CAPEX & OPEX
DEFINITION AND EXAMPLES
CAPEX

- Capital expenditures for projects/development/etc.
- CAPEX required for business growth
- CAPEX often makes up a large potion of annual budgets
- AFE typically required
- Examples: drilling, completions, production equipment, infrastructure
OPEX

- Operating expenses
- These costs occur on a regular basis after development has occurred
- Just as critical to a company’s health as CAPEX
- Examples: lifting costs, personnel, transportation, fees, rentals
Discussed in investor relations

Very important in budgeting

Both need to be

- Budgeted well
- Capitally efficient
- Monitored