

CENTRE FOR
**ENERGY ASSET
MANAGEMENT STUDIES**

For Presentation at
CAPLA Management Night
October 12, 2005

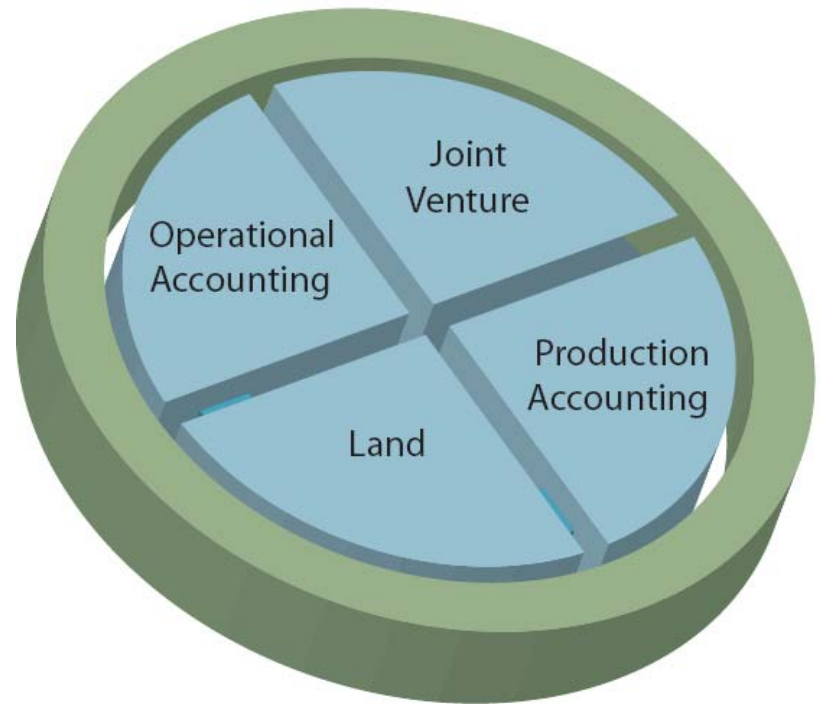
Introduction

- Industry is evolving faster than ever before driven by high commodity prices and improving technology
- Disciplines are being integrated into natural business groupings to enhance effectiveness & efficiency
- Demographics indicate as “boomers” retire, a shortage of skilled and properly trained personnel will result
- Employees want to “work to live” not “live to work”
- Asset Management is on the forefront of this evolution



Asset Management

- The management and administration of compliance, regulatory, financial and contractual obligations pertaining to oil and gas assets
- Disciplines involved are: Land, Joint Venture, Production Accounting and Operations Accounting



The Need and Why Asset Management?

- **An Integrated Approach to Business**
- Business processes are more integrated than in the past
- More data available and better knowledge driving how data from one area is used by another
- Due to historical discipline specific approach used in the past, many \$ allocated incorrectly
- Increasing activity level forcing need to “do it right the first time”
- Governments/regulators are becoming more automated/electronic requiring better data integrity from and increased systems integration with Industry
- Asset Management functions are analytical not clerical



The Need and Why Asset Management?

- **Historical Approach to Training and Education is Discipline Specific**
- Staff do not understand the broader business
- Current training courses are discipline specific
- Most disciplines within Asset Management do not have diploma or degree graduates to recruit from
- Continuing Education certificate programs do not meet Industry's needs
- All new hires to Asset Management disciplines require significant training, mentoring and coaching for which companies are not staffed to provide

