

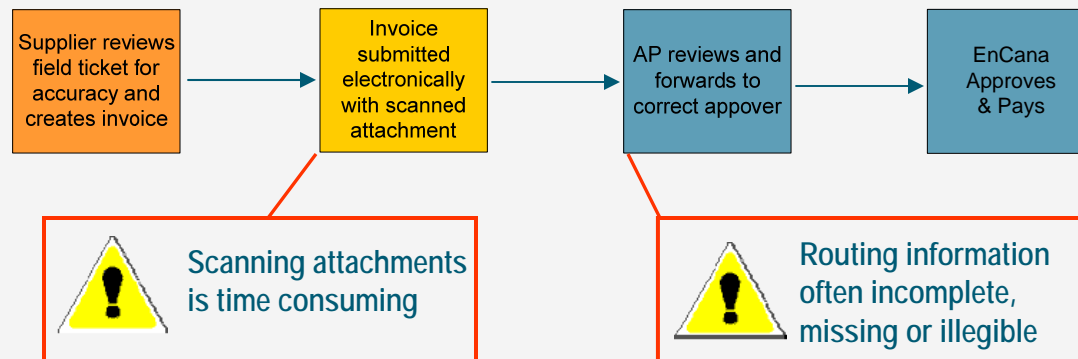
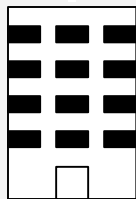
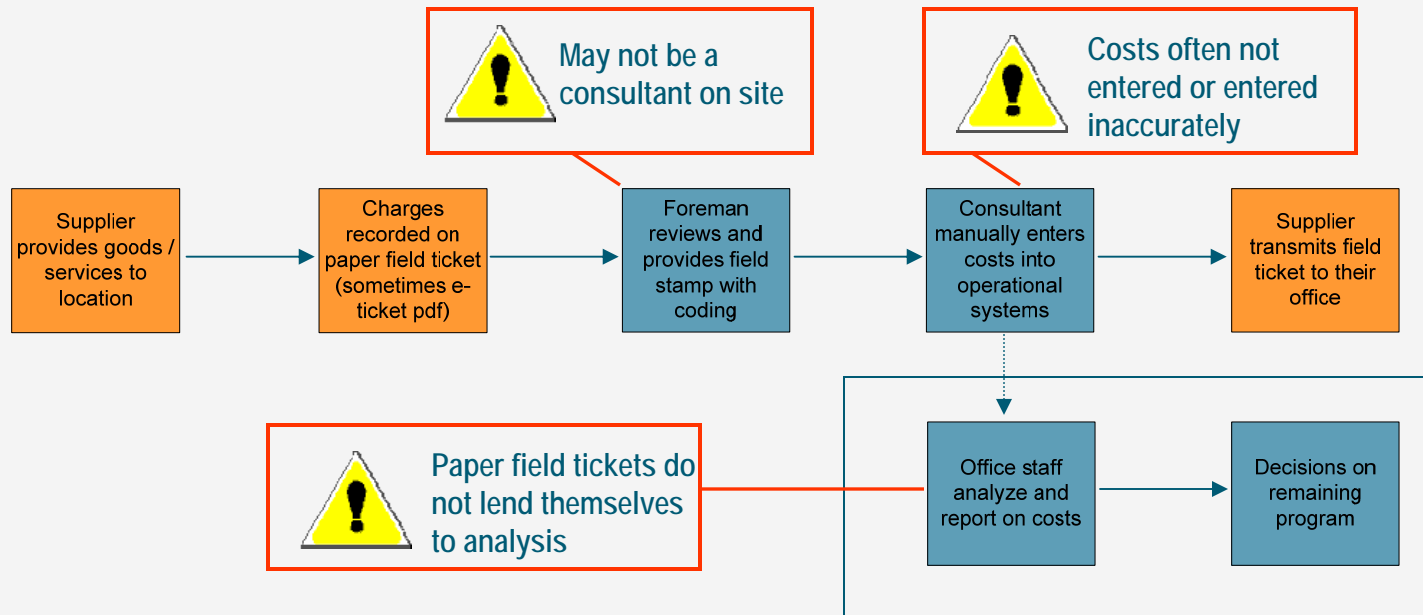
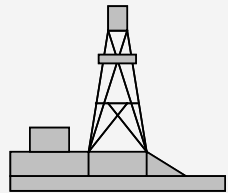


