Improving Production in the Emerging Paradox Oil Play DE-FE0031775

Brian J. McPherson University of Utah

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Acknowledgements







Key Organization Aspects

U.S. DEPARTMENT OF

- Funding (DOE and Cost Share)
 - \$8M Federal, \$3M+ Cost-Share, \$11M+ Total
- -Overall Project Performance Dates
 - January, 2020 March, 2024

Project Team:



- Improving Production in the Emerging Paradox Oil Play
 - Background & Objectives
 - Accomplishments to Date
 - Core analyses
 - Fracture Analysis
 - Petrophysics & Machine Learning
 - Model development
 - Uncertainty Quantification
 - Lessons Learned
 - Synergy Opportunities
 - Summary







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TECHNOLOGY



Background & Objectives

Objective: determine / test best strategy to drill emerging aradox Basin Play - maximize production, minimize impact by better under Characterization of Key Tasks: characterize, quantify, and _Salt Lake City interpret natural fractures in the ZEPHYR Paradox Play as Optimization •Experimental Design and Work Plan: & Design Major Outco Green River Fundamental THMC characterization detailed facies and Forecast location, extent and core-to-log petro Moab integration UTAH mechanisms of natural fractures • Fully coupled frac Develop drilling strategy to maximize 1,815 innovative 3D se bbl/year interpretation intersection with natural fractures THMC basin mod develop a tactical stimulation strategy • • Test the best approach



Background & Objectives

Experimental Design and Work Plan

- 1. Characterize fundamental geology, hydrology, and geomechanics
- 2. Forecast location, extent and mechanisms of natural fractures throughout the play (all years);
- 3. Develop drilling strategy to maximize intersection with (dominant) natural fractures (this year and next)
- 4. Use high-resolution characterization data to develop a tactical stimulation strategy (this year and next)
- 5. Test the best approach

(with the operator, determine whether (3) new drilling design or (4) the new tactical stimulation design will be more effective, and test in the field in new well(s) with strategic drilling and tactical stimulation (years 3 and 4).



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The Field Laboratory

Zephyr State 16-2 and State 16-2-LN-CC, White Sands Unit, Utah

- Vertical: December 2020 to January 2021
- Horizontal: July 2021

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Data Collection from Field Lab

Data Collected - State 16-2 well

- Core 110 ft
 - \gg 9638' to 9728' Cane Creek
 - >>> 9728' to 9748' Salt 22, Clastic 23 (~8 ft), Salt 23
- Cuttings
 - >>> Surface to 6465' 50 ft sample spacing
 - »» 6465' to TD 10 ft sample spacing in clastic zones
- Sidewall cores
 - \gg 31 sidewall cores in 11 upper clastic zones
 - >>> Clastic 1, 2, 3, 4, 5, 7, 8, 9, 11, 17, 18/19
- Geophysical logs
 - >>> Vertical: Triple combo, sonic, lithoscanner[†]
 - »» Horizontal: Triple combo, sonic, FMI

[†] No Cane Creek logs (stuck core barrel)



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Reservoir Quality & Characterization



Source Rock Analysis



Water Saturations

Water Saturations inconsistent from core-scale to log-scale to field-scale

- Water saturation values from original core analyses were anomalously high.
 - Could not be matched by petrophysical model without mismatching porosity and using unreasonable model parameters in saturation model.
 - Cannot be justified by well production.
- Re-tested using different lab and different analytical technique
- Tested 3 wax-preserved samples and 4 unpreserved samples (~1.5 yrs old) from Cane Creek whole core.
- Original data came from "routine" core analysis on whole plugs; re-tested using both GRI/Retort analysis + "Routine" analysis on splits of crushed material.
- Results show GRI/retort data much more in-line with expectations (solid points).
- "Routine" split samples (not plotted) in-line with GRI/retort data, not original "Routine" data
- Suggests original lab data are unreliable esp. S_w significantly higher than expected.
- New data provide useable calibration data for petrophysical model.
- Preserved and unpreserved samples show general agreement, suggesting the core has not appreciable desiccated since collection.
- Currently running Thermovravimatric Analyses (TGA) on splits of new samples.
 - Similar measurement to GRI/retort.
 - Runs on much smaller samples (10s of mg instead of 10s of g).
 - Potential to run TGA on cuttings from upcoming well(s).