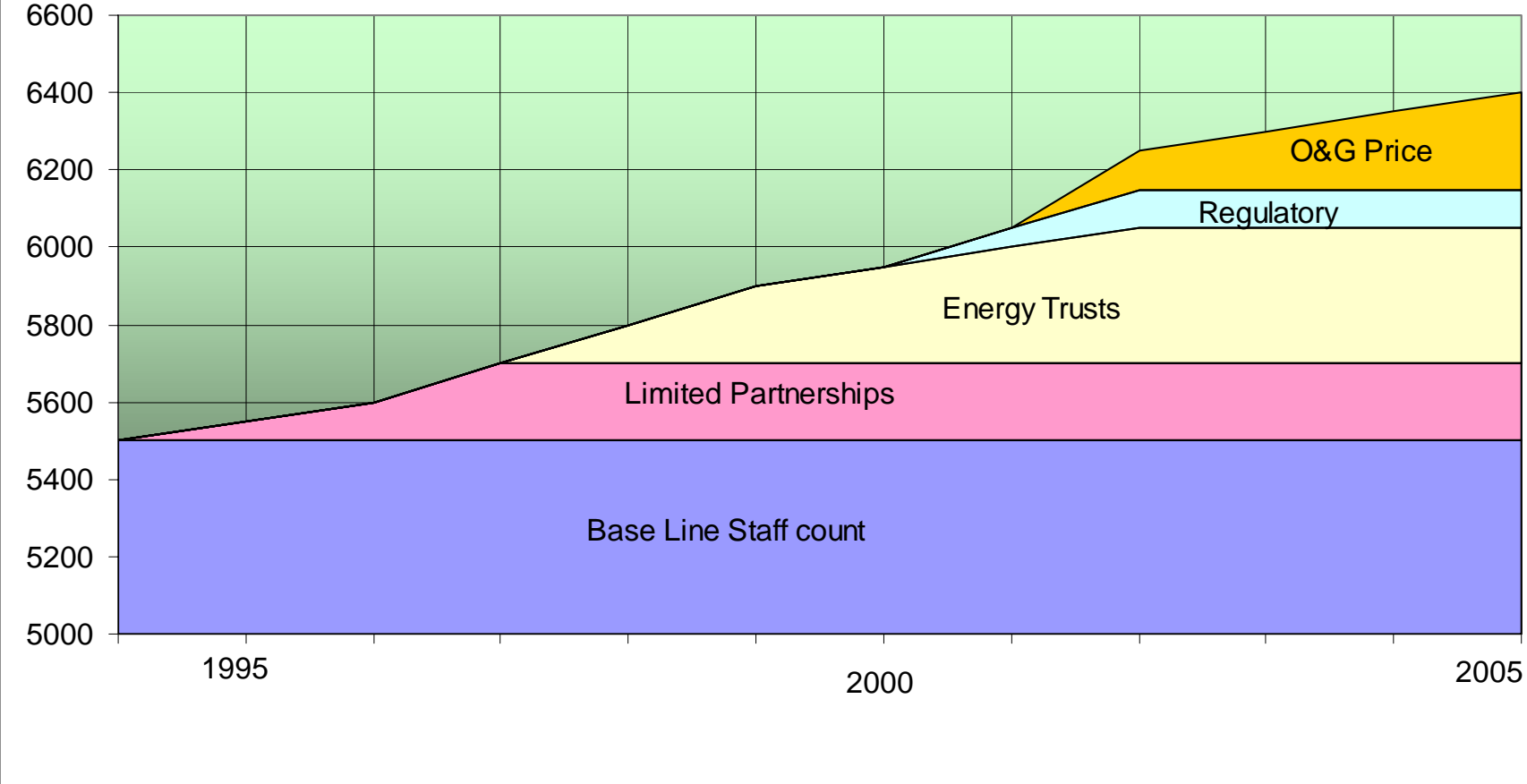


Demographics (Example: Average Tier 1 E&P Company)