energy for people

Going paperless in the field: an operator perspective

“Why do you IT types feel you have to automate everything? What’s wrong with the paper process – leave it alone!”

The process today



Current process challenges

The issue:	Field ticket approvals can be hard to obtain
Caused by:	<p>Location may be unmanned</p> <p>Consultant may be temporarily away or busy</p> <p>There is no visibility into the issue in operator office</p>
Consequence:	<p>Wait on location for consultant</p> <p>Revisit location or catch consultant at future time</p>
Impact:	<p>For some suppliers a full FTE/s doing nothing but chasing ticket approvals</p> <p>Can be 6 weeks + to get field stamp</p> <p>Measuring payment from date of invoice is deceptive</p>

Current process challenges

The issue:	Operator has difficulties managing committed costs
Caused by:	<p>Consultant may forget to enter in operational system</p> <p>Accuracy is inconsistent</p> <p>Paper field tickets can not be captured for reporting (and deficiencies in other reporting made visible)</p>
Consequence:	<p>Drilling and other programs terminated early as money runs out</p> <p>Money left on the table that could have been spent</p>
Impact:	<p>Uncertainty for suppliers and operator staff</p> <p>Detrimental effect on entire community</p>

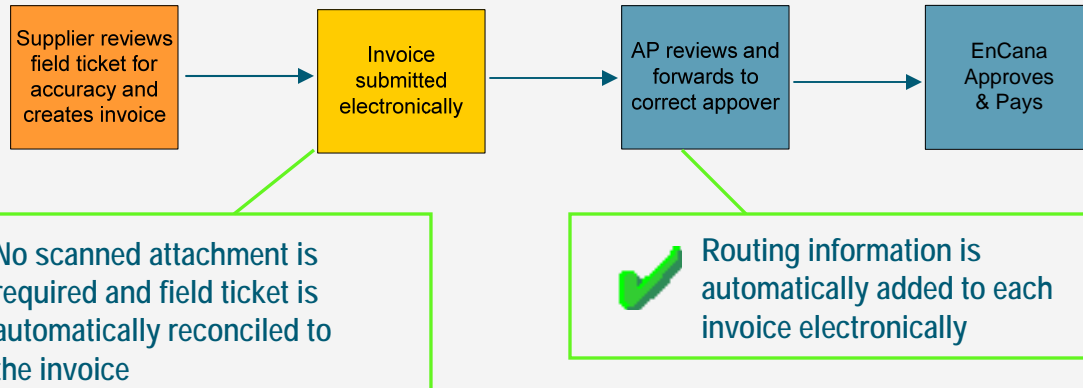
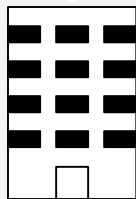
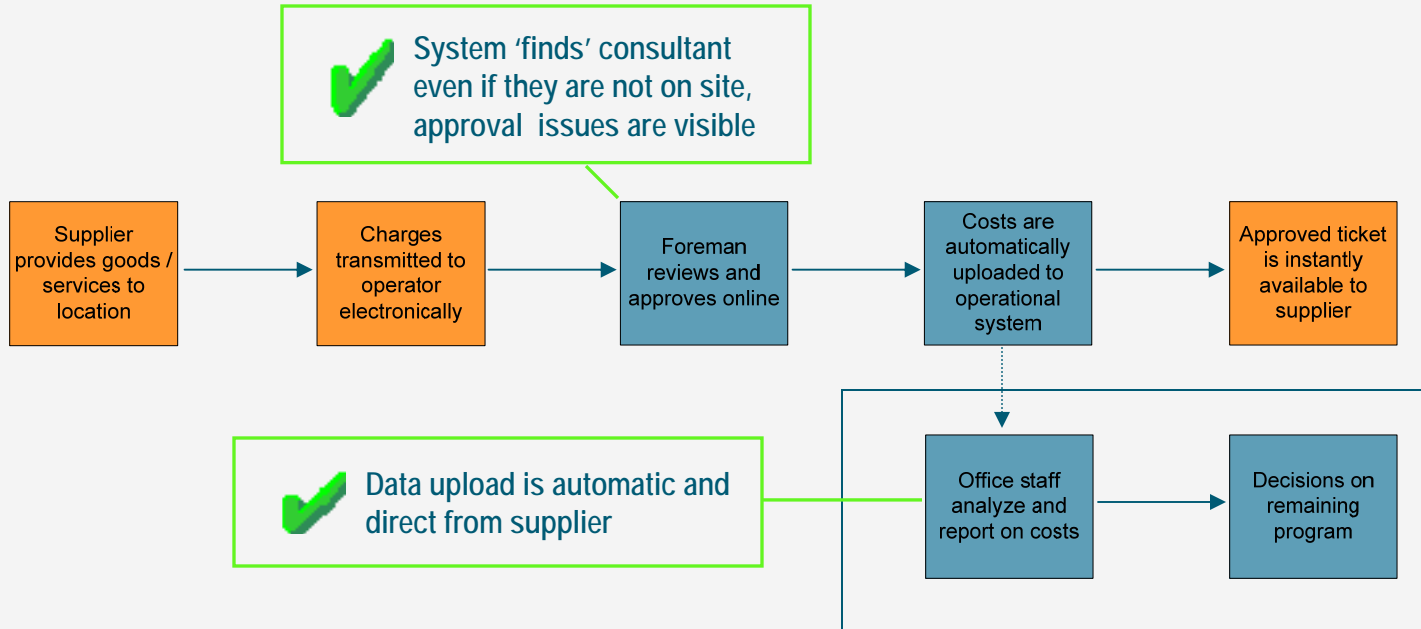
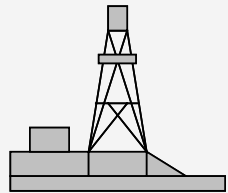
