



Experience the commitment®



CGI Business Process Outsourcing

for oil and gas companies

Improving efficiency and outcomes

With low oil prices driving cost reductions and performance improvement programs, many companies are moving to outsource key business processes to realize both cost savings and better results.

CGI provides value-added oil and gas business process services performed by experienced professionals. We combine deep industry expertise, high-quality process execution, and technology capabilities into a unique partnership model that scales.

This model is designed to carefully address our clients' business needs while leveraging the efficiencies and savings that come from our extensive global delivery network. Through this network, we can deliver services onshore, nearshore and offshore, while our accountability to you as a client is locally based.

Full menu of services

CGI provides a full range of accounting and minerals management business process services—including applications support and management as well as service/help desk—that have been proven to reduce client staffing costs by 15%.

Our professionals have an average of 17 years of oil and gas industry experience. Among the accounting, administrative, regulatory reporting and business functions they provide are:

- Production and revenue accounting, including revenue bookings and distributions, revenue receivables, production taxes, state royalty, federal and state regulatory reporting and gas balancing
- Operations cost accounting, including joint interest accounting, accounts payable and accounts receivable
- General accounting and general ledger processing
- Treasury, including cash receipt application, cash disbursements and bank reconciliations
- Property administration, including 1099 processing and division order administration
- Land management, including lease records setup, proper interest determination, ownership changes, payment processing (e.g., minimum royalty, delay rentals, shut-ins, etc.) and escheat reports preparation

CGI also provides professional services for the administration of the production accounting processes using production accounting systems. These processes include: state filings, property allocations, amending state filings and setup and reporting of new properties. Additionally, our experienced, dedicated land men provide leadership, oversight and decision approval, as well as negotiation of leasing activity.



Oil and Gas Business Process Service Details

Revenue

Revenue bookings/distributions

- Verify payments in accordance with marketing arrangements
- Maintain revenue allocation schedules and record actual revenues
- Process monthly payments to owners based on appropriate division of interest (DOI)
- Perform regulatory calculations, payments and reporting
- Maintain revenue and royalty suspense records
- Perform monthly reconciliation of revenue accounts
- Image appropriate system reports
- Answer working interest (WI) and royalty owner questions on check issuance

Production taxes

- Calculate, report and pay revenue-based severance taxes
- Resolve tax agency inquiries for reporting or payment issues (after contract date)
- Negotiate with individual states when adjustments, resulting from correction of sales information from outside sources, are submitted to avoid unnecessary penalty or interest
- Host tax audits

Revenue receivables

- Reconcile bookings to cash receipts
- Resolve outstanding balances

Operational cost accounting

Joint interest accounting

- Record billable charges
- Maintain allocation tables
- Process material transfers prepared by field personnel
- Identify and record joint interest billing (JIB) corrections
- Perform preliminary and final JIB closes
- Generate accounts receivable open items
- Create, maintain and generate authorization for expenditure (AFE) report
- Run close, clear process for completed AFE's
- Monthly reconciliation of JIB accounts
- Set up, record and track cash advances
- Set up, track and generate payout statements
- Image appropriate system reports

Accounts payable

- Code invoices and approvals handled by company personnel
- Perform data entry and process invoices and payments including check printing and mailing
- Process ad valorem tax payments

- Process expense reports
- Perform month-end accounts payable (AP) close
- Generate and reconcile open items report
- Perform monthly reconciliation of AP accounts
- Field vendor calls on payment history

General accounting

- Record manual journal entries (MJE's) for all field operations, write offs of properties, leases, etc., as directed by company personnel
- Calculate and record monthly, quarterly or yearly depreciation, depletion and amortization (DD&A)
- Perform general ledger (GL) closing process (monthly)
- Prepare financial statements per company requirements
- Complete 1099 forms and send to IRS
- Assist in acquisitions and divestitures
- Host audits (revenue, JIB and financial)