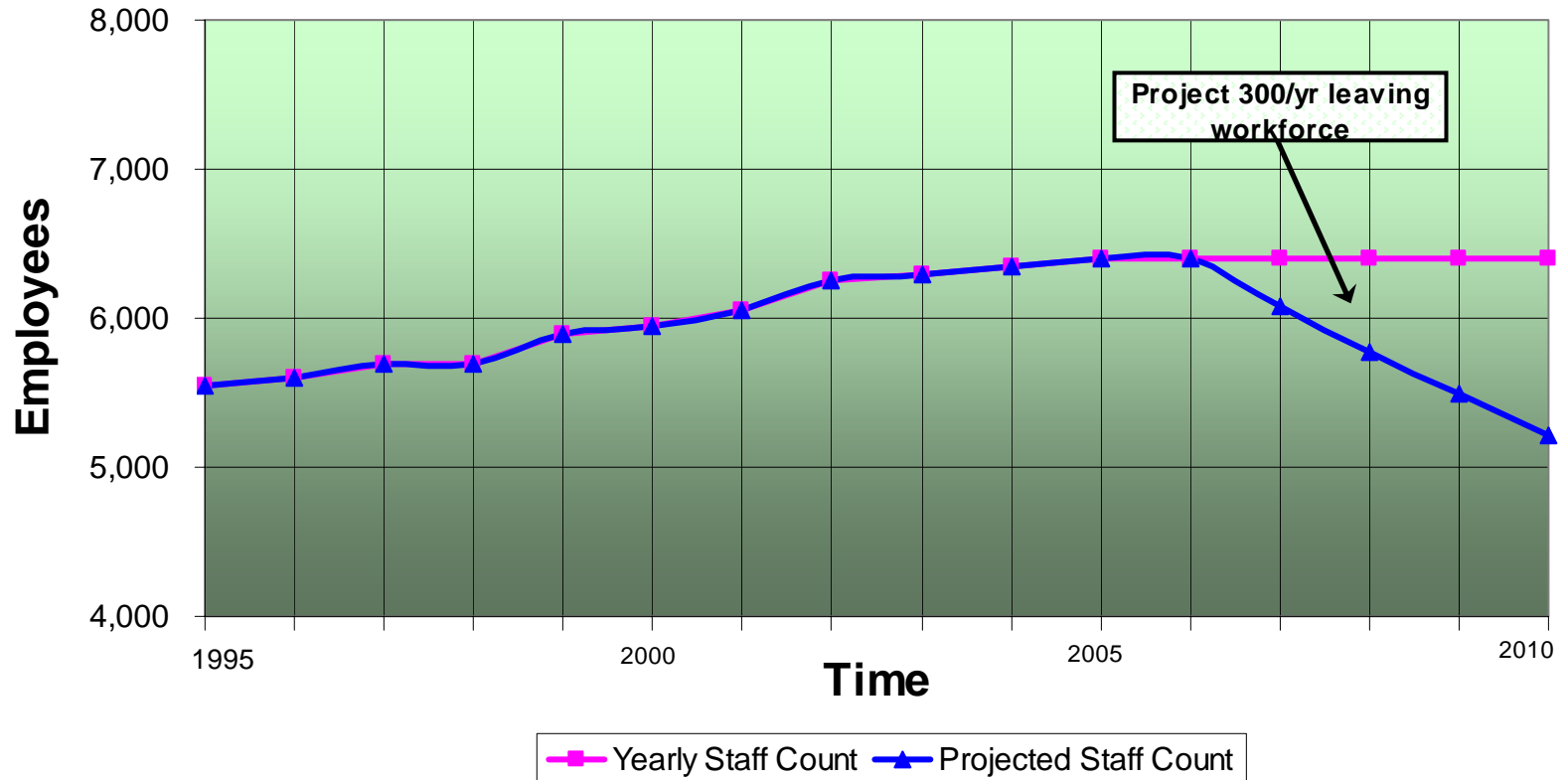
Dept/Age	Land	Surface	Joint Interest	Operations Accounting	Total
55 to 64	20	1	9	15	45/21%
50 to 54	8	4	3	20	35/17%
35 to 49	24	11	1	50	86/41%
Younger than 34	14	3	1	27	44/21%
Total	66	19	14	112	211



CEAMS Workforce Drivers



CEAMS Employment Projections



The Need and Why Asset Management?

