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Original Article

Real-Time Reservoir Management in Petroleum Engineering Using Proxy Modeling and AI-Based Optimization Techniques

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ABSTRACT: *Managing reservoirs well helps maximize the output of oil and gas, keeps costs low and protects the environment. The study looks at how using proxy models and AI optimization can make real-time reservoir management more effective in petroleum production. Proxy models are used as simplified versions of reservoir simulations to save time in evaluation and decision-making. Using AI, such as machine learning and genetic algorithms, helps to manage reservoirs under uncertain circumstances. We provide examples of these methods being used and discuss in detail the advantages, difficulties and future prospects they bring.*

KEYWORDS: *Reservoir management, Proxy modeling, Artificial intelligence, Optimization, Petroleum engineering.*

1. INTRODUCTION

In the oil and gas industry, where things are constantly moving, companies are always working on ways to improve how reservoirs are managed to achieve both more efficient and more profitable hydrocarbon recovery. Managing traditional reservoirs mainly involves detailed simulations, but these make demands on hardware, take a lot of time to complete and call for careful adjustment to be useful. For this reason, quick choices and close examination of how the organization could respond to situations are often not possible. [1-3] To face these challenges, there is now a shift to using proxy modeling and AI-based optimization approaches. Reservoir operations are streamlined when proxy models, representing fast and accurate simulation results and AI pattern recognition and forecasting abilities, are put together. This work examines the growing area of AI-driven management of reservoirs, discussing why relying on proxy models and AI helps with better decision-making. We will cover the best ways to build and put into use these new solutions, investigate how they can help speed up work procedures and present case studies showing that they are practical and help boost reservoir results.

2. BACKGROUND

2.1. RESERVOIR MANAGEMENT IN PETROLEUM ENGINEERING

Reservoir management in petroleum engineering includes planning, monitoring and managing the extraction of oil and gas. The major purpose is to increase oil and gas production, while carefully considering costs, the environment and safety. This field takes geological, geophysical, petrophysical and engineering information to build correct subsurface models for guiding extraction techniques. Characterizing a reservoir is key in reservoir management by analyzing the small-scale variations in the ground using both static and dynamic data. When the reservoir is well understood, computer models are developed to see how the field performs under a range of development scenarios. These simulations play a role in improving decisions about locations for wells, desired production levels and which methods to use for recovering more oil. By observing plant operating conditions closely and reacting to emerging situations, operators can help maintain good performance and greater profitability.

2.2. PROXY MODELING

The main advantage of proxy modeling, which is usually called surrogate modeling, is that it makes it possible to overcome the limitations of running full-physics reservoir simulations on computers. Simplified models help to imitate the results of complex simulations, but use much less computer power. Usually, proxies are built using statistical, machine learning or reduced-order modeling approaches, and this makes it simple to study different scenarios, check for changes in results and calculate the impact of uncertain values. Reservoir engineers can make use of proxy models, since they allow the screening of different development actions during early stages, sparing computational power for numerous simulations. They help with history matching by making it faster to match observed production data to the model of the reservoir. Proxies can also help in predictive tasks by using historical and up-to-date data to anticipate how production will change in the future, which benefits thoughtful planning. With ongoing advancements in computation, the use of proxy models is getting more vital in managing reservoirs in real time with data.

