



Oil and Gas Company Reduces AFE Approval Time by More than Half

Customer Profile

Onshore Oil and Gas Company operating out of Houston, Texas, focused on lower-48 states of the US.

Partner

Altius

Partner Website

www.altius-usa.com

Solution Overview

- Automated workflow process improves efficiency and provides detailed approval auditing
- Email notifications now drive the approval process
- Integration with external databases ensures data accuracy and reduces the amount of time required to produce an AFE
- Real-time reporting improves visibility into the AFE data and workflow process
- Partner balloting capabilities collect and track partner involvement and working interests

“The solution has shortened the process of reviewing, approving, and signing AFEs by more than half.”

D&C Planning, Performance and Control Analyst

In an effort to compete more effectively, one of the world’s supermajor oil and gas companies formed a separate business to manage its natural gas assets in the contiguous U.S.—and, in conjunction, needed to update its complicated spreadsheet-based process for Authorization for Expenditures (AFE). With help from Altius, the company implemented a new web-based AFE tracking solution that enables them to drive the approval process with email notifications; collect and track partner involvement; and conduct real-time reporting, greatly reducing the amount of time and manual steps required for AFE processing.

Business Situation

In recent years, an onshore Oil and Gas company, operating out of Houston, Texas, acquired a substantial number of producing wells, rapidly increasing its number of AFEs to more than 1,500 per year.

The company was using spreadsheets to manually track each AFE — a compartmentalized process, with no clear definition of business roles or approval structure.

No one in the organization owned or understood the full AFE process from start to finish, and this lack of visibility led to limited tracking and little insight into performance.

With the data being stored in spreadsheets, there was no effective way to collaborate between users or communicate stakeholders. This approach to AFE management also limited the ability to compare AFE costs with

altius[®]

accounting (i.e. actuals versus approved costs) - allowing cost overrun and unsanctioned spend.

The company's outdated spreadsheet-based tracking and management process could no longer keep up with the volume of activity, nor the process requirements, so they looked to Altius for a more efficient solution.

Solution

Define the Current Business Process

Altius set up a series of workshops with the client's key personnel to discuss the creation, management and approval process — from initial submission by engineers through final approval by finance. Within a short period of time, Altius was able to accurately define and map the company's current AFE business process, identify areas where it diverged from corporate guidelines, and recommend the best solution.

Collect, Organize and Standardize the Data

After a rigorous evaluation of the current process and desired state, the client chose to implement Altius' web-based solution, Flex AFE Tracker. An intuitive user interface, ubiquitous web access and secure data storage ensured 100% adoption of the corporate AFE management policy – end users and stakeholders alike were able to gain powerful insight into both the data and process resulting in information-driven evaluation and decision-making.

Automate Workflow

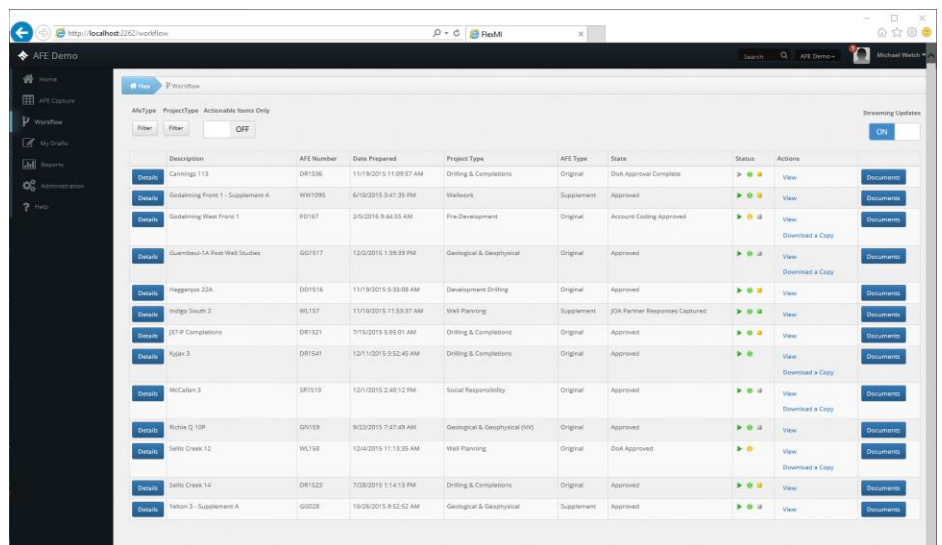
Flex AFE Tracker's powerful workflow engine guides an AFE through a fully customizable approval and review process. With its ability to dynamically route based on both AFE data points and external drivers the client could be sure that every AFE was being reviewed by the correct individuals. Using information such as project type, well header data, and delegation rules to identify the appropriate people reduced the amount of time an AFE spent in the approval process and ensured they were not circulated to people without the required security permissions.

