

Texas General Land Office Royalty Reporting & Lease Management

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Royalty Reporting & Lease Management



Agenda

- ▶ What is Royalty Reporting and Lease Management?
- ▶ What are the benefits of this kind of project?
- ▶ Key issues, decisions, & “best practices”
- ▶ Q & A



Introduction

What is Royalty Reporting and Lease Management?

“To enhance the value of state assets, and the revenues they generate through prudent and innovative management of state-owned land, minerals, and other assets.”



What is It?

- ▶ Lease Management

1. Knowing what assets you have
2. Monitoring your active leases, including the terms, activities, and current revenues
3. Finding opportunities to generate more revenue



What is It?

▶ Royalty Reporting

1. Monitoring activities that generate royalties due to the state
2. Usually involves receiving data from customers
3. Helpful to find other data sources or entities to compare information



Information Drives Performance

Good applications and business processes provide us with good information.



Good information is critical to our ability to “Enhance state revenue through prudent and innovative management of state assets.”



Key Ingredients to Get Started

- ▶ Support of senior management
- ▶ Key stakeholders all on board
- ▶ Long term focus



Processes, Data, & Applications

- ▶ Business processes were stale – “that’s the way we’ve always done it”
- ▶ Too many databases & software applications
- ▶ Poor data quality – no single version of the truth



Key Strategies for Starting Out

- ▶ Identify Key Drivers of the Project
- ▶ Keep it Simple
- ▶ Business and IT have to come together as partners
- ▶ Use contract resources in conjunction with in-house IT staff
- ▶ Implement systems in phases





Goals

- ▶ Improve data quality – better information = better decisions
- ▶ Better tools (applications, reports, etc.) = New business opportunities
- ▶ Better customer experience
- ▶ Address technical obsolescence





GLO Project Scope

1. **Royalty Reporting Application**
2. **Lease Management Application**
3. Financial System
4. Data Warehouse
5. Customer Relationship Management



Royalty Reporting

- ▶ Identified primary upgrades / changes
- ▶ Elicited feedback on our ideas from customer test group
- ▶ Conducted a series of industry forums to disseminate information



Identify Key Drivers of the System

- ▶ Reporting Control – Inventory of Required Reports
- ▶ Conversion to Well Level Reporting
- ▶ Changes to Amendments Process
- ▶ Conversion to XML File Format



Communications – Internal and External

- ▶ Informed the Agency Personnel
- ▶ Continued to Seek Guidance & Feedback from Customer Test Group
- ▶ Broadcast Emails to Customers
- ▶ Articles in COPAS Accounts Magazine and Industry Speaking Engagements



Design and Development

- ▶ Detailed Business Rules Created for Application Development
- ▶ Initial Design Meetings Conducted
- ▶ Application Designed and Coded
- ▶ Daily Progress and Decision Meetings



Testing

- ▶ Project Team – Initial Test Group
- ▶ Bugs / Enhancements Tracked
- ▶ Final Test by Project Team
- ▶ Engaged External Customer Test Group

Suggested Changes Implemented



Rollout of System

- ▶ Preliminary Phase Opened for External Customer Test Group in September 2010
- ▶ Phased Approach Utilized – “Soft Start”
- ▶ Engaged 750 Customers in 75 Days
- ▶ Final Phase Released on May 20, 2011



Future Enhancements

- ▶ View Reporting And Payment History
- ▶ On-line Ledger of Payments Versus Production
- ▶ Web-Based Data Entry Form
- ▶ Operator Controlled Access Security



Royalty Reporting & Control Website

<http://www.glo.texas.gov/rrac>

Texas General Land Office
Jerry Patterson, Texas Land Commissioner

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ENERGY AND MINERALS

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Royalty Reporting & Control (RRAC)

The Texas General Land Office is currently undergoing a system consolidation and upgrade. When completed, these enhancements will allow the Land Office to better manage Permanent School Fund assets, improve customer service, and utilize more efficient accounting and reporting practices.

The primary changes to Royalty Reporting include:

- Implementation of RRC/GLO Lease Level Reporting
- Conversion to XML file format
- Implementation of a Reverse and Re-booking Process
- Implementation of Online Portal and Reporting Control Procedures

NOTE – These changes will be implemented in the near future. See **Timeline for Implementation** below for more details. **Do not change your GLO reporting procedures yet.**

Since this is a major change for all reporting companies, the Land Office has worked with numerous companies ranging from paper filers to the largest user groups. The proposed changes and feedback received from these companies allowed us to refine the new reporting specifications and forms provided here for your review.

THE FORMS (located on right sidebar) ARE FOR REVIEW ONLY AND WILL NOT BE IMPLEMENTED UNTIL EARLY NEXT YEAR. DO NOT USE THEM YET. We will provide advance notice when the forms are ready for your use.

Royalty Reporting

Current Filing System

Login

New Reporting Control System

Login

New Royalty Reporting Go-Live date has been rescheduled to May 20, 2011.

FAQs

- FAQ
- RRAC FAQ

2011 Forms

- Oil and Condensate Production Report Form - GLO1
- Gas Production Form - GLO2
- Royalty Payment Form - GLO3
- Mapped XML Specifications
- XML Import Specifications
- XML Mapping to GLO Fields
- Schema Documentation for Annotated xsd

Rules



Lease Management – Repeat the Process from RRAC



Lease Management Requirements

- ▶ Inventory the Systems You Have,
- ▶ Identify Functionality and Data that You Need Going Forward
- ▶ Determine High Level Requirements



Lease Management Buy or Build

- ▶ Search for a Commercial Product
- ▶ Perform a Deep, Thorough Analysis
- ▶ Choose a Course of Action – Buy or Build



Key Strategies

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Lessons Learned/Best Practices

- ▶ Be Flexible with Everything
- ▶ Communicate, Communicate, Communicate (and it still won't be enough)
- ▶ Be Flexible With Customers (Dealing with Mom & Pops to Mega Corporations)
- ▶ Involve Internal & External System Users Early & Often



Lessons Learned/Best Practices

- ▶ Keep Your Focus
- ▶ Be a Team – Forge a Tight Bond Between Business & IT Team Members





TEAMWORK

Together Each Achieves More

Thank You for Attending

- ▶ For more information:

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