

AFE TRANSFORMATION



“Lower for longer” forces producers to cut costs and headcount



Over the last decade, S&P's energy sector weighting has dropped from 12% to 5%



Failing to meet analyst expectations has forced Wall Street out of energy stocks

To overcome these difficulties, the Oil and Gas industry is going through a major transformation to improve **financial discipline** and **evidence-based decision making**.

The **Authorization for Expenditure (AFE)** process is the main business process to create and approve project funding proposals and allocate capital from the board approved budget. This process is currently **defective industry-wide**.

Engineering

“It takes forever to find the data I need to create my AFE and our forms are old”

Accounting

“I don't understand how engineering breaks up their costs into my GL accounts”

Management

“How can I trust these numbers are accurate and fit into my budget?”

Operations

“AFEs never budget enough to cover the new equipment we've spec'd out”

CURRENT PROCESS



120
Days to Create & Approve

60

People involved

380

Process steps

20%

Actual vs. Estimate

- Limited Estimating Methodology
- Variable AFE Forms & Templates
- Inconsistent Lookbacks & Metrics

FUTURE PROCESS



6
Days to Create & Approve

10

People involved

26

Process steps

5%

Actual vs. Estimate

- Established Estimating Workflow
- AFE Forms that Map to GL Accounts
- AFE Dashboard with Visual Metrics

Sia Partners and Appian will help revitalize your AFE process and restore capital discipline by connecting relevant data to the appropriate roles



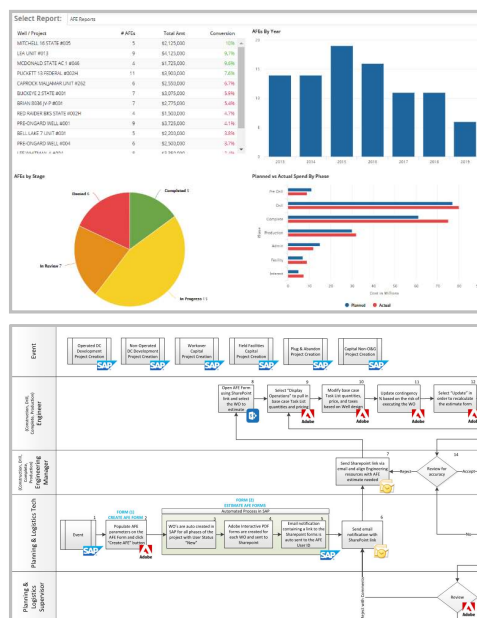
Universal AFE Calculation Methodology



Intelligent Data Interconnectivity Structure



Expedited Workflow Management



Intelligent Forms Connected to General Ledger



JV Partners Notification & Reporting



Intuitive Dashboards and Visuals