Property administration

- Analyze division order (D/O) title and drilling opinions for setup
- Establish and maintain producing properties
- Enter monthly DOI changes in system
- Work closely with the revenue and JIB group during monthly processing
- Prepare and process D/O's, amended D/O's and transfer orders
- Send confirmation letters when lacking tax information and address changes
- Request probate upon notification of deceased owners
- Perform all decent and distribution duties
- Answer all royalty inquiries directed to D/O analysts
- Release owner's interest from suspense
- Perform escheat analysis

Treasury

Cash receipt application

- Apply cash receipts to outstanding invoices
- Apply cash receipts on accounts where no invoice exists
- Record revenue and trading receipts
- Record non-invoiced miscellaneous items to the GL
- Reconcile receipts to AR reports
- Set up new purchasers
- Record voided revenue checks

Cash disbursements

- Run payment processing or as directed by customer
- Process manual checks
- Reconcile payment processing to disbursement reports
- Record void checks
- Research outstanding payments

Bank reconciliation

- Implement positive pay with selected bank(s)
- Perform bank reconciliations

Land processing

- Review and make recommendations for agreements with other exploration companies, i.e. farm-ins, farm-outs, joint venture agreements and drilling programs
- Perform due diligence on possible acquisitions
- Review and make recommendations on AFE's and JIB's
- Order appropriate title opinions and follow through on title curative requirements
- Provide direction, oversight and monitoring of outside brokers for lease acquisitions in designated areas of interest
- Prepare unit designations and file of record.
- Prepare release(s) of oil and gas leases and file of record
- Communicate with non-operators
- Prepare assignments to other working interest owners or in-house assignments and file of record
- Review monthly delay rental calendars and make rental recommendations for non-paid-up leases
- Review lease expiration calendars and make recommendations for leases to be allowed to expire, to obtain renewals or note if leases should be changed to producing status
- Prepare ratifications for execution by non-participating royalty interest owners and file of record
- Monitor land administration records (lease records and division orders)
- Communicate with accounting
- Conduct well inspections

Data Management

- Configure the addition of new assets
- Partner Data Sharing management
 - Ensure all partners receive required monthly sales data
 - Ensure transfer of daily production data
- Configure/Monitor/Maintain automated data uploads
- Communication with field personnel regarding data variance, new wells online
- Configure/Monitor/Maintain exports to marketing
- Management of production data/interfaces regarding acquisitions/divestitures
- Non-Op data management (Daily, Weekly, Monthly)
- Monitor for purchaser variances

Allocations

- Processing of daily and monthly Sales/Production allocations
- Configuration/oversight of allocation networks based on contractual obligations

Reporting

- Provide on demand support to head office regarding data queries/requests
- Business analysis and development of corporate dashboards

Regulatory Reporting

- Run monthly regulatory reports. Review for variances
- Digital filing of reports to regulatory bodies

Transition services (BPO Rules of Engagement)

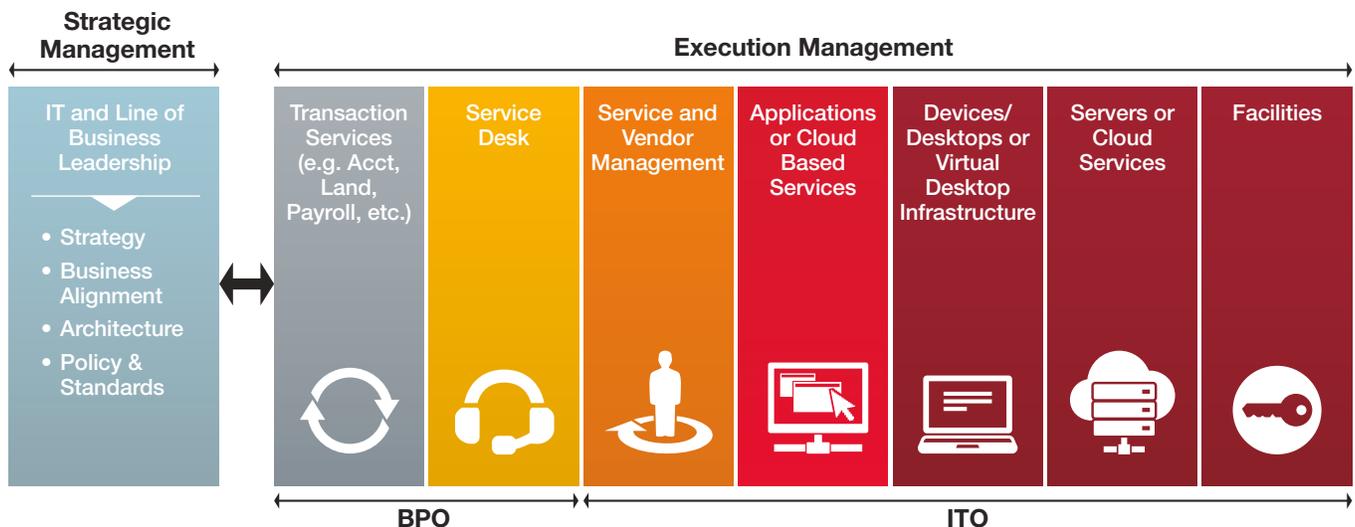
CGI works with our oil and gas BPO clients to develop agreed to transition plans that establish the Rules of Engagement, including:

