

VIPIR News

Volume 1, Issue 5

December 1999

Conceptual Design Phase Completed

The conceptual design phase of the VIPIR project (summer to fall, 1999) centred on the development of a shared information registry as a tool to facilitate the re-engineering of industry and ministry business processes.

Data requirements for the proposed registry were defined. A prototype was developed. Costs, benefits, and risks were assessed. New, streamlined business processes were designed and validated with a broad range of stakeholder groups.

Findings

VIPIR's conceptual design team concluded that building a shared information registry adds value for industry and for government.

The registry provides a single, authoritative source of secure, valid, standardized, shareable, and timely petroleum-related information. The result is better information management and significant cost savings.

In return for a relatively small financial investment in systems development and training, the oil and gas industry realizes benefits of \$12.8 million in the registry's first year and an average of \$18 million per

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We're back.

The last VIPIR newsletter was the September 1999 issue. Since then, we've held our readers in suspense as we waited for the project "go/no go decision."

We're happy to report that the information management component of the project has now been approved.

Read on for details.

INFORMATION MANAGEMENT

Green Light for the Registry

In October 1999, VIPIR's shared information registry and associated process re-engineering were conditionally approved by the steering committee, by Department of Resource Development Deputy Minister Ken Smith, and by Alberta Energy and Utilities Board Chairman Neil McCrank. The outlined conditions have now been met and formal steering committee endorsement has been obtained.

Presentations to the Small Explorers and Producers Association of Canada and to the Board of Governors of the Canadian Association of Petroleum Producers have been favourably received. Formal letters of support from these organizations are expected within the next few weeks.

In its initial phase, the registry will include data related to infrastructure, volumetrics, product allocation, custody-transfer meters, pipeline splits, royalty, and costs. Implementation of this phase is planned for January 2002. ❖

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year thereafter. The Ministry of Resource Development realizes benefits of \$4.2 million in the first year and an average of \$2.5 million per year thereafter. Payback for all stakeholders occurs within five years of the registry's implementation.

The proposed registry is a strategic initiative. It facilitates further streamlining and creates a sustainable competitive advantage that can help Alberta's upstream oil and gas industry maintain an edge within the global economy.

Key Features

The registry houses granular (rather than derived) data elements and data is validated before it is entered. This minimizes the need for subsequent amendments.

Clients receive prompt notification of errors. They have the opportunity to make corrections before penalties are imposed.

Registry users have access to the same information at the same time. This ensures consistency, improves communication, and eliminates "paper chasing."

The registry facilitates streamlining and process re-engineering—including the consolidation of data currently submitted on statistical reports (S documents) and owner activity statements (OAS).

The number of data elements required for government reports is reduced by 61%. For gas volumetric reporting alone, registry-based re-engineering eliminates or streamlines half of the 50 processes used by industry and government.

The registry makes it possible to use allocation factors to assign measured volumes to streams, and subsequently, to owners. Over- or under-allocations are eliminated. Provisional assessments, Crown-favour volumes, and compliance fees are reduced. ❖

Next Steps: Business Area Analysis

...getting down to the heart of the business

The conceptual design phase of the VIPIR project provides a foundation for the comprehensive, detailed investigations now under way in the business area analysis phase, or BAA.

This phase of the project will define system design areas and reaffirm the validity of the project's business case.

"Business area analysis gets down to the heart of the business," says BAA team leader Wendy Wong. "It draws out the details of each piece of data and each business process—from the point of view of the business user."

The result will be a set of specifications presented as a report and models (diagrams). The specifications will serve as a blueprint for the design and development of the registry. They will define the data, processing requirements, and business rules needed to make the registry functional.

That's why documentation and validation are critically important.

Wendy's team of analysts will conduct a series of interviews and workshops with all stakeholders whose work will be affected by the shared information registry.

User requirements will be defined and documented. Issues will be identified and resolved.

The documented business requirements will be vetted by immediate users and by a larger audience. To ensure that business needs are correctly defined, this will include advisory groups, business support units, and a full range of industry and ministry stakeholders. ❖

ALLOCATION FACTORS

An allocation factor is a decimal value calculated by dividing the volume allocated to a particular stream or owner by the total volume available for allocation. To ensure that product volumes are completely allocated, the factors must always add

up to 1. This means that when one factor increases, others must be reduced proportionately so that the allocated volumes always add up to the total volume.

Registry Development

A Request for Proposals to develop the shared information registry will be issued once the business area analysis phase is completed. Tenders for a “buy” or a “build” approach are expected. The former refers to customization of existing software and hardware; the latter, to development “from scratch.”

Vendors will receive credit for considering the long-term, strategic potential of the registry in their bids. They may also submit separate proposals for the operation and maintenance of the registry.

Interfaces between the registry and existing ministry systems will be developed within the ministry.

Questions about the development of the registry should be directed to David Breakwell, Acting Project Director. Phone: (780) 427-6370. ❖

NEW FACES, NEW PLACES

NEW EXECUTIVE SPONSOR NAMED

Lynda Fleming was appointed executive sponsor of the VIPIR project in November. Lynda takes over from David Smith, who assumes new responsibilities as Assistant Deputy Provincial Treasurer in December.

