



Managing Pre-M&A Activities for E&P

Good information is important for the success of a merger. How would you measure up?

THE CLIENT

Our client is a natural gas exploration and production company located in Texas. They have drilled over 150 wells and have proven reserves of more than 306.7 billion cubic feet of natural gas equivalent.

THE PROBLEM

Our client was preparing to merge their entire entity with another company. As they were negotiating, the buying company requested information that our client had difficulty providing. While the information they needed already existed, their databases were siloed in individual departments and the data could not be surfaced in a timely manner.

Furthermore, the departmental disconnect meant that some information, such as forecasting reporting, was not consistently updated. Each different system had gaps in information, and in many cases the information they did have disagreed with that of other databases.

The lack of cohesion and usability combined to threaten the valuation and completion of the deal, as it did not show our client's assets in the best light. The nature of the proceedings required that these issues be solved with some level of secrecy, both within the company and to the public.

THE SOLUTION

Entrance was engaged to quickly sort out the data problems and create efficiency. To start, we documented where the information was located amongst various databases, determined which was most accurate, and created custom reports. This helped surface the right information, not only at the top level, but with quality assurance and drill-down capability. Our client was then able to respond to the requests for information from the potential buyer and prove out their well data and forecasts in an organized and favorable manner.

Beyond just solving the short term issue, Entrance documented the flow of information surrounding our clients's assets and their related processes. We then examined these assets and determined which naming conventions had a common meaning department to department, and identified associated information siloes that were preventing the correct flow of data.

This was the first step for Entrance and the client in a longer term project that created a central hub and spoke system to enable a more accurate flow of information. Post merger, we integrated the two sets of original systems to reflect common processes.

For more M&A tips, visit:
bit.ly/1iVYyqd

Fact

Lack of data or inaccurate reports can reduce investor confidence, and therefore valuation, during M&A.

Don't let this happen to your company!