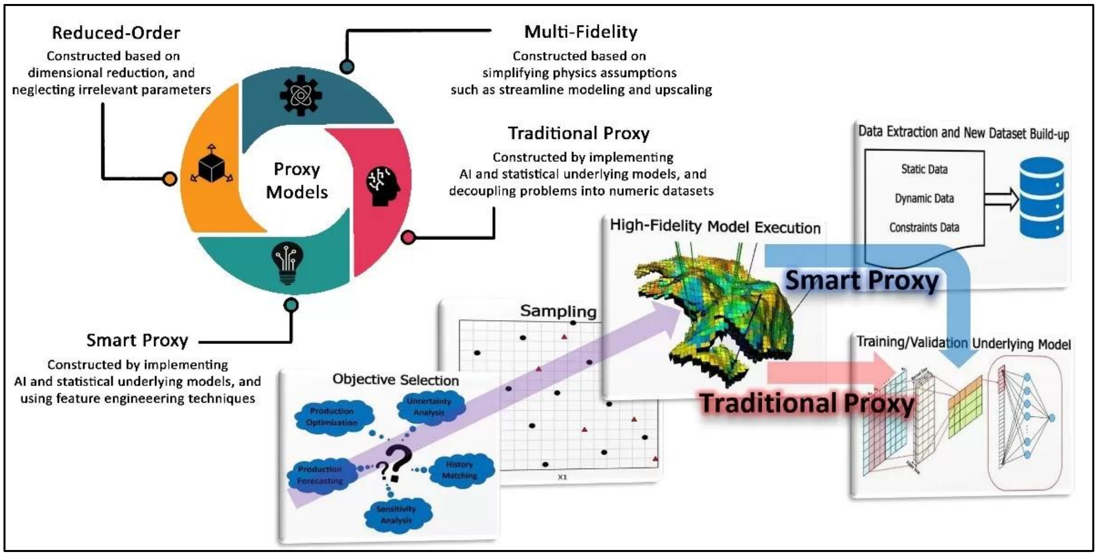

FIGURE 1 Classification and workflow of proxy models in reservoir simulation and optimization

Using proxy models instead of costly, time-consuming high-fidelity simulations is an important technique in reservoir engineering. Figure 1 gives an overall look at the different proxy models used for reservoir analysis and shows how they are typically put to work. The figure sorts proxies into four groups: Reduced-Order, Multi-Fidelity, Traditional and Smart proxies. [4-6] All of them present their own balance among model complexity, how accurate they are and how much computing power is required. Reduced-order models depend on techniques to reduce the number of variables and the removal of those that have little effect in complex situations. These models assist in sensitivity analysis and parameter screening, where you need speedy results without much drop in the accuracy of predictions. Building multi-fidelity proxies involves reworking the physical aspects of simulations, such as streamlines or upscaled versions, to make them easier and more efficient to use.

Complex simulation results are simplified by traditional proxies using AI and statistical methods into numbers that are easier to analyze. These models are usually unchanging or predictable, and they give good results in many situations, even if they may be less effective with unusual or nonstandard issues. Smart proxies, unlike others, are highly developed and offer the highest level of security. They apply artificial intelligence, machine learning algorithms and advanced ways of selecting features to learn from new and regularly changing data, enhancing their performance and letting them work effectively in real-time. Proxy modeling begins with gathering both static, dynamic and constraint data and then proceeds to sampling and model building. Making decisions on objectives, such as uncertainty analysis or history matching, is key before using high-fidelity simulations. The simulation results help in calibrating and validating the proxy model, which then becomes ready for real-time use and deployment in the field. It provides a basic guide on the main ideas and technical aspects involved in constructing and using proxy models in petroleum engineering.

2.3. AI-BASED OPTIMIZATION TECHNIQUES

Reservoir engineering has changed significantly due to AI, and this is most noticeable in the physics of optimization. By exploiting machine learning and evolutionary concepts, AI algorithms search through large datasets, assisting in choosing better business strategies. Reservoir data analysis is done with neural networks, support vector machines and ensemble learners, which identify patterns and enable accurate predictions. Alternatively, Genetic Algorithms (GA), Particle Swarm Optimization (PSO) and Reinforcement Learning (RL) are applied to deal with high-dimensional and complex search spaces, seeking the best way to operate. These techniques are suited to situations where you have to handle different goals, limitations and uncertainty in the reservoir. With the addition of proxy models, AI-based optimization makes it possible for decision support systems to react to new and updated information in the reservoir at any time. The combination greatly improves the way economic recovery is maximized, production is made more efficient, and operations are made safer and simpler.

3. METHODOLOGY

3.1. DEVELOPMENT OF PROXY MODELS

Making proxy models is the key first phase to control reservoirs efficiently and at scale. The process starts by capturing many data items, like past production figures, fluid pressure at the well depth, porosity, permeability and geological characteristics. [7-10] They are used to develop models that imitate how real reservoir simulations behave. Reservoir engineering workflows usually use field results and simulated outcomes to collect data that shows all of the important factors involved in the success of an oil field.

