strategies

Get in touch
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