



## **INTELLIGENT SOLUTIONS, INC. PRESENTS:**

### *ISI SHORT COURSE SERIES*

## **APPLICATION OF ARTIFICIAL INTELLIGENCE IN THE OIL INDUSTRY**

### **COURSE TITLE:**

PRODUCTION OPTIMIZATION USING STATE-OF-THE-ART  
IN ARTIFICIAL INTELLIGENCE AND DATA MINING (AI&DM).

### **INSTRUCTOR:**

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### **INTENDED AUDIENCE:**

PETROLEUM ENGINEERS, RESERVOIR ENGINEERS, GEOLOGISTS, PETRO-PHYSICISTS,  
GEO-PHYSICISTS, AND MANAGERS. THIS COURSE IS BENEFICIAL FOR THOSE WHO ARE  
INVOLVED IN DATA ANALYSIS, MODELING AND DECISION MAKING IN THE OIL AND GAS  
INDUSTRY.

**COURSE DESCRIPTION:**

THIS SHORT COURSE IS DIVIDED INTO PARTS. THE FIRST PART OF THE SHORT COURSE IS DEDICATED TO THE FUNDAMENTALS OF ARTIFICIAL INTELLIGENCE AND WILL PROVIDE THE THEORETICAL BACKGROUND FOR ITS MOST USED COMPONENTS SUCH AS ARTIFICIAL NEURAL NETWORKS, EVOLUTIONARY COMPUTING, AND FUZZY LOGIC. THE SHORT COURSE WILL THEN PROVIDE SOME INSIGHT ON THE TYPE OF PROBLEMS THAT CAN BE SOLVED USING THE ARTIFICIAL INTELLIGENCE AND DATA MINING TECHNIQUES AND THE TYPES OF PROBLEMS THAT ARE NOT SUITED FOR AI&DM. THE SECOND PART OF THE SHORT COURSE IS DEVOTED TO ACTUAL APPLICATION OF THESE ANALYTICAL TOOLS AND TECHNIQUES IN HYDROCARBON PRODUCTION OPTIMIZATION. THESE APPLICATIONS WILL COVER AREAS SUCH AS:

- ✚ RECENT ADVANCES IN RESERVOIR SIMULATION AND MODELING
- ✚ HYDRAULIC FRACTURING AND WELL COMPLETION
- ✚ DATA DRIVEN BEST PRACTICES ANALYSIS
- ✚ SURFACE FACILITY MODELING
- ✚ ETC. ...

ARTIFICIAL INTELLIGENCE IS A COLLECTION OF SEVERAL ANALYTICAL TOOLS THAT ATTEMPTS TO MIMIC LIFE. THESE TOOLS (INCLUDE BUT ARE NOT LIMITED TO, ARTIFICIAL NEURAL NETWORKS, EVOLUTIONARY COMPUTING, AND FUZZY LOGIC) ARE BEING USED IN MANY COMMERCIAL PRODUCTS. THEY ARE AN INTEGRATED PART OF MANY NEW CARS SUCH AS HONDA AND MITSUBISHI. THEY ARE USED TO PROVIDE SMOOTH RIDES IN SUBWAY SYSTEMS AND PREVENT FRAUD IN USE OF CREDIT CARDS. THEY ARE EXTENSIVELY USED IN THE FINANCIAL MARKET TO PREDICT CHAOTIC STOCK MARKET BEHAVIOR, OR OPTIMIZE FINANCIAL PORTFOLIOS. THEIR APPLICATION IN OIL AND GAS INDUSTRY IS FAIRLY NEW. A HANDFUL OF RESEARCHERS AND PRACTITIONERS HAVE CONCENTRATED THEIR EFFORTS ON PROVIDING INTELLIGENT TOOLS FOR THE PETROLEUM INDUSTRY. ARTIFICIAL INTELLIGENCE TOOLS HAVE BEEN USED TO OPTIMIZE HYDRAULIC FRACTURE DESIGNS, CHARACTERIZE OIL AND GAS RESERVOIRS, OPTIMIZE DRILLING OPERATIONS, INTERPRET WELL LOGS, GENERATE VIRTUAL MAGNETIC RESONANCE LOGS, OPTIMIZE NEW WELL PLACEMENT, SELECT CANDIDATE WELLS FOR TREATMENTS AND PREDICT POST FRACTURE DELIVERABILITY.