After collecting and compiling the data, the characteristics of the data and the aims of the study should be used to select the right modeling approach. For simple and clear analyses, people often go for polynomial regression. If interactions are of interest, response surface methodology (RSM) is used. Finally, nonlinear and probabilistic relationships are captured using Gaussian Process Regression (GPR). The collected dataset is fed into the chosen model so that it learns to approximate the relationship between the inputs (injection rates or reservoir pressures) and the outputs (oil production or net present value). Having a look at the features and improving them may help make the model more reliable and precise. Mapping your model is important to ensure that the proxy is credible and reliable. To see if the proxy is trustworthy, it is tested against high-quality simulation results. Root-mean-square error (RMSE), coefficient of determination (R^2) and cross-validation scores are the common metrics for evaluating model performance. By using a validated proxy model, you can lower computing expenses and quickly perform scenario studies, optimize in real time and make decisions when faced with uncertainty—all important for proper reservoir management.

3.2. DATA-DRIVEN OPTIMIZATION APPROACHES IN RESERVOIR ENGINEERING

AI-powered optimization techniques add to proxy modeling by providing flexible strategies to boost how the reservoir operates. The use of machine learning is increasing when trying to understand how reservoirs function and to foresee possible future tendencies. Decision trees, support vector machines, and neural networks are supervised learning algorithms that reveal connections between input and performance metrics, whereas unsupervised clustering can find patterns or group reservoir zones because of their similarities in geology. They are used to predict manufacturing levels, spot places where operations slow down and propose actions to improve the strategy.

Like machine learning, evolutionary algorithms have demonstrated high success in facing complex, nonlinear optimization tasks within reservoir systems. Genetic Algorithms (GA) and Particle Swarm Optimization (PSO) are developed to address multi-objective optimization problems that include goals that might be difficult to balance. A process of selection, crossover and mutation or emulating swarm intelligence, guides the evolution of the candidate solutions in every iteration. They are able to avoid getting stuck at local solutions and analyze the entire solution space, which makes them suitable for complex and constraint-filled tasks in reservoir management.

A combined approach is made by connecting trained proxy models and AI-based optimization algorithms. It allows real-time changes to reservoir operations as data and model evaluations continue to be reviewed. It makes it possible for analysts to try various development methods, run sensitivity checks and base their choices on the results without the need for big simulations. Combining how quickly proxy models work with the strength of AI allows for more effective, adaptable and smarter handling of petroleum reservoirs under challenging and diverse conditions. Genetic Algorithms (GA) and Particle Swarm Optimization (PSO), which are AI algorithms, are used in reservoir management to make production more effective and profitable. The visualization shows a Water Alternating Gas (WAG) scheme and focuses on its key parameters, like the rate at which water and gas are injected, their chemical makeup, the number of water cycles, bottom-hole pressure and duration of WAG. Optimization decisions are based on these operational variables, which have a direct effect on how much oil is produced and the company's profit.

Genetic Algorithms (GA) and Particle Swarm Optimization (PSO) are examples of AI-based tools that help enhance production and improve profits in reservoir management. The visualization is built around a Water-Alternating-Gas (WAG) injection approach and its main factors, such as how fast water or gas should be injected, the type of gas used, the cycle ratio, pressures at the well and WAG time. They are key factors in the optimization process because they control oil production and profits.

The main component here is the optimization engine, where GA and PSO are regularly used to improve decision variables according to the results of reservoir simulations. Such techniques are custom-made for managing multidimensional, irregular and multiple-goal optimization tasks that arise in underground settings. Every time, objective functions are checked, including NPV and recovery factor and the WAG parameters are adjusted to obtain the highest returns without hurting the reservoir. At the beginning of optimization, the selected algorithms are started and simulated across the search area. Every combination of variables is evaluated using the objective functions, and after that, convergence is checked. When the criteria are not met, new possible combinations are found through either GA's evolution or the swarming action in PSO. The loop continues until either convergence occurs or the termination condition is met, and after that, the results are made available and reviewed visually. For example, algorithms like these were used in the NORNE field model. The software generates plots showing how NPV changes with each improvement in the iterations. Such visual displays are key to confirming the way in which the model is optimized and understanding the effect of parameters. As a result, these two technologies are absolutely necessary for managing decisions and enhancing reservoir performance in very complicated geological settings.

