**Decline Curve Analysis**

1. Time for 100 wells regression:38.5s
2. MSE of log transformed production data

Chart, histogram

Description automatically generated

MSE of original production data

Chart, histogram

Description automatically generated

1. See attached image files in “./img/” repo
2. Loss function: mse of log transformed production data.

Reason: if I don’t use the original production data, the production forecast tends to bias to high production. Log transformation also makes the fitting more robust to outliers, given that I removed the extremely low production data. We are interested in forecasting, which has a stronger correlation with more recent data, which are generally small.

1. Outlier Detection: I removed the extremely low values for the 1st iteration because low production usually indicates a well workover that are not considered in the decline curve analysis. For the 2nd iteration I am planning to check the 2nd and 3rd order difference of production, which are more stationary and remove outliers that have very high absolute values.
2. Evaluation Scheme: As an MVP, I trained on the first 70% of the data and predict the rest 30%. As shown in the figure below, the error does not increase much, indicating that it is not overfitted.

Chart, histogram

Description automatically generatedChart, histogram

Description automatically generated