



Aucerna Execute 2019 Update 6 Accruals Changes

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1. Overview

Aucerna Execute 2019 Update 6 includes a series of significant improvements to the accruals and field cost functionality of the system.

These changes are primarily aimed at:

1. Eliminating common mistakes such as entering costs in the wrong month
2. Simplifying the monthly accrual process
3. Better handle importing field estimates from other systems
 - a. Handling additional costs not tracked in those other systems
 - b. Ensuring that changes to historical months in those other systems don't overwrite field estimates on historical months in Aucerna Execute and make for inexplicable accruals

Because these changes are substantial, it is strongly recommended to review this document and to carefully test your process in your TEST environment prior to upgrading your PROD environment.

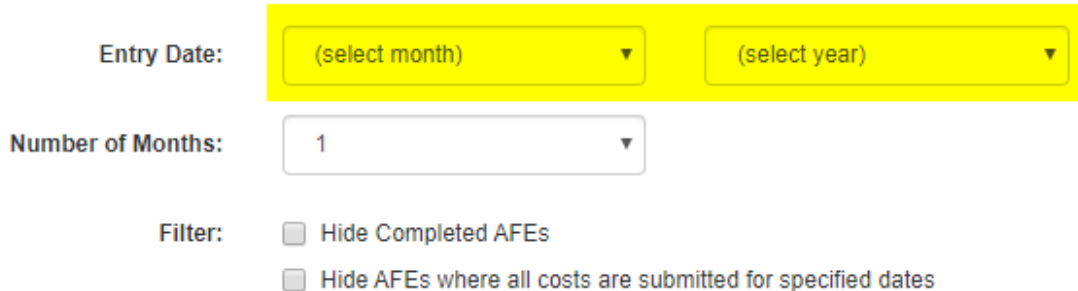
If you are not using the Field Cost Entry screen, the automated Accrual calculation, or importing field estimates, these changes should not affect you.

2. New Features in 2019 Update 6

2.1 Field Cost Entry Month

For clients who use the Field Cost Entry screen, we've heard many complaints over the years that users would forget to change the entry month (which defaulted to the current month) and end up entering their costs in the current month. To help alleviate this, and ensure users choose a month, we've removed the default entry date.

Enter Field Costs for...



Entry Date: (select month) (select year)

Number of Months: 1

Filter: Hide Completed AFEs
 Hide AFEs where all costs are submitted for specified dates

To streamline the process, there is now a new administrative setting that allows an administrator to set a field cost entry date so that users don't even need to make a selection.

Settings

This screen controls the global configuration for Aucerna Execute. Changes made here will take effect immediately.

field cost entry date

| Category | Name | Value | Description |
|--------------|-----------------------|---------|---|
| AFE/Accruals | Field Cost Entry Date | 2020-05 | Default field cost entry to a specific date (YYYY-MM) |

Showing only records containing 'field cost entry date' (filtered from total entries).

2.2 Field Cost Adjustments

When importing line-item field costs from another system, such as PetroSight or WellView, Aucerna Execute would typically lock those costs so that they could not be modified in Aucerna Execute. The assumption was that the source system was the system of record and contained “the right” field estimates. Unfortunately, this failed to take into account handling situations where the source system couldn’t contain the entire field estimate (overhead, material transfers, etc.).

Search

| Open | AFE Number | Ver | Description | Cost Center | AFE Type - Value | Owner Name | Completed | Submit | 2020-04 Field Cost | Total Field Cost | Year End | Updated Estimate | Gross Estimate |
|--------------------------|------------|-----|-----------------|-------------|------------------|-------------|-----------|--------|--------------------|------------------|----------|------------------|----------------|
| <input type="checkbox"/> | FCTEST | | Field Cost Test | DRILLING | System Admin | In Progress | | | 50,000.00 | 200,000.00 | 0.00 | 0.00 | 315.00 |

Showing 1 to 1 of 1 entries

Toggle Submit Flag

Can't touch this :(

Aucerna Execute now supports loading line-item costs (via. CSV/Table, from WellView/SiteView or PetroSight) as “unsubmitted”. We then allow AFE owners to make adjustments to the imported field estimates (via. the Field Cost Entry screen), and then manually submit those costs.

Search

| Open | AFE Number | Ver | Description | Cost Center | AFE Type - Value | Owner Name | Completed | Submit | 2020-01 Imported | 2020-01 Field Cost | Total Field Cost | Year End | Updated Estimate | Gross Estimate | Gross Actuals | Currency | Comment |
|--------------------------|------------|-----|-----------------|-------------|------------------|-------------|-----------|--------|------------------|--------------------|------------------|----------|------------------|----------------|---------------|----------|-----------|
| <input type="checkbox"/> | FCTEST | | Field Cost Test | DRILLING | System Admin | In Progress | | | 21.00 | 25.00 | 25.00 | 0.00 | 0.00 | 315.00 | 0.00 | CAD | Something |

Showing 1 to 1 of 1 entries

Toggle Submit Flag

These cost adjustments are tracked in a separate pseudo-account to ensure that it’s clear through reporting which costs were imported, and which were manual adjustments.

| | Gross | Net | | Gross | Net |
|------------------------|--------|--------|------------------------|--------|--------|
| Estimate: | 315.00 | 315.00 | Variance (Field Cost): | 290.00 | 290.00 |
| Actual: | 0.00 | 0.00 | Yearend Field Cost: | 0.00 | |
| Field Cost: | 25.00 | 25.00 | Updated Estimate: | 0.00 | |
| Accrual as of 2020-03: | 21.00 | 21.00 | Carry Over: | 315.00 | |