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Rock Mechanics

Triaxial Mechanical Properties of Clastics and Salts

- · Comprehensive suite of mechanical properties
- Data for all ten preserved core sections (clastics) and for salt
- Triaxial compression, Brazilian tensile strength, fracture toughness, creep

Rock Mechanics

State of Stress (LHPS)

State of Stress

- Least horizontal principal stress is lower in the A and B zones where there are more fractures
- The elevated pore pressure reduces the possible stress states, leading toward isotropy
- The interbedded halite may also contribute to a more relaxed stress state

Natural Fractures

Natural fractures

- Structural cross section showing the main structural elements and prospective areas for commercial hydrocarbon accumulations.
- Open natural fractures in the Paradox clastics are a primary target.
- The best wells are associated with open fractures found along
 - I. reactivated basement faults
 - 2. Curvature associated with salt tectonics
- Loading of the basin resulted in the mobilization and shortening of thick salt beds and diapiric anticlines
- Folding and faulting of the clastics is caused by late salt deformation

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Petrophysics + Machine Learning

The team is developing a Machine Learning model enabling spatial propagation of hightier logs (e.g., Lithoscanner) **across the basin**, **by training lower-tier logs** (e.g., triple combo only) to high-tier logs from the State 16-2 and CC 7-1 wells

- Supplement legacy logs with pseudo lithoscanner data based on ML model
- Increase well control of sonic data using pseudo sonic data from ML models

Goal:

- Improve petrophysical model increased number of inputs greatly improves petrophysical inversion
- Better estimates of porosity and saturations
- Improve electrofacies models
- Provides properties/facies for basin model
- Provide additional data for geomechanical model (increased well control)

Petrophysics

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Petrophysics + Machine Learning

7075

7100

7125

Machine Learning (ML) model...

...for propagating sonics

- Trained in State 16-2 clastics, validated in shifted State 16-42 Cane Creek section
- <u>Input</u>: Triple combo + Platform Express data. <u>Output</u>: P-, S-wave sonic travel times

... for propagating elemental abundances

- Trained across State 16-2 and Cane Creek 7-1 high-tier data
- Validated in randomized held-out sections of State 16-2, Cane Creek 7-1
- Provide element-by element performance of ML model

Assessment of ML-informed petrophysical model

- Created pseudo-Lithoscanner logs from Triple combo logs in State 16-2 well to validate against recorded logs.
- Ran identical petrophysical model on recorded logs (Triple combo+Lithoscanner) and pseudo-logs (recorded Triple combo+pseudo-Listhoscanner) for comparison.
- Quantifying uncertainty of petrophysical model given uncertainty of inputs

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Seismic Interpretation

3D Seismic Survey Interpretation

- Delineated seismic surfaces for the White Sands Unit (WSU)
- Identified sections of structural restoration lines that characterize the lower Paradox Formation deformation
- Forward modeled Cane Creek and all indexed horizons to provide a realistic, kinematically viable interpretation of fault geometries, especially where seismic image quality is poor

Seismic Interpretation

3D Seismic Survey Interpretation

• Team modeled lower Paradox faulting vs upper Paradox folding and the mechanisms that constraint the different deformations style.

• Deformation is primarily controlled by the thickness of the mechanically weak salt:

- The thinner salt interbeds in the lower Paradox fault

- The thicker salt beds in the upper Paradox fold.

3D Structural Framework Development

3D Structural Framework Development

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Uncertainty Quantification

Uncertainty Quantification - develop a Bayesian learning approach to quantify (1) DATA UNCERTAINTY and (2) MODEL UNCERTAINTY

- Addresses variability in the petrophysical data:
 - Legacy Data
 - Environmental Corrections
 - Data processing by logging companies or operators
- Outputs:
 - Petrophysical data normalization
 - Quantified variation for P10, P50, P90 estimations
- Geomechanics uncertainty quantified initially
 - Controlling factors: sample diameter, porosity, bulk density, clay content, permeability, Mean Grain Size, Gramework Grains/Cement Content

Uncertainty Quantification

- Improving Production in the Emerging Paradox Oil Play
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Accomplishments to Date

Geologic Characterization of Cane Creek and Development of Facies Model

- Porosity, Permeability, fluid saturations, source rock work on the Cane Creek core and associated clastic zones
- Source rock analysis
- Specialty core analyses (water saturation, MICP, wettability, relative perm) and geomechanics complete
- Fracture Analysis

Petrophysical log analyses/correlations, Models

• Machine Learning applications to correlate State 16-42 Paradox Fm logs to those in State 16-2

Delineating seismic surfaces for Reservoir Model

 A test volume of the preliminary structural interpretation was prepared as a "water-tight" framework model; work continues to incorporate the structural interpretations into the large model domain.

