



Hydrocarbon Accounting

Current Industry Practices and Way Forward

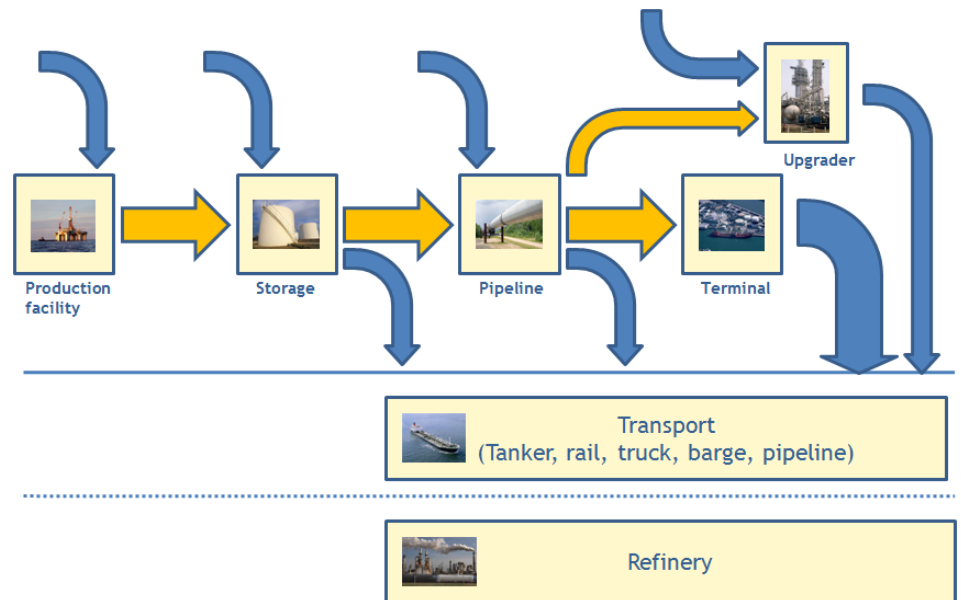
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The hydrocarbon supply chain