- **Use of Consultants to Solve Inter-Discipline Issues**

- Hire consultants to solve historical problems, correct errors accumulated over time or quantify integrity issues
- Effective but no transfer of knowledge to prevent reoccurrence
- Examples of outstanding issues caused by lack of knowledge across Asset Management disciplines:

- Royalties not collected or wrongly calculated \$4.5MM
- Wrong parties paid royalties \$2.5MM
- Service fees not billed \$1.0MM
- Damages resulting from wrong DOI \$7.0MM
- Payout recoveries \$1.5MM

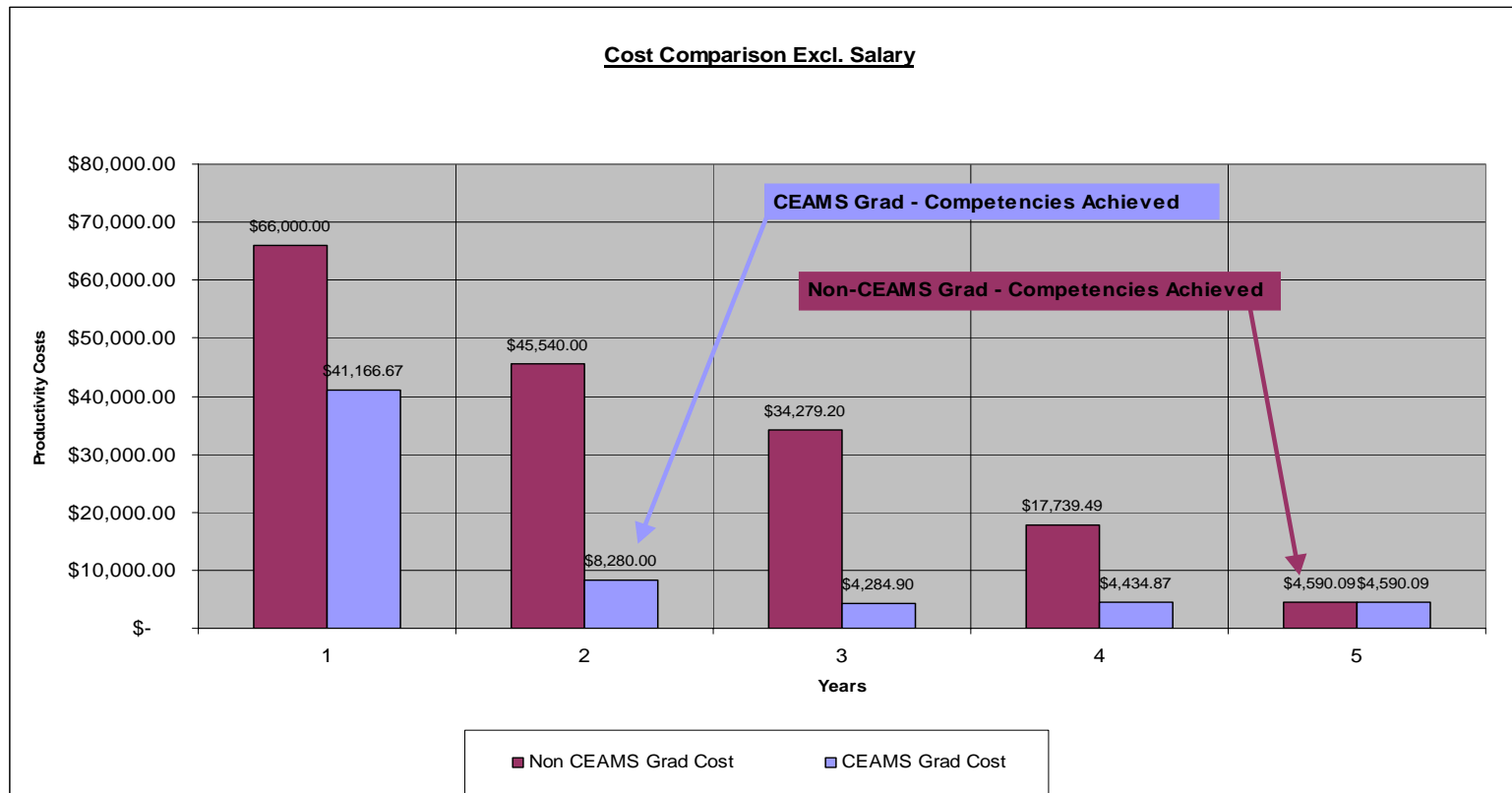


The Need and Why Asset Management?