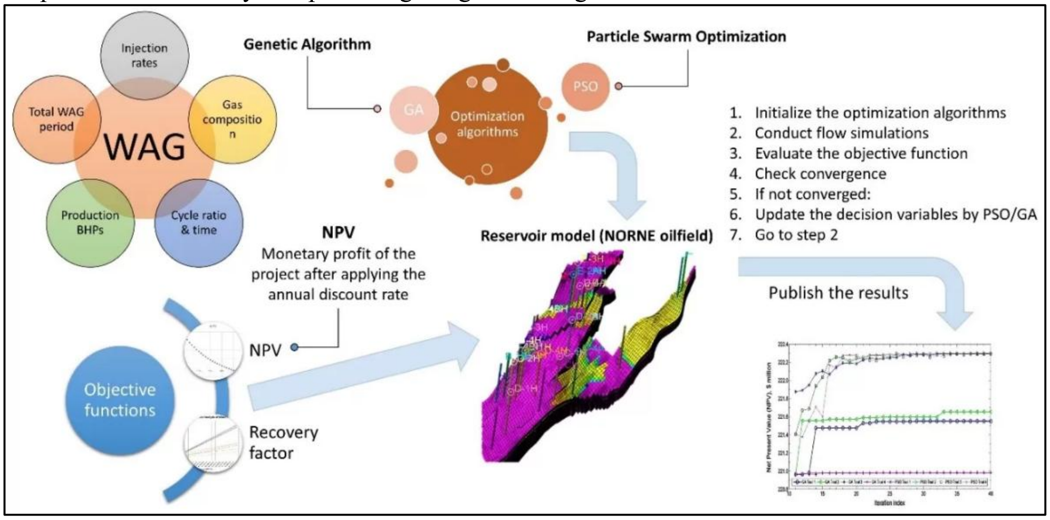

FIGURE 2 AI-Driven optimization framework for reservoir management using GA and PSO

4. CASE STUDIES

4.1. CASE STUDY 1: PREDICTIVE MAINTENANCE USING PROXY MODELS

Unpredicted failures of essential equipment in offshore petroleum operations may lead to a lot of downtime and monetary losses. To overcome this problem, an important oil and gas business started using proxy modeling methods for predictive upkeep. [11-15] The basic idea was to analyze old operational data like machine performance and keep records of failure events to develop a predictive model. It was made to identify problems that could occur in the future and schedule maintenance as needed, so that system failures would not happen.

Machine learning algorithms were employed to develop the proxy model, which finds small and complex signs pointing to upcoming issues with equipment. When the model was introduced, it became much more accurate at forecasting, boosting accuracy from 75% to 90%. Because of the changes made, the company experienced a 20% decrease in unplanned downtime, allowing day-to-day operations to run more consistently. The organization was able to save approximately $500,000 every year, mostly by avoiding major accidents and making maintenance team deployments more efficient. This example shows how proxy modeling helps improve how reliably the operation runs. The company gained better performance from its assets and followed the industry's trend toward efficiency and sustainability by adopting predictive maintenance.

TABLE 1 Equipment maintenance outcomes

Metric	Baseline	Proxy Model Implementation
Downtime Reduction %	N/A	20%
Cost Savings ($)	N/A	500,000
Predictive Accuracy %	75%	90%

4.2. CASE STUDY 2: REAL-TIME PRODUCTION OPTIMIZATION

Oil production from another North Sea field aimed to achieve optimal yields and profits by joining AI and proxy modeling. The purpose of this case study was to highlight optimizing well positioning and how to distribute resources for proper reservoir management. They decided to use a hybrid method using genetic algorithms and data-driven proxy models. The purpose-built models grouped different parts of the production together, so that many different scenarios could be tested and analyzed quickly. Multiple operational factors, such as injection rates, well tracks and production constraints, were part of the framework used. The automated system efficiently explored the available choices to locate ways to recover oil and keep costs low. Due to the enhanced strategy, each day there was an increase in oil production from 800 to 1,200 barrels, meaning a 50% improvement. At the same time, savings on what it costs to operate improved by $10,000 and the claims amount recovered increased to 35%.

TABLE 2 Production Optimization Results

Parameter	Before Optimization	After Optimization
Daily production (bbl)	800	1200
Operational Costs ($)	100,000	90,000
Recovery Factor (%)	30%	35%

This achievement underlines that combining AI and reservoir engineering works very well. Using fast and smart algorithms, the operator could plan quickly and effectively to increase productivity in the field. This clearly showed that this approach could be used for many different reservoirs and conditions, confirming its usefulness in current petroleum engineering.

