Natural petroleum reservoirs are characterised by 2-phase flow of oil and water in the porous media (e.g. rocks) which they are built of. Conventional methods of extracting oil from those fields, which utilise high initial pressure obtained from natural drive, leave more than 70% of oil in the reservoir. A promising decrease of these remained resources can be provided by smart wells applying water injections to sustain satisfactory pressure level in the reservoir throughout the whole process of oil production. Basically to enhance secondary recovery of the remaining oil after drilling, water is injected at the injection wells of the down-hole pipes. This sustains the pressure in the reservoir and drives oil towards production wells. There are however, many factors contributing to the poor conventional secondary recovery methods e.g. strong surface tension, heterogeneity of the porous rock structure leading to change of permeability with position in the reservoir, or high oil viscosity. Therefore it is desired to take into account all these phenomena by implementing a realistic simulator of the 2-phase flow reservoir, which imposes the set of constraints on the state variables of optimisation problem. Then, thanks to optimal control, it is possible to adjust effectively injection valves to control 2 phase immiscible flow in every grid block of the reservoir and navigate oil to the production wells so it does not remain in the porous media.

The use of such a smart technology known also as smart fields, or closed loop optimisation, can be used for optimising the reservoir performance in terms of net present value of oil recovery or another economic objective. In order to solve an optimal control problem we use a direct collocation method where we translate a continuous problem into a discrete one by applying explicit and implicit Euler methods. A substantial challenge of finding optimal solution in a robust way comes along with handling the scale of the optimal control problem due to discretisation in time and space. Consequently, an Ipopt (Interior Point Optimiser) open source software for large scale nonlinear optimisation was applied. Because of its versatile compatibility with programming technologies, a C++ programming language in Microsoft Visual Studio integrated development environment was used for modelling the optimal control problem. Thanks to object oriented features of the language, it was possible to approach the problem in a very modular way by automatting the discretisation process and develop interfaces for retrieving information from a continuous problem. When tackling this problem, we reduce approximation error made by discretising of the original problem, by increasing the number of simulation steps and therefore it is necessary to solve large instances of the reformulation. As a result, it is very suitable to use Ipopt algorithm which implements an interior-point linesearch filter method making it very powerful for solving large problems with up to hundreds of millions of constraints and variables.