

evolving automatically – unlike the manual process of updating and maintaining an array of physical hardware.

Advancements in AIM technology for oil and gas operations have led to the availability of software that offers securely encrypted cloud-based hosting. In fact, there are now field-based software tools that make it possible to conduct and manage asset inspections directly from the field via mobile tablet.

To ensure that your asset data is protected, seek out a software that provides:

- Robust database with secure encryption. This can be on-premises or in the cloud. Ideally, this should be an industry-standard database such as Oracle that professional DBAs can be hired to manage, audit and secure if on-site, rather than a proprietary system created by the AIM software developers.
- A designated security feature designed to control access to data, establish a hierarchy of user access designations and automate security countermeasures within

the software. This feature should be fully customizable, allowing the operators to adjust security functions, user levels, etc., according to their unique needs and goals.

- Seamless regulatory compliance to all major regulatory industry codes (including ASME, API, OSHA, etc.). The software should be able to generate a customized report tailored to the specific industry standard with the click of a button – and securely retain all relevant data in a clear and transparent audit trail.
- Integration with Microsoft Excel. As the industry catches up with digitalization, there is still heavy existing use of Microsoft Excel by engineers in the field. However, leaving critical asset data in Excel leaves it vulnerable to access and manipulation. An AIM software with Excel integration can extract all of that data and lock it securely into the AIM database where it is protected from alteration.
- The ability to support Transport Layer Security (TLS) 1.2, the current industry

standard for secure connections which provides defense against exploits like BEAST, POODLE and DROWN.

- Mobile application with integration. The app should complement, connect to and seamlessly integrate with the larger AIM software – this helps mitigate data entry and human errors.

A quarantine feature for mobile asset inspection tools – one that places a hold on all inspection data received from the field so it can be thoroughly checked for quality assurance. Operators should also ensure that the AIM software selected comes with comprehensive support – this should include professional consultation and assistance with implementation, to ensure that the legacy data is properly sorted and populated; comprehensive training services to ensure that operators are aware of the most effective and secure methods for utilizing the software; and ongoing technical support to assist with, prevent and/or rectify any breaches or threats. ☑

QUICK VIEW OF THE ACQUISITION & DIVESTITURE MARKET

BY JOSH ROBBINS

If you are interested in selling your deal in this current market, you won't be alone in Q4. The market shift from hold to sell is happening, and it's happening in a big way. The marketed deals will be done on a much larger scale, the smaller deals are being transacted off-market, because the value-add from mass marketing a smaller (sub \$15MM deal) isn't there.

The buyers in this market are looking at cashflow, and are buying on current cashflow. Little to no upside value is being attributed for PUD or acreage, even in the Permian and Delaware. The PV values being offered on operated deals are anywhere between PV15 and PV25 – which in honest terms are “cashflow.”

What we've been seeing is a much larger buying base than any other time in the last decade. However, the sellers are, for the most part, interested in selling out for better PV numbers than any of the buyers are willing to give. That will push a huge wedge between the buyers and sellers, causing a gap in pricing consistent with the 2015 gap.

The larger, WSJ reported deals of the hundreds of millions will still be accomplished by the end of Q4, because the brokers will pitch to the publicly traded companies that they can cover the difference of an elevated sales price with the increase in stock value.

The smaller deals, however, will be reevaluated to reflect the market. And sellers will either admit the value or continue to hold (if they can). You may not like that the KBB value of your car is what it is (trust me, I put 120,000 miles on my car last year), but that's the value. The sooner the sellers understand that the cashflow multiple is the deciding factor, the better. Keep the PUD's, the acreage, the “upside” and have the wells sold hold it. Work out different ways to capitalize on the upside. Because in the



Josh Robbins

foreseeable market, if you want to get paid for upside, you are going to have to drill it yourself.

There will be a significant number of sellers in Q4 and Q1 – selling at cashflow multiples (especially as the Presidential race gets more prevalent towards mid-2020). Take advantage of the buyer networks available to transact now. ☑