A DETAIL OUTLINE OF THE COURSE MATERIAL FOLLOWS.



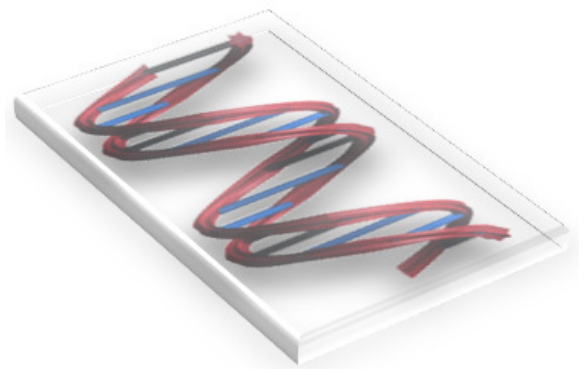
## Course Outline:

### ➤ **Part One: Virtual intelligence; an over view**

- Introduction
- State-of-the-art

### ➤ **Part Two: Artificial Neural Networks**

- General Overview
- Biological Background
- Learning algorithms
  - Supervised
    - Backpropagation Networks
    - Conjugate Gradient Networks
    - Radial Basis Function Networks
    - Auto Associative Networks
  - Unsupervised (Self Organizing Maps)
    - Kohonen networks
  - Reinforced
- Transfer Functions
- Training, Testing and Verification data sets
- Training a Network
- Dos and Don'ts of Neural Network Practices



➤ **Part Three: Evolutionary Computing**

- General Overview
- Biological Background
- Genetic Algorithms
  - An Optimization Solution
  - Initial Population
  - Fitness Function
  - Genetic Operation
  - Convergence
- Digital and Analog Coding of the Population

➤ **Part Four: Fuzzy Logic**

- General Overview
- Fuzzy Set Theory
  - Fuzzy Sets
  - Fuzzy Membership Function
- Fuzzy Decision Support Systems
  - Fuzzy Rules
  - Fuzzy Inference Engines
  - Defuzzifications
- Fuzzy Pattern Recognition
  - Fuzzy C-mean Clustering

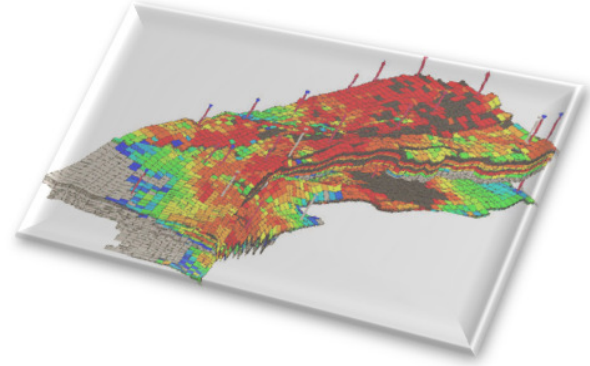
➤ **Part Five: Hybrid Intelligent Systems**

- General Overview
- Integrating Neural Networks, Genetic Algorithms and Fuzzy Logic

