Clear Fork Accelerates Growth with Field to Finance Performance Platform

Success At A Glance

Harnessing the power of **Pak Production**, **Pak Accounting**, and **Pak Exchange**, **Clear Fork, Inc.** connects the field and back office in real-time to power operational efficiency and divest assets at the best price. Explore how cloud-based lease operating statements and business automation enable the Permian operator to manage assets at any scale with a lean team, improve cash flow management, and accelerate workflows spanning operations, AP, compliance, and partner data sharing.

BACKGROUND

Executing a Proven Growth Strategy While Containing G&A Costs

Clear Fork Inc. (Clear Fork) has operated in the Permian Basin's eastern shelf for 40 years where it seeks to develop and divest assets at the best price. The company currently operates eighty (80) legacy vertical wells, ten (10) horizontal wells, and twelve (12) saltwater disposal wells. Additionally, Clear Fork augments its A&D strategy with unconventional drilling on its properties.

To maximize the value of these assets, the Clear Fork team must efficiently track a wide variety of KPIs, including daily sales, well health, and lease operating expenses.

While holding assets for eventual divestiture, Clear Fork seeks to scale well count without scaling headcount to contain G&A costs. The company processes a large number of accounts payable invoices each month. **It must also submit joint interest billings (JIBs) and timely share production reporting with 97 working interest partners.**

Clear Fork supplements cash flow for capital and operating expenditures with its private equity investor and an RBL (Reserve Based Lending) facility.

CHALLENGE

Taking Financial Management and Field Operations to the Next Level

Having relied on PakEnergy's leading cloud-based accounting solution for over 20 years, Clear Fork has built a strong financial management foundation. To achieve its growth objectives and accelerate business performance as operational complexity grows, Clear Fork wanted to expand the benefits of business automation to other areas of accounting, including accounts payable and vendor invoicing. Clear Fork also wanted to digitally transform its field operations to better connect pumpers, assets, and the back office.

DAILY REVENUE

While sufficient for managing a smaller number of wells, Clear Fork wanted to replace its existing pumper app with a more robust field data capture solution that scales as it grows and provides real time asset KPIs and field ticket data for a clear and current view of daily revenue.

ACCRUAL FORECASTING

Clear Fork was overloaded processing paper AP invoices that took weeks to code, approve, and pay. Lack of visibility into the pipeline of inbound expenses also impeded accurate accrual budgeting, cash flow, and requests to its private equity backers and lenders.

DOCUMENT MANAGEMENT

Accounting staff were constantly sidetracked responding to internal requests for documents (e.g., engineers looking for vendor invoices) while partners asked for data and documents, including production reports, operating statements, and 1099s.

From field to finance, Clear Fork set out to create a digital backbone linking pumper data capture with engineering, accounting, and compliance for end-to-end financial and operational visibility. At the same time, it wanted to deploy business automation to process AP invoices with speed and efficiency while providing internal and external stakeholders with self-service reporting.

> When valuing assets for divestiture, having high-quality LOS statements readily available allows us to prepare accurate reserves reporting to achieve the lowest discount rate possible. On the operations side, timely and accurate budgeting allows us to borrow only when we need to borrow, and only borrow the amount we need to borrow. **With borrowing rates more than 9%, that's real money right there in interest.**

Tyler Barnett, CPA
Chief Financial Officer
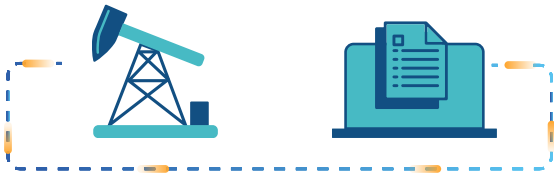
SOLUTION

Connecting the Field and Back Office in Real Time

Clear Fork deployed **Pak Production** to create a digital gathering system with validated field data capture. Leveraging a pumper-friendly mobile app, field staff enter lease assessments in real time with support for offline mode in remote areas of the Permian with limited cellular coverage. Data is then synced with PakEnergy's cloud-based production reporting solution, bringing sales runs, water hauls, wellhead volumes, downtime, and artificial lift KPIs into web-based dashboards.

Leveraging **Pak Accounting**, Clear Fork centralizes all of its financial management, operational accounting, and compliance in one energy-specific cloud ERP, including general ledger, AR, AP, JIBs, and revenue distribution to its working interest and royalty owners. Pak Accounting also simplifies and accelerates regulatory reporting by automatically generating properly formatted EDI (Electronic Data Interchange) files for the Texas Railroad Commission.

Combining daily field operations data with Pak Accounting's powerful lease operating statements, Clear Fork gains deep insight into asset performance and LOE. With the ability to rank and sort KPIs across all of its assets or by acquisition, Pak Accounting quickly informs reserves and ROI analysis so Clear Fork can take the next best operational step, plan workovers and maintenance, and select assets for divestiture.

Clear Fork also deploys **Pak Exchange**, the leading document management and business automation solution for oil and gas. Pak Exchange empowers the Clear Fork team to seamlessly absorb large amounts of inbound paper mailings (e.g., invoices, 1099s, revenue statements) with DocVue digitization, coding, and workflow. Leveraging Pak Exchange's web-based buyer/supplier network, Clear Fork's vendors digitally submit invoices. Clear Fork gains instant visibility into the bulk of its inbound expense pipeline with the ability to route AP invoices according to its unique financial controls and approve and reject invoices for reprocessing.

Clear Fork also automates data sharing with its working interest owners using Pak Production's daily e-mail report.