5. DISCUSSION

5.1. BENEFITS OF PROXY MODELING AND AI TECHNIQUES

The use of AI-based optimization with proxy modeling greatly improves the way reservoir management is done, bringing many advantages. Being efficient in computations is one of its major strengths. Conventional reservoir simulations tend to be lengthy and drain a lot of resources, making it necessary for most to use high-powered computers for them to complete satisfactorily. A proxy model is designed to mimic the results of complicated simulations, with much less computational demand. Consequently, engineers are able to look at numerous development scenarios in a short timeframe, which helps them respond quickly in the field.

The adoption of blockchain results in more data-informed choices. Machine learning and evolutionary algorithms, part of AI, go through large amounts of data from the past and present to discover patterns and similarities. As a result of these insights, those in charge can take proactive actions to cope with reservoir changes, enhancing the ability to be flexible in operations. With more information, such models can develop and improve their prediction skills by learning from previous results. Using proxy models and AI boosts the recovery rate and helps cut expenses. Rapid scenario analysis and real-time optimization tools provided by this software allow for the identification of the best location for wells, what operations will be carried out and where and how resources should be distributed. Because of this, better extraction methods are applied, which improve recovery and lower costs. Environmental implications are also seen, as operations that use less fuel and energy help reduce the overall pollution from needless drilling or production.

5.2. CHALLENGES AND CONSIDERATIONS

Even with the promising results promised by proxy modeling and AI, there are some difficulties that must be resolved for them to succeed in reservoir management. Data quality is the biggest issue to address. The accuracy of both proxy models and AI algorithms depends a lot on how high-quality, complete and consistent the data received is. Lacking or incorrect data may give rise to untrustworthy predictions that can undermine the reliability of decisions in operations. Hence, strong data cleaning and scrutiny should be put in place prior to model development.

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6. FUTURE DIRECTIONS

The petroleum industry's efforts to adjust to market changes and environmental concerns will prepare future real-time reservoir management research for blending new digital technologies. An important topic to explore is how the Internet of Things (IoT) can be connected with Big Data analysis. Real-time information about pressure, temperature, flow rates and conditions of the equipment comes from IoT-enabled sensors and devices at the reservoir site. Analyzing large volumes of high-frequency data with Big Data tools allows for the discovery of issues and tendencies that had gone unnoticed earlier, resulting in better and faster decisions by the company.

Real-time analytics are gaining importance, and companies are focusing on building them. AI now handles many tasks, but is frequently based on analyzing old data in large batches. The future mainly involves creating algorithms able to evaluate and respond to data in real time so that actions can be taken quickly. That way, an operator in the field can respond to any change in the reservoir as soon as the data comes through, making the response time to changes much faster. Such systems may adjust injections, manage resources differently and predict possible breakdowns as the environment changes, which will help improve efficiency and minimize risks.

Also, it is anticipated that designing and improving collaborative modeling frameworks will be more critical. Future techniques will make progress by involving more cooperation among petroleum engineers, data scientists and subject matter experts. Working together will result in building hybrid methods by combining simulations using physics with machine learning. Using shared platforms for building and testing models will encourage openness, repeatability and ideas from multiple areas. Working on these aspects is necessary to produce models that are sound in engineering and up to date with the latest computational technologies.

7. CONCLUSION

As reservoirs and production methods become more complex, and while the industry seeks to be more efficient and sustainable, innovations in reservoir management are needed. Blending proxy modeling and AI-based methods opens up the way to quicker, smarter and more flexible ways of making decisions. Replacing traditional reservoir simulators, proxy models greatly shorten the time and costs involved in analyzing performance. Using advanced AI along with these models helps in managing complicated optimization processes, improving the accuracy of predictions and changing and managing production steps immediately.

The findings point out that these technologies greatly boost hydrocarbon recovery and cut costs and harm to the environment. Data quality, aligning models and getting the organization ready still create issues, but the strengths of AI are much larger than the difficulties. Because digital transformation is happening, proxy modeling and AI-generated optimization are becoming essential features of upcoming reservoir management systems. Such advancements support not only making money in the oil and gas sector but also meeting sustainability goals on a global scale. Enabled by AI, the petroleum industry will continue improving and make more responsible decisions, shaping an effective future for itself.

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