- Ongoing staffing assignment
- Appointment of security officers (CGI and client)
- Internal control procedures for:
 - User security clearances and communication lines between users
 - Proper assignment of authority and responsibility among CGI team to furnish the necessary segregation of duties
 - Client approval authorization levels
 - Work and data flow with respect to cash receipts, wire transfers, check writing, mailing, bank and account reconciliations, invoice processing, imaging of documents, etc.
 - Client closing schedule
 - Timetable of management review meetings
 - Monthly processing calendar

Moving to a combined BPO, information technology outsourcing (ITO) strategy

CGI AgileEnergy360 provides a combined BPO and ITO strategy to improve business processes through effective use of technology. This includes identifying opportunities for improvement, transitioning to the target state and key performance metrics. As illustrated in the figure below, our ITO services include:

- Service and vendor management
- Applications or cloud-based services
- Devices/desktops or virtual desktop infrastructure (VDI)
- Servers or cloud servers
- IT facilities, such as data centers



Sample use cases for oil and gas companies include:

- Ongoing assessment and continuous improvement of the business performance and IT's role
- Implementation of data and advanced analytics to support business strategy and execution
- Applying Internet of Things and advanced analytics to SCADA
- Enabling accessibility through VDI
- Intelligent scheduling and resource management

Operational value	Strategic value	Mission value
<ul style="list-style-type: none">• Better, more predictable cost and service• Mitigated delivery risk• Governance rigor and discipline• Productivity gains• Process improvement• Access to capabilities• Elimination of CAPEX IT costs	<ul style="list-style-type: none">• Increased ability to focus on strategic business alignment• Liberated resources able to focus on how to create unique value• Enhanced flexibility and accelerated time to market• Ability to seamlessly scale up (acquisition) or down (divestiture)	<ul style="list-style-type: none">• Management and investment focused on true mission advantage• Higher value (lower cost), more flexible and more integrated services• Ability to leverage the investments of others in achieving world class capability



Why CGI

Globally, oil and gas companies are focusing their IT priorities to become more agile and reduce the cost of “run” to invest in “change.” Embracing alternative delivery models such as BPO and ITO are key enablers for aligning costs with revenues.

CGI works with oil and gas companies across the globe to address these challenges and more. We combine extensive industry expertise, proven solutions and end-to-end IT and business process services to create agile and cost-effective infrastructures that achieve new levels of efficiency and profitability.