- **Recruitment/Retention**
- If you need a particular expertise – Poach
- Pay more, escalate costs across all salary levels
- Currently not enough replacements for those that are leaving
- Cost of recruiting, training and developing will increase dramatically in coming years



Training and Development Cost Comparison



Training and Development Costs

- Estimated cost to train someone to be fully competent at an intermediate level over a five year period is \$168,000
- Industry is facing training and development costs of \$50-\$135MM over the next several years
- With CEAMS grads available in sufficient numbers, in the last half of this timeframe, these costs could be reduced by \$50MM (Presumes 300 grads available from 2010 to 2015)



Why CEAMS?

- Need to arrest/replace the outflow of talent
- Need to reduce the amount of in-house training and development
- Need to recruit high school students into Asset Management
- Need Asset Management recruits to be fully functional from the start
- Need to push education and training of skills and competencies for Asset Management to education institutions
- Need to shift our operating paradigm; current system is not working



CEAMS Background

- Evolved from the Canadian Association of Petroleum Land Administration (CAPLA) 5 Year Skills Development Plan
- Industry companies recommended the Plan be repackaged to address Energy Asset Management education and independent organization be formed to implement it
- Steering Committee agreed with Industry and created the Centre for Energy Asset Management Studies (CEAMS)
- Phase I – High Level Strategic Planning (completed by CAPLA and separate Steering Committee of Industry volunteers)
- Phase II – Establish Organization and Develop Business Case



CEAMS Founding Partners



CENTRE FOR
ENERGY ASSET
MANAGEMENT STUDIES

CEAMS Sponsor Companies



CEAMS Supporters



Alberta Energy



CENTRE FOR
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CEAMS Background

Where are we now?

- Centre for Energy Asset Management has been registered as a not-for-profit organization, a board of directors elected, the entity has been branded, identity designed and the Web site registered
- Phase II - development of a business case and proposal for broad-based funding nearing completion
- Presentations made to Industry Associations
- Partnered with the Petroleum Human Resource Council of Canada with their CEO on the CEAMS board
- RFP delivered to nine potential education institutions with responses received Sept 30, 2005 (EP to be chosen by Oct 31, 2005)
- Six sub-committees formed and staffed with Asset Management volunteers from Founding Partners
- Engagement of core stakeholders ongoing



Energy Asset Management Diploma/Applied Degree Program

- Offered by a selected Post Secondary Educational Institution
- Offers fundamental courses in all Energy Asset Management disciplines
- Available through distance learning, as fulltime day courses or part-time night courses
- Target audience: high school students and those making career changes
- Students may choose to exit after 2 yrs w/ Diploma or continue for full 4 yrs w/ Applied Degree in Energy Asset Management
- Applied Degree to include two semesters of Directed Field Studies with Industry companies
- Proposed start date Diploma 2006/Degree 2008



Energy Asset Management Continuing Education

- Offered by Post Secondary Educational Institutions
- Available through distance learning or as credit courses during the evening
- Target audience: those currently employed who want the Diploma/Applied Degree or who wish to take specific courses
- Proposed start date of Fall 2006



Benefits of CEAMS

- Broader perspective educated staff within Industry and related government departments
- Asset Management services recognized as a profession and career choice for youth
- Increased talent pool to choose from
- Less “poaching” from peer companies
- New hires “hit the ground running” resulting in less internal training
- Improved communications and interaction between Asset Management disciplines
- Increased efficiencies resulting in reduced learning curve and therefore less errors



CEAMS Funding Requirements

- Require \$60,000 to complete our work in 2005
- Require >\$500,000/year in the next two years
- We intend to approach Alberta Advanced Education with our Education Partner as soon as possible
- Initial funding must come from Industry and the Education Partner
- Future funding through Education grants, CAPP, other funding initiatives and student enrollment



Next Steps

- Recruit additional Founding Partners and Sponsor companies until Oct 31, 2005
- Operationalize the Board and structure of CEAMS Organization
- Choose an Education Partner from the responses to our RFP by Oct 31, 2005
- Develop the Diploma/Applied Degree program together with the Education Partner



How can you help?

- Approach your company to become a Founding Partner
 - (\$15,000 now plus \$50,000/yr)
- Approach your company to sponsor the CEAMS initiative
- Participate in various CEAMS committees or workgroups
- Champion CEAMS within your organization, company, association