Summary Detail Details By Account Details By Date

| Date | Gross Actual | Net Actual | Gross Field Cost | Net Field Cost | Submitted |
|---------|--------------|------------|------------------|----------------|-----------|
| 2020-01 | 0.00 | 0.00 | 25.00 | 25.00 | |

| Account | Description | Gross Field Cost | Net Field Cost |
|----------------------|---|------------------|----------------|
| 9210.201 | LICENCE, FEES, TAXES, & PERMITS | 1.00 | 1.00 |
| 9210.202 | SURFACE LEASE ACQUISITION | 20.00 | 20.00 |
| Monthly Cost Account | Monthly account for actual and field costs that are not line items. | 4.00 | 4.00 |

2.3 Auto-Submit

The field cost submitted flag was intended to be a way of indicating, for each month, that the field costs entered had been reviewed and was correct. We even had a configuration setting “Submitted only in Accrual Calculation” that would ensure that only these “blessed” field

estimates were included in the calculation. Unfortunately, managing the submitted flag has always been a bit cumbersome.

So...

We've moved away from the old "Submitted only in Accrual Calculation" setting to a shiny new "Submit Behaviour" setting that has three options:

Auto Mode (New!)

This setting make sure that when accruals are calculated, costs are marked as submitted.

1. Automatically submit all unsubmitted field estimates in months before the accrual calculation month when calculating accruals
2. When calculating accruals, give an option to automatically submit the current (accrual calculation month) too (off by default)

Confirmation

All costs on all AFEs have been submitted.

There are no AFEs with unsubmitted costs for the accrual time period.

- Submit all field estimates in accrual calculation month?
- Automatically set field estimate cut-off date

Back

Calculate

Strict (old "Submitted only in Accrual Calculation" = YES)

1. Only submitted costs are included in accrual calculation
2. Can't complete an AFE if there are missing field estimates
3. Uncomplete automatically creates submitted zero records up to the specified cost entry date

Nonstrict (old "Submitted only in Accrual Calculation" = NO)

1. When completing AFEs, there is no requirement that all costs up to/including complete month are submitted
2. When uncompleting zero records are not created
3. Unsubmitted costs are included in the accrual calculation

The new “AUTO” mode is the go-forward preferred behaviour and new default. It helps ensure that costs are submitted as accruals are calculated without requiring a lot of management to deal with the exceptions.

It is important to review this setting and choose the best option for your organization as part of this upgrade.

2.4 *Field Cost Cut-off Date*

Another side-effect of the Submit flag is that it would mostly lock costs so that they could no longer be changed. This feature gave some control to administrators to ensure that there were no changes to historical field estimates that would prevent an audit of the accruals. However, we also allowed users to unsubmit their costs... so we can disregard the last statement 😞

We did have an “Unsubmit Cut-off Date” setting that would allow an admin to enter a date, and users could only unsubmit their costs if the current date were past the cut-off date. Even today, I don’t know what I thought when I made it work this way.

The old “Unsubmit Cut-off Date” setting has been removed, and a new, much snazzier, “Field Cost Cut-off Date” setting has been added to replace it.

The new setting allows you to specify a date, and Aucerna Execute will do its best to ensure that field costs on or before that date do not change.

Think of the “submit flag” as a suggestion that the cost is trustworthy and won’t be changed. Then think of the new cut-off date as 1980’s Arnold Schwarzenegger standing there with a cigar perched in the corner of his mouth and a Gatling gun draped across his arm, ensuring that nobody is changing those historical field costs.

This means that users can not unsubmit or edit field costs on/before the cut-off date. It also introduces some new functionality in the field cost imports to ensure that changes to historical costs on/before the cut-off date are handled differently (see carry-over below).

Finally, to make this setting super easy to manage, there is a checkbox as part of the accrual calculation that will automatically set the field estimate cut-off date after calculating accruals. From that point forward, you can rest easy knowing that the field estimates that were used to generate your accrual, will never change.

Confirmation

All costs on all AFEs have been submitted.

There are no AFEs with unsubmitted costs for the accrual time period.

- Submit all field estimates in accrual calculation month?
- Automatically set field estimate cut-off date

Back

Calculate

2.5 Automated Field Cost Imports and Carry-over

When importing field costs/estimates from another system (such as WellView or PetroSight) our usual assumption was that this other system was the system of record, and we should always overwrite the numbers in Aucerna Execute with the numbers in that external system.

However, this simplified assumption means that if field costs are changed in a prior period, we will import those changes into Aucerna Execute, and it would become difficult or impossible to explain to auditors how those previous accrual numbers were calculated. You no longer have the field costs that were used to compute that accrual.

So we've made some changes to the cost imports to allow for this.

In general, if you try and import costs into a locked month (submitted, or before the cut-off date), and those costs are different from the costs we have recorded already in Aucerna Execute, we will raise a warning and carry those costs forward until we can find an unlocked month to place them into. This means...

1. We don't modify locked historical costs
2. We guarantee our totals match the source system and updates to prior periods in the source system don't go missing in Aucerna Execute

These changes affect:

1. WellView cost import (opt-in – new field cost import plugin file)
2. PetroSight cost import (default behaviour, but old behaviour can be configured)

3. Upgrading to Update 6

Because of these changes to the behaviour of field cost entry and accruals in Aucerna Execute, it is important to review your process and ensure that the new behavior is configured to your requirements.

The primary things to review are:

1. That your import of field costs (if any) works as you need it to
2. The “submit behavior” configuration setting is set to the value that works best for you