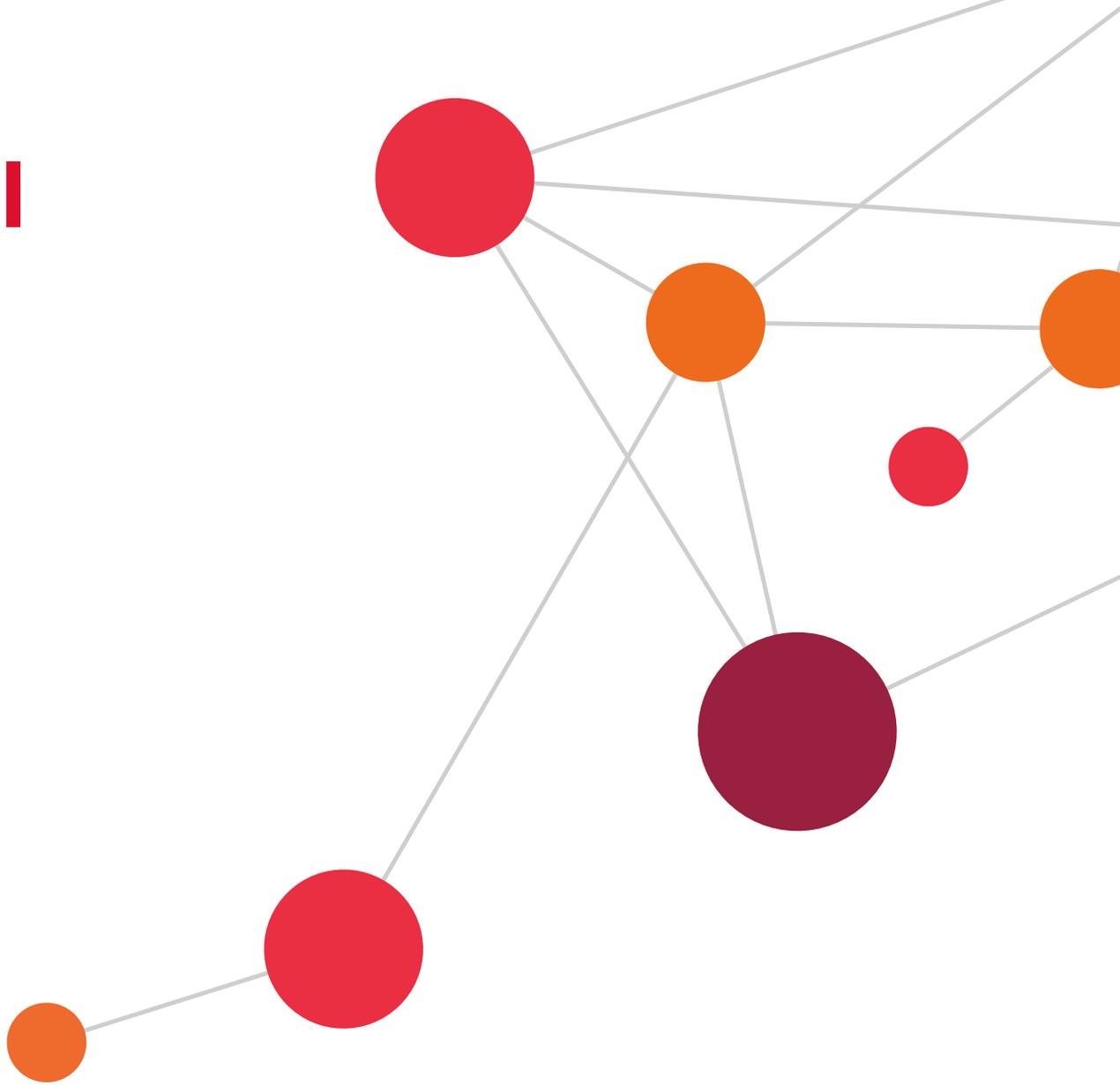
Learn how our BPO and ITO services can help your company improve service levels while reducing costs.

Visit www.cgi.com/oil-gas

or

Contact us at 972-788-0400 or info@cgi.com.

CGI



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Founded in 1976, CGI is one of the largest IT and business consulting services firms in the world. Operating in hundreds of locations across the globe, CGI professionals help clients to achieve their goals, including becoming customer-centric digital organizations. We deliver an end-to-end portfolio of capabilities, from high-end IT and business consulting to systems integration, outsourcing services and intellectual property solutions that help accelerate clients' results. CGI works with clients around the world through a unique client proximity model complemented by a global delivery center of excellence network to help clients accelerate results, transform their organizations and drive competitive advantage.