Flex AFE Tracker also helped to facilitate the client's partner balloting process.

The company is now able to record partner working interests, auto-generate partner letters, record responses, and re-work interest based on non-consents—all while adhering to contractually obligated partner balloting deadlines.

Integrate Data Systems

With Flex, the client can now easily integrate and incorporate data from external systems. Actuals can be loaded from an SAP accounting system, and well-header information can be loaded from its land system, driving both easier data entry and improved analytics. Users can produce reports quickly and accurately, without engaging IT resources, leading to a better understanding of the data.



AFE Type	Project Type	Actionable Items Only							
Description	AFE Number	Date Prepared	Project Type	AFE Type	State	Status	Actions		
Details	Cartridge 113	DR1036	11/19/2015 11:09:37 AM	Drilling & Completions	Original	Dist Approval Complete	View	Documents	
Details	Coastal Front 1 - Supplement A	WW1095	6/10/2015 3:47:35 PM	Wellbore	Supplement	Approved	View	Documents	
Details	Sustaining Well Front 1	FD187	2/5/2016 9:46:55 AM	Pre-Development	Original	Account Coding Approved	View	Documents	
Details	Quemadmodum 14 Post Well Studies	GD1017	12/2/2015 1:39:29 PM	Geological & Geophysical	Original	Approved	View	Download & Copy	Documents
Details	Progressive 22A	DD1016	11/19/2015 5:53:08 AM	Development Drilling	Original	Approved	View	Download & Copy	Documents
Details	Integrals South 2	WL137	11/19/2015 11:53:37 AM	Well Planning	Supplement	JDA Partner Response Captured	View	Documents	
Details	STP Completions	DR1031	7/15/2015 5:55:01 AM	Drilling & Completions	Original	Approved	View	Documents	
Details	Ajlan 3	DR1041	12/11/2015 5:52:45 AM	Drilling & Completions	Original	Approved	View	Download & Copy	Documents
Details	McCallan 3	SR1010	12/11/2015 2:40:12 PM	Social Responsibility	Original	Approved	View	Download & Copy	Documents
Details	Mitche Q 10P	DR1039	9/23/2015 7:47:43 AM	Geological & Geophysical (N/G)	Original	Approved	View	Documents	
Details	Celis Creek 12	WL102	12/2/2015 11:13:29 AM	Well Planning	Original	DOA Approved	View	Download & Copy	Documents
Details	Salis Creek 14	DR1033	7/28/2015 1:4:13 PM	Drilling & Completions	Original	Approved	View	Documents	
Details	Johnson 3 - Supplement A	GD009	10/26/2015 9:52:52 AM	Geological & Geophysical	Supplement	Approved	View	Documents	

Flex AFE Tracker's workflow page shows the status of where each AFE is in the approval process, actions performed against the AFE, and supporting documents.

The solution provides users with:

- Automated workflow process
- Proactive email notifications to drive the approval process
- Integration with external databases
- Real-time reporting
- Partner balloting capabilities

Benefits

The AFE solution designed by Altius has transformed the client's antiquated and inefficient manual process. Not only did the Flex solution digitize the business process and bring everything online, but it also created a user-friendly solution that streamlines the entire process from creation to final close. The result is a system that delivers accurate AFEs in less than half the time required with the previous approach. The company is now secure in the knowledge that unsanctioned spend is a worry of the past.

A D&C Planning, Performance and Control Analyst at the company stated, "The solution has shortened the process of reviewing, approving, and signing AFEs by more than half. The system is also serving a big role as a data repository for AFE information – allowing other systems to access AFE data, maintaining a complete well history."

After a seamless implementation, training, and adoption process, the client has seen strong user engagement—with thousands of AFEs loaded into the system since go-live. Flex has allowed this energy company to be both nimble and data-driven, and ultimately more competitive in the Oil and Gas landscape.

For more information about Altius, please visit:

www.altius-usa.com



altius®