Future Testing, Development and Commercialization

- Hypothetical horizontal well scale-up plan for area covered with 3D seismic
- Opportunities for expansion to other areas within the Paradox Basin & with other operators/partners
- Opportunity for numerous horizontal wells in one small area targeting the natural fracture play, with countless opportunities beyond 3D area
- Utilization of advanced stimulation monitoring technologies including Distributed Acoustic Sensors (DAS) in horizontal well
- Further targets if commercial results can be achieved by hydraulic stimulation
- Multiple stacked pay opportunities beyond the primary Cane Creek reservoir 38

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Synergy Opportunities

- Oil & Gas Program
 - Seismic monitoring using fiber optics
 - Machine Learning Full-waveform inversion in seismic imaging
 - LANL pressure control & fracture management
- Other NETL-funded Partner Initiatives
 - CarbonSAFE San Juan Basin investigations into induced seismicity using mechanical Earth Models
 - CUSP and SWP knowledge base & detailed analyses on geomechanics in the region
 - DE-FOA-0002401 detection and characterization of faults and quantification of fluid migration through the caprock layer

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 Hydrogen storage initiatives – utilization of findings on state of stress, geomechanics, and interplay of clastic and salt layers

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Project Summary

· Project:

- \$11,000,000 project over 4 years (\$8M Federal, \$3M cost-share by local operators)
- Project drilled and characterized data from a 9,748 ft stratigraphic well (110 ft of core, cuttings, sidewall core, geophysical logs)
- Multiple operators in/around Paradox Basin to benefit from optimized drilling strategies and reduced environmental impacts
- Coordination with educational institutions and company-led training to transfer tech skills for development of play

Benefit to the Program

- The primary project objective is to characterize the emerging Cane Creek play and develop technologies and strategies that can accelerate the development the play, including the evaluation of:
 - Economic viability
 - Optimal well completion design
 - Fracture treatment design
 - Field development choices that can lead to maximum ultimate recovery
- Cane Creek Play
 - Natural fractures = key to maximizing production and minimizing environmental impact
 - It will also be evaluated as a resource play (not just a fracture play)
 - Well stimulation will be considered (How do you stimulate wells without fracking into salt?)
 - The project has access to a quality 3D seismic critical to fracture density and
 43 orientation and follow up data from the recently drilled State 16-2LN CC lateral well

Project Overview - Goals and Objectives

Task/Subtask	Description	Date	Success Criteria
2.0	Workforce	First continuation	A detailed plan ready after reviewing the required skill
	Readiness Plan	application	sets and training/certifications (if any), and identifying
			the appropriate source or personnel for the workforce.
3.1	Geologic	Q4 2022	A geologically characterized basin model integrating 3D
	Characterization		seismic data, well logs, core data, and production
			histories using machine learning algorithms.
3.2	Coupled Model	Q2 2023	A multi-continuum dynamic reservoir model, that
	Development		combines the geological and discrete fracture network
			models, ready for simulating multiphase flow in the play.
4.3	Well Drilling	QI 2023	Cased and cemented horizontal well that yield at least
			50 feet of horizontal core to study the fracture network
			and its changes throughout the basin.
4.3	Well	Q2 2023	Fracture characterization and assessment of productive
	Characterization		potential, reservoir properties, and stimulation
			treatment effectiveness.
5	Development	Q1 2024	Develop a plan to effectively assess the technical and
	Strategy Plan		economic viability of further development of emerging
			UOG plays in the area and others across the US.

Organization Chart

Gantt Chart

Task #	Task Description	2019		2020					2021				2022			2023				2
	.	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
1.0	Paradox_gantt_2022_0409																			
1.0	Project Management															1				1
2.0	Workforce Readiness for Technology Deployment																			
3.0	Characterization of the Paradox Play																			
3.1	Geologic Characterization													_						
3.1.1	Collect and Catalog Currently Available Data																			
3.1.2	Data and Core Acquisition from new Well																			
3.1.3	Core Analysis																			
3.1.4	Petrophysical Analysis																			
3.1.5	3D Seismic Survey Interpretations																			
3.1.6	Regional Fracture Analysis																			
3.1.7	Machine Learning Applications																			
3.2	Coupled Model Development																			
3.2.1	Develop Geologic Model														1					
3.2.2	Develop Dynamic Reservoir Model														1					
3.3	Dynamic Multiphase Flow Modeling						<u>~</u>					-		_		-				
3.3.1	Uncertainty Quantification							-								-				
3.3.2	Develop Scenarios of Field Deployment Strategies							-												
4.0	Determine Strategic Drilling and Stimulation Strategies and Evaluate Performance	•						-						_						
4.1	Determine Optimum Well Locations and Trajectories						(
4.2	Develop Tactical Stimulation Strategy																			
4.3	Data and Core Acquisition from second project Well										(
5.0	Assemble Development Strategy Plan (DSP)													_						
5.1	Identify Technical, Regulatory and Economic Challenges	1																		
5.2	Identify Benefits and Impacts Associated with the Development Strategy													_	5					
5.3	Identify Additional Needs for Expanded Play Development of State-Of- The-Art Technologies and Methodologies																			
5.4	Access of Technical and Economic Viability of the Proposed Development Strategy																			