Lynda is the Chief Information Officer for the Alberta Ministry of Resource Development and the Executive Manager of the EUB's Information and System Services Branch. She has been a member of the VIPIR project steering committee since its inception.

ACTING PROJECT DIRECTOR

David Breakwell took on the role of acting project director in October, when Saghir Ansari accepted a position outside the VIPIR project. Dave is an accountant and information technology consultant who joined VIPIR as the Business Team Lead in March 1999. His credentials include 8 years as a manager with the gas royalty branch of the Department of Resource Development and consulting experience with a number of major information technology organizations.

A Request for Proposals has been issued to find a permanent project director for VIPIR.

Questions about the next phases of the VIPIR project may be directed to Dave at (780) 427-6370. ❖

Profiles

Wendy Wong

Team Lead, VIPIR Business Area Analysis

Wendy Wong is a senior business systems analyst with 16 years of experience in systems analysis, design and development. For the past 12 years, she has been with the Department of Resource Development, where her responsibilities included business analysis and support of the department's systems.

Wendy's projects have taken her to all areas of the department. She has worked on a number of ministry-wide initiatives as well, including the VIPIR project's precursor (RRIR) and the VIPIR conceptual design phase.

“Every project is different,” says Wendy, “even though it may be about the same minerals and oil and gas business. Working with new people makes it interesting and challenging.”

“The registry is going to be an important tool for all of us.”

Wendy finds it especially exciting to be working on VIPIR.

“The registry is something that many people have envisioned for a long, long time,” she says, “and now we're going to do it. It's the first time I've been on a large-scale project where the EUB, the DRD and industry have all worked together—with the same vision, and the same goal.”

“The registry is going to be an important tool for all of us. And it's only one part of a bigger idea—better information management.” ❖

THE BAA TEAM

The BAA team is still being assembled. Its members now include:

BUSINESS REPRESENTATIVES

MARILYN DAVIDSON, EUB	FARHAT SIDDIQUI, DRD
EILEEN DICKSON, EUB	ROSE ANN SUMMERS, DRD
ANN HAGEDORN, INDUSTRY	JEFF WILLAN, DRD
JOANNE QUIRK-WILLIAMS, INDUSTRY	

ANALYST TEAM

NILKANTH CHOTALIA, CONSULTANT	DONNA MILES, DRD
LESLEY KARPIAK, DRD	ELIZA POON, EUB
ALNOOR KARMALI, EUB	JACQUELINE TARZIBASHI, DRD
VINCENT LIU, DRD	WENDY WONG (TEAM LEAD), DRD

THE VIPIR PROJECT IS AN INITIATIVE OF THE ALBERTA MINISTRY OF RESOURCE DEVELOPMENT

ALBERTA ENERGY AND UTILITIES BOARD (EUB)
DEPARTMENT OF RESOURCE DEVELOPMENT (DRD)
IN COOPERATION WITH INDUSTRY PARTNERS.

VIPIR IS THE IMPLEMENTATION PHASE OF THE INDUSTRY-LED ROYALTY AND RELATED INFORMATION REVIEW (RRIR). THE PROJECT HAS TWO PARTS.

- ❖ INFORMATION MANAGEMENT
- ❖ GAS ROYALTY REGIME CHANGES

VIPIR News is distributed with the assistance of:

Canadian Association of Petroleum Production Accountants

Gas Royalty Help Desk, Department of Resource Development

Production and Well Data Services, Alberta Energy and Utilities Board

Small Explorers and Producers Association of Canada

Special thanks to Al Chare, Marilyn Davidson, Carlene Edden, Nabat Kassam, Tracey Maskell, Nadyne Shafe, Pat Van Meer.

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GAS ROYALTY REGIME CHANGES

VIPIR's gas royalty regime team has spent the last few months working on two of the seven royalty regime changes that fall within the current scope of the project. Joint ministry–industry subcommittees have been meeting once a week to identify issues and propose solutions. The subcommittees' recommendations will be vetted by the department's advisory group and forwarded to the Business Design Committee for approval.

The gas royalty regime team's consultations with industry have identified a number of new regime changes that should also be considered. These changes broaden the original scope of the project. A "complete package" of regime changes will need to be considered before an implementation schedule can be established.

Spreading the Word

Fall was a busy time for the VIPIR team.

Presentations were made to:

CANADIAN ASSOCIATION OF PETROLEUM PRODUCERS

CANADIAN ASSOCIATION OF PETROLEUM PRODUCTION ACCOUNTANTS CONFERENCE

PETROLEUM ACCOUNTING SOCIETY OF CANADA

PETROLEUM JOINT VENTURE ASSOCIATION

PRICEWATERHOUSE COOPERS: E-BUSINESS EXECUTIVE FORUM

PRISM: USER GROUP

QBYTE: KANANASKIS CONFERENCE

QBYTE: TWO USER GROUPS

SMALL EXPLORERS AND PRODUCERS ASSOCIATION OF CANADA

TRIANGLE ENERGY CORPORATION

VIPIR on the Web

Key documents on the VIPIR project are available on the Department of Resource Development website. Check <www.resdev.gov.ab.ca/depart/vipir/index>.

The EUB home page (<www.eub.gov.ab.ca>) also has a link to these documents.

Watch for more online VIPIR news in the New Year. ❖