MEASURING SUCCESS

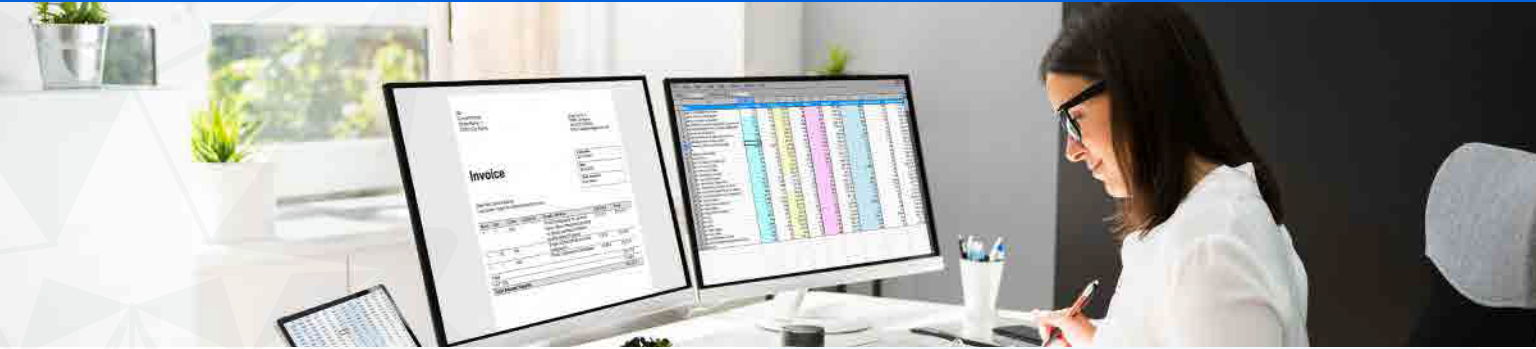| **90**	**12**	**70%**	**150**	**97**
Operated Wells Managed	Injection Wells Managed	Digital AP Invoices	Monthly Sales Runs	Working Interest Owners

RESULTS

Optimizing Performance and Maximizing Deal Value

Leveraging a complete SaaS business performance platform spanning Pak Production, Pak Accounting, and Pak Exchange, Clear Fork successfully executes its growth strategy while managing assets at any scale with a lean team. The powerful combination of business automation, field data capture, and web-based solutions empower Clear Fork's team at every level of the organization, from the desk of the CFO monitoring financial KPIs to pumpers in the field, superintendents, production engineers, accounting, and compliance.
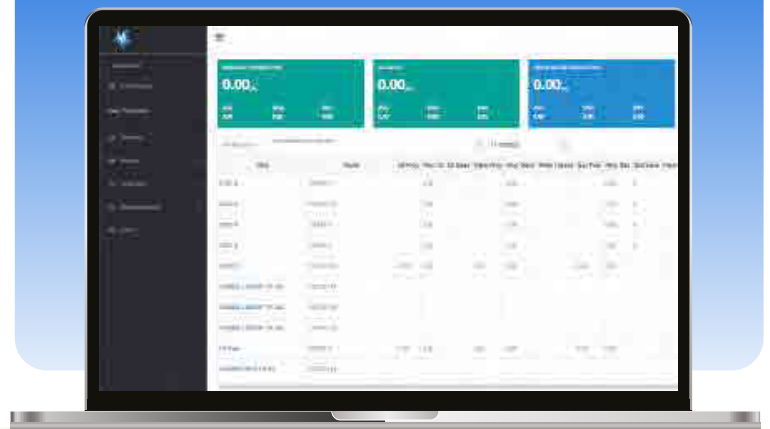
PakEnergy's cloud-based performance platform drives strategic and tactical workflows spanning financials, production accounting, field tickets, workovers, Texas regulatory reporting, cutting checks, and processing ACH payments to interest owners. Pak Accounting's JIB module streamlines AR invoicing, ensuring timely billing for routine operational expenses as well as peak invoicing periods when it is drilling and completing new wells.

Equipped with real-time lease operating statements, Clear Fork is able to rank its assets according to various operating expenses to inform go-forward well work and maintenance strategies. For example, identifying horizontal wells with a failing electric submersible pump (ESP) and assessing its decline curve might lead the operator to switch from a capital-intensive ESP to a rod lift system. The ability to rank assets by LOE and compare performance to breakeven costs also enables Clear Fork to identify legacy wells that should be plugged and abandoned. As a result, the operator can onboard assets, enhance asset performance, and divest at the best discount while providing potential buyers with defensible data and lease operating statements to bolster their decision.

Clear Fork gains granular visibility into its expense pipeline, with over 70% of its vendors participating in Pak Exchange digital invoice processing. Out-of-network vendor invoices are rapidly processed and imported into Pak Accounting's AP module, leveraging DocVue digitization. As a result, Clear Fork is able to forecast accruals accurately and, in turn, precisely request funds from its private equity backer and RBL facility, improving cash flow and minimizing exposure to today's high interest rates and cost of capital.

Clear Fork also elevates revenue owner satisfaction by delivering daily production and well-work reports directly to partners via Pak Production.

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PakEnergy

HARNESS THE POWER OF PAKENERGY'S PERFORMANCE PLATFORM

Talk to our accounting, production, land, and document management experts today to discover the measurable benefits of a unified energy software platform that bridges data siloes to unleash your team's full potential, increase agility, and unlock profits.

CONNECT WITH OUR ENERGY SOFTWARE EXPERTS TODAY

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