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Fluid Solutions Provide Cost-savings in a Market Under Pressure

By Peter Appleby | Thu, 07/02/2020 - 09:57

Q: What can Impact Fluid Solutions deliver to operators and service companies during this difficult period?

A: Impact Fluid Solutions works closely with both operators and service companies. The main value proposition of the company is to bring important solutions to the industry's operators by optimizing the drilling process. The way we do this is by minimizing well instability, which can result in extra costs to the operator if not dealt with. Well collapses, differential sticking and lost circulation results in non-productive time (NPT) that is extremely costly, particularly in the offshore arena. Considering that the average cost for an offshore rig is approximately US\$140,000 per day and an onshore rig is US\$70,000 per day, the savings we deliver operators by avoiding NPT can be significant. This is an additional optimization that our technical solutions provide. On a global industry level, many contracts are negotiated on a meter-drilled basis, or as a lump-sum integrated package. Therefore, service providers are effected when there is additional NPT costs. Their interest in our technology increases.

Operators used to pay for every single consumable product on a rig. As service companies negotiate contract pricing on a cost per meter drilled basis, operators provide protection against additional costs incurred during the drilling process. This is a perfect scenario for Impact Fluid Solutions because unknown variables and challenges that result from wellbore instability are reduced, and the end result decreases the total well construction costs.

Our solutions can be thought of like an insurance policy. When we are at the rig, it is usually because customers are expecting problems. They hire us to minimize uncertainties. We provide that extra protection. Just like insurance, it is better to have our coverage and not need it than not to have it and need it. By the time a customer realizes they have a problem, it is too late for us to intervene. We must be there from the start because we are a preventative solution.

Q: What part does Impact Fluid Solution's international side play in attracting Mexican business?

A: Our value proposition is supported by highly experienced global experts. We are able to bring experience from global markets in which we work, and customize our products for Mexican formations. We already have 15 years of experience in Mexico, so we have already been through the learning curve of what it is like to work in the country, and we have strengthened our position. But we strive to learn more and continue to develop new solutions that work for our clients here. We support services for Mexican clients within our in-country personnel: all of our Mexican team have at least 20 years' experience in the industry. A mixture of Mexican experience and international experience provides the right synergy for the market in its current phase of development. We link people and experiences to bring business to Mexico. Our international experience helps in this sense, because we can leverage the work we have done with companies in other markets.

There are companies that attempt to replicate our business model by offering low-quality and unreliable products. Impact Fluid Solutions manufactures our own technology, which is widely recognized in the industry. We can offer experience plus technical support, and this is one of our differentiators. We are not product providers; we are solution providers. We are there from the start, from the job design through to execution and evaluation. We are not simply limited to the transaction of a product. In this way, Impact Fluid Solutions is unique, participating in the job with our clients at every step.

The strongest tool to secure a sale are results in the field and on the rig. This is why when we approach potential clients, we use case histories that demonstrate the support and satisfaction of many other customers. We use our offshore case studies with PEMEX, for example, to demonstrate the savings we can provide. Offshore, there are up to five or six stages in well construction. In one of these stages, we consistently saved the operator approximately US\$2 million in comparison with the offset well in which our solutions were not used.

Q: How will Impact Fluid Solutions remain a competitive and financially-sound business following COVID-19?

A: We are a lean organization. Our cost structure was optimized before COVID-19, and we do this on an ongoing basis. The future is obviously very difficult to predict. Nobody really knows what is going to happen in a month's time. To put things in perspective, a few months ago we saw the West Texas Intermediate oil price drop to almost negative US\$40 per barrel. This has since changed and prices have rebounded. But the industry's future will be linked to oil consumption, and oil consumption is linked to the global population and the creation of goods. How oil will be consumed will therefore depend on how individual national governments manage the pandemic.

Certainly, oil will be needed and for that, drilling activity is required. Impact Fluid Solutions has a valuable position for every challenging well that is drilled.

Impact Fluid Solutions manufactures and engineers additives for oil and gas operators, fluid companies and oilfield service providers worldwide. The company offers drilling additives in various categories. It was founded in 2005 and is based in Houston.

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