



Business Case: Capitalize Consulting iGB

EXECUTIVE SUMMARY

Oil & Gas Operators have an obligation to provide Gas Balancing statements to Owners in a timely manner. This requirement is typically considered low-value-adding but remains time-consuming and requires significant resources. Additionally, when an entity has non-Operated joint ventures, they also need to collect Gas Balancing statement information from the other Operators, in varying formats and frequencies, and standardize them for period-end close activities. The current solution is being retired 12/31/2022 causing Operators so seek a new solution to these obligations.

BUSINESS REQUIREMENTS

- Functionality to upload a data file containing Operated Gas Balancing Statement information
- Owner access to view or download the Operator's relevant statements
- Access to Non-Operated Gas Balancing statements to download and perform analysis
- Exported reports in a consumable format (csv) for ease of use
- Comprehensive report of the latest view of all Gas Balances for period-end close



EVALUATION OF OPTIONS

	PROs	CONs
(PREFERRED) Capitalize Consulting, iGB <i>Capitalize Consulting has a proven delivery record and is fanatically responsive.</i>	<ul style="list-style-type: none"> ✓ Designed for Gas Balancing ✓ Latest technology stack ✓ Supported by skilled industry professionals ✓ Fast performance ✓ Login once for all Operated and Non-Operated ✓ Standardized statement layouts ✓ Analytical reports 	<p>New in 2022</p>
In-House Paper Mailing	<p>In-House oversight</p>	<ul style="list-style-type: none"> ✓ Requires significant non-value add time ✓ No non-Operated solution ✓ No download functionality ✓ Risk of human error ✓ Address management, lost mail



COST BENEFIT ANALYSIS, iGB:

		Manual Effort	iGB/Premium
Printing & Mailing Paper Statements <i>Operated activity</i>	~300 statements/month ~800 Owners/month (excluding self) = ~2,500 pieces of paper to collate into 800 envelopes	Est. 10min/Owner to print, collate and stuff envelope equates to 133 hours per month = \$96,000/year + printing materials and postage Additional efforts are required when PPAs occur	(5 mins/month, nominal) Upload file to iGB = \$10,000/year for Sender hosting services Includes unlimited PPAs
Period-End Close Activities <i>Non-Operated activity</i>	~400 Non-Operated statements must be collected from 10 Operators each month, 5 of which are not available online and the other 5 have recently had their services retired.	Est. 22 hours per month gathering statements and converting 45%* to consumable format = \$15,840/year Est. 16 hours/month identifying and estimating missing statements = \$11,520 Est. 36 hours/month preparing period-end close reports = \$7,200 Total = \$34,560 *for a 45% solution, \$76,800 for 100%	(20 mins/month, nominal) Forward Statement Emails and/or reports to iGB (2 mins/month, nominal) Download Latest Report for Period-end Close = \$40,000/year for Receiver services (driving a 100% solution)
Total		\$172,800/year + PPAs + printing & postage	\$50,000/year Includes PPAs, printing & postage, drives a 100% solution and redirects up to 200 hours to value-add activities

Assumptions: \$60/hour rate for FTE

*45% assumed above threshold for detailed analysis and 55% are under threshold for review

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COST BENEFIT ANALYSIS, iGB (cont.):

- **API Matching Functionality:** iGB Roadmap includes an API cross-reference solution so that you can obtain your non-Operated statements by API rather than by third party identifiers. This creates days of additional time savings not included in the Cost Benefit analysis above.
- **Contract Compliance:** The Gas Balancing Exhibit to the Joint Operating Agreement requires the Operator to publish Gas Balancing statements to Owners on a defined frequency. By simply sending a file to iGB, compliance is achieved.
- **Marketing Risk Reduction:** When an Operator markets for other Owners, they should publish timely Gas Balancing statements so that Owners may confirm if their working interest revenue checks correlate to the 'Takes' reflected on the Gas Balancing statements and report any concerns in a timely manner as to avoid lengthy historical PPAs.
- **Royalty Issue Mitigation:** By publishing timely Gas Balancing statements, Owners can validate their working interest is correctly reflected and report any concerns in a timely manner as to avoid lengthy historical PPAs. If a working interest is mis-stated, this can also mean the Royalty decimal is incorrect, should be reviewed, and corrected promptly.
- **Latest Report:** iGB Premium Receivers gain access to the Latest Report which includes the latest revision of the latest sales date for all Gas Balancing statements reported for their Owner(s). This expedited means to obtain all that is needed for period-end close allows analysts to redirect time to value-add activities and ensure contract compliance, marketing accuracy, and royalty validation on Non-Operated statements.

KEY MILESTONES:

June 15, 2022	User Acceptance Testing
June 30, 2022	Free PDF Access Go-Live All Users Registered
September 30, 2022	Premium Access Go-Live CSV downloads Latest Report Additional Filters & Results views



CONCLUSION:

Capitalize Consulting's iGB application is the optimal choice when it comes to delivering exactly what Gas Balancing stakeholders need, at competitive prices. Capitalize Consulting has expansive industry knowledge, are fanatically responsive, and have proven delivery time and time again. iGB's features, functionality, and performance establish it definitively as the future home of all Gas Balancing statements, analysis, networking, and knowledge sharing.

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