

# HOW TO CREATE AND SUBMIT A WINNING PROSPECT

William J. Burgess<sup>1</sup>

## ABSTRACT

The oil and gas energy crisis will last until other sources of energy become available in abundance. In addition, the United States presently relies for much of its hydrocarbon supplies on countries which may be subject to political instability. Therefore it would appear that the need for good, drillable prospects within the United States will be present for the next twenty to thirty years, so that the creation and marketing of prospects will continue to be of primary importance to the oil and gas industry and the country.

The drilling deal or prospect is discussed in terms of its elements (*i.e.*, reserves, risk, and terms). Practical ways of evaluating *reserves* include simple volumetric analysis and comparison methods. The relative merits of these methods are outlined. The study of *risk* inquires about the chances for commercial success of a prospect, if drilled, and involves the geology. Risk may be studied in terms of the presence or absence of control for the structural and stratigraphic elements of a prospect. A checklist for prospect risk analysis is examined. The *terms* of a deal involve cost. Under terms, the buyer wants to know what he will pay for how much working interest which will yield how much revenue interest. The elements of a deal are examined, particularly in connection with matters that will often kill a deal.

The relationship between reserves, risk, and terms is outlined in light of the acceptance or rejection of a deal.

A "winning" prospect is one that will sell fast but also has a high chance of bringing in a producing field. Submittals should include exhibits which represent clearly the geological reasons for the prospect. Suggestions are given concerning the quality that the buyer of prospects would like to see in the way of maps, cross sections and other representational data. Unless the exhibits are absolutely self explanatory a write-up describing the prospect should also be included. The desired contents of such a write-up are discussed.

Good geological thinking is the source for good prospects. A discussion concerning creativity and the geologist is presented and suggestions made regarding the nurturing of the creative mind in exploration geology.

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<sup>1</sup>Vice President/Exploration  
Omni-Exploration, Inc., Radnor, PA