Current process challenges

The issue:	Invoicing process is not optimized
Caused by:	<p>Attachments are required that must be handled on supplier side and reviewed again by operator</p> <p>Routing information is often missing, incomplete or illegible</p>
Consequence:	<p>AR and AP processing takes longer and requires more staff</p> <p>Engineers and other staff find invoice approvals time consuming and frustrating</p>
Impact:	<p>Delays in processing invoices</p> <p>Increased cost per invoice processed</p>

Current process challenges

The issue:	Paper field tickets are not necessarily secure
Caused by:	<p>Signatures and field stamps can be forged using simple desktop software</p> <p>Paper field tickets could be submitted more than once</p>
Consequence:	<p>Extra time taken in review identifying issues</p> <p>Engineers and other staff find invoice approvals time consuming and frustrating</p>
Impact:	<p>Delays in processing invoices</p> <p>Increased cost per invoice processed</p>

The e-ticket process



Submitting tickets

- Entering tickets / charges
 - Through direct B2B integration from supplier system
 - Through Log In and Drop Off (LIDO) of charges downloaded from supplier system
 - By direct entry through internet or touch screens
 - Through tour sheet integration: For drilling contractors and mud companies the system reads the tour sheet and creates automated charges by reference to a template
 - Rental companies get approval 'up front' (usage agreement)

- Administration
 - Submitting a ticket is considered supplier 'signature'
 - Supplier can only ever see their company data
 - Charges can be cancelled, modified and resubmitted to the consultant
 - Once approved charges are locked

- **Reviewing tickets**
 - No signatures, electronic or otherwise
 - Approval is provided by means of a digital sign off
 - Field staff review and approve tickets using a secure and auditable user name and password
 - Status available in real time to supplier staff

- **Administration**
 - Access not limited to location, field staff can web approve from anywhere
 - Escalation to office available

- Submitting invoices (integrated)
 - Supplier has choice:
 - Receive ticket line items to create an invoice directly from that data
 - Submit invoice with line item identifiers that will be matched to line items in e-ticket system

- Submitting invoices (Non-integrated)
 - Small and medium suppliers
 - Supplier logs in and creates e-invoice from the field ticket data without need to retype or attach backups

- Invoice approval
 - Each invoice generated from a site automatically includes coding, site information and invoice approver information
 - AP directs invoice to correct approver
 - There is no paper backup attached to the invoice
 - Colour coded icons indicate whether the invoice is in 'compliance' with the field ticket

Anticipated benefits

For our partners

Benefit	How?
<i>Less time and administration obtaining field approvals</i>	<p>Electronic data provides (for the first time) visibility into timeliness of approvals and full audit trail</p> <p>Tickets can follow the consultant in the system, making their physical presence unnecessary</p> <p>Engineers in the EnCana office can approve online if consultant leaves</p>
<i>Reduced payment cycle times</i>	<p>Opportunity exists to set payment based on service date, not invoice date</p> <p>Invoice can follow more quickly from service provisioning</p> <p>Less disputes based on missing routing and coding information</p>
<i>Consistency in operations</i>	<p>Operator is able to track committed costs more effectively and plan capital program to be consistent</p>

Anticipated benefits

For us, the operator

Benefit	How?
<i>Improved ability to manage capital</i>	<p>Automated loads to operational systems make consistency of entry 100%</p> <p>Accuracy greatly improved by tie to field ticket</p> <p>Reduced cycle time from ticket to invoice, virtually eliminates the unknown factor</p>
<i>Reduced administrative overhead</i>	<p>Routing information accurate and automatically included with each invoice</p> <p>No need to review attachments to confirm field approval and compliance</p>
<i>Operator of choice</i>	<p>Become the easiest operator to do business with</p> <p>Tangible value in tight market</p>
<i>Improved security</i>	<p>Reduced ability for forged tickets and / or dual billing</p>

Challenges?

- Connectivity
 - Any system of field ticketing will require a dedicated connection at even remote sites
- Timeliness
 - Clear guidelines and process are required on what timeline is required for field ticket delivery
 - Pro-forma invoice or field ticket?
- Transmission logistics
 - From an IT perspective this has to be determined
 - Level of detail required

- *Field pricing is only an estimate, how is variance to the invoice going to be handled?*
 - Our system flags invoice items that do not match the field ticket
 - Where sub-total is less there is no flag
 - Adjustments / additions can be made on invoice (flagged amber)
 - Key: not to impose additional restrictions beyond the existing paper process

- *So, invoice approval now occurs in the field?*
 - NO. Field approval remains as it is today, just by electronic means. Field staff approve scope and quantity and capture committed costs

- *Is a digital signature legal / SOX compliant?*
 - YES. Invoices are already routinely approved and paid based on digital signatures. Security of log in credentials and the ability to audit approval are key

- *What is the software cost?*
 - Costs of software and training are borne by EnCana

Current state

The system was deployed on 40 drilling rigs and two completions locations over the winter drilling season

Approximately 150 suppliers have been engaged and are using the system

The four main drilling contractors (98% of EnCana rigs) are on board

A successful pilot has been conducted with Construction and Completions



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Next Steps

Field ticket integration B2B and LIDO: anticipating field trials in summer 2007

Expansion beyond drilling (Construction and Completions): starting Fall 2007

