

Oil and Gas Royalties Accounting-Industry Electronic Reporting

FY2002 Request: \$150,000
Reference No: 33974

AP/AL: Appropriation

Project Type: Planning

Category: General Government

Location: Statewide

Contact: Ken Boyd

House District: Statewide (HD 1-40)

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Estimated Project Dates: 07/01/2001 - 06/30/2002

Brief Summary and Statement of Need:

Currently the system automatically processes oil and gas royalty reports using electronic data interface format. Each month approximately 400 reports are filed, accompanied with approximately 1,000 pages of supplemental documents that explain a royalty payer's reasons for changes in royalty filing. This project automates the delivery and processing of the supplemental documents and would capture the information in a standardized format.

Funding:	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	Total
Gen Fund	\$150,000						\$150,000
Total:	\$150,000	\$0	\$0	\$0	\$0	\$0	\$150,000

<input type="checkbox"/> State Match Required	<input checked="" type="checkbox"/> One-Time Project	<input type="checkbox"/> Phased - new	<input type="checkbox"/> Phased - underway	<input type="checkbox"/> On-Going
0% = Minimum State Match % Required		<input type="checkbox"/> Amendment	<input type="checkbox"/> Mental Health Bill	

Operating & Maintenance Costs:

	<u>Amount</u>	<u>Staff</u>
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:

This is new project request. Previous CIP funds were used to build and implement the business systems and architecture now in place for basic royalty reporting and accounting.

Project Description/Justification:

Purpose of the Project:

Currently the system automatically processes oil and gas royalty reports using electronic data interface format. Each month approximately 400 reports are filed, accompanied with approximately 1,000 pages of supplemental documents that explain a royalty payer's reasons for changes in royalty filing. This project automates the delivery and processing of the supplemental documents and would capture the information in a standardized format.

Some information will still be received as paper. This represents letters and other supporting documentation explaining a royalty payer's reasons for changes in a royalty filing. This project will scan and index these documents. The project will also automate information processing of this data. The information is used to help calculate the oil and gas royalty due the state each month.

This project would purchase additional disk space on a Unix data server, EDI software and licensing, a dedicated PC for EDI processing, document scanner with capture software, programming services and an upgrade of the server processing royalty information. Equipment: \$30,000, Supplies \$10,000, and Contractual Services \$110,000.

Improved Service to the Public:

The project will reduce the costs of administering supplemental data reporting, storage, retrieval, and document handling. Standardization is expected to eliminate duplicate documentation maintained in-house and with

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associated agencies. Automating the supplemental reports will make it easier to review and audit oil and gas royalty filings.

The project would reduce the costs for lessees in meeting their royalty reporting requirements and provide automated Internet access to the records for the lessee, the public and other agencies. Long-term record storage costs will be reduced and search and retrieval activities for specific records will be greatly improved.

Summary:

This project will enable other public agencies to access non-confidential royalty information by providing them with electronic access. This will also reduce redundancy of stored documents, and to provide search and retrieval capabilities not currently available.

If this project is not funded, the result is to continue receiving documents in either paper or electronic format. The information layout is nonstandard and manual review of the supplemental information will continue to be required. Retrieval and storage will remain inefficient, requiring manual effort to examine documents.