➤ **Part Six: Field Applications**

○ *Surrogate Reservoir Models (SRM)*

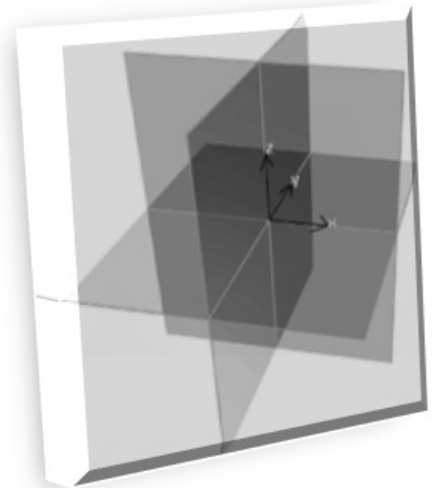
- Understanding the Full Field Model
- Making diagnostic runs
- Generating the Static data set
  - Voronoi Graph Theory
  - SRM elemental volume
- Generating the dynamic data set
- Identification of Key Performance Indicators (KPI)
- Data partitioning
- Building, calibrating and validating the SRM
- Post-processing SRM for reservoir management
  - Sensitivity Analysis
  - Uncertainty quantification
  - Type Curve development
  - SRM-assisted History matching
  - Comprehensive Reservoir Analysis
- Application of SRM in Smart Fields



○ *Top-Down, Full Field, Subsurface Modeling*

- The philosophy of Top-Down Modeling:
  - An alternative to Conventional Reservoir Simulation and Modeling.
  - A complement to Conventional Reservoir Simulation and Modeling.
- Components of Top-Down Modeling
- Traditional Reservoir Engineering – Single Well Analysis
  - Decline Curve Analysis
  - Type Curve Matching
  - Single-Well history matching
  - Volumetric Reserve Estimation
  - Recovery Factor Estimation
- AI&DM-based techniques
  - Discrete predictive modeling
  - Time-Successive full field predictive modeling
  - Fuzzy Pattern Recognition for full field reservoir quality indexing.

- Top-Down modeling results and outcomes
  - Qualitative reservoir characterization
  - Identification of optimum infill locations
  - Estimation of Remaining Reserve as a function of time and space
  - Identification of under-performing well
  - ...
  
- *Modeling Surface Facilities*
  - Wellbore Modeling
  - Separator Modeling
  - Complete Surface Facility Modeling
  
- *Candidate Well Selection*
  - Problem Definition and Identification of Objectives
  - Data set evaluation
  - Data pre-processing
  - Fuzzy Cluster Analysis
  - Data Driven modeling, calibration and validation
  - Post-Processing and Model evaluation
  
- *Data Driven Best Practices Analysis*
  - Problem Definition and Identification of Objectives
  - Data set evaluation
  - Data pre-processing
  - Fuzzy Cluster Analysis
  - Data Driven modeling, calibration and validation
  - Post-Processing and Model evaluation



- **Part Seven: Getting Familiarity with Software Implementations**
  - **INTELLIGENT DATA EVALUATION & ANALYSIS, IDEA™**
    - **Data Preparation**
      - Getting to know your data
      - Frequency Distribution
      - Conventional Regression Analysis
      - Dealing with Missing Data
      - Dealing with Outliers
      - Advance Statistical Analysis
    - **Key Performance Indicators**
      - Ranking the Performance Indicators
      - Behavior of the Performance Indicator
    - **Cluster Analysis**
      - Conventional K-Mean Clustering
      - Fuzzy C-Mean Clustering
      - Automatic Cluster Analysis
    - **Neural Network Model Building**
      - Data partitioning
        - Intelligent Data Partitioning
        - Cluster Analysis-Based Partitioning
        - Random Partitioning
        - Pre-Determined Partitioning
      - Neural Model Architecture
        - Number of Layers
        - Number of Neurons
        - Activation Functions
        - Learning Rates
        - Momentum
      - Training Algorithms
        - Back Propagation
        - Generalized Regression
        - Recurrent
        - Radial Basis Functions
        - Self-Organizing Maps
      - Training Process
        - Avoiding Overtraining
        - Real-time Monitoring of the Training Process

- Neural Model Analysis
  - Parameters Inter-Dependency
    - Tables
    - Functions
    - Neural Models
  - Sensitivity Analysis
    - Single Parameter Analysis
    - Combinatorial Analysis
    - Monte Carlo Simulation
  - General Model Behavior
  
- Neural Model Application
  - Import New Data
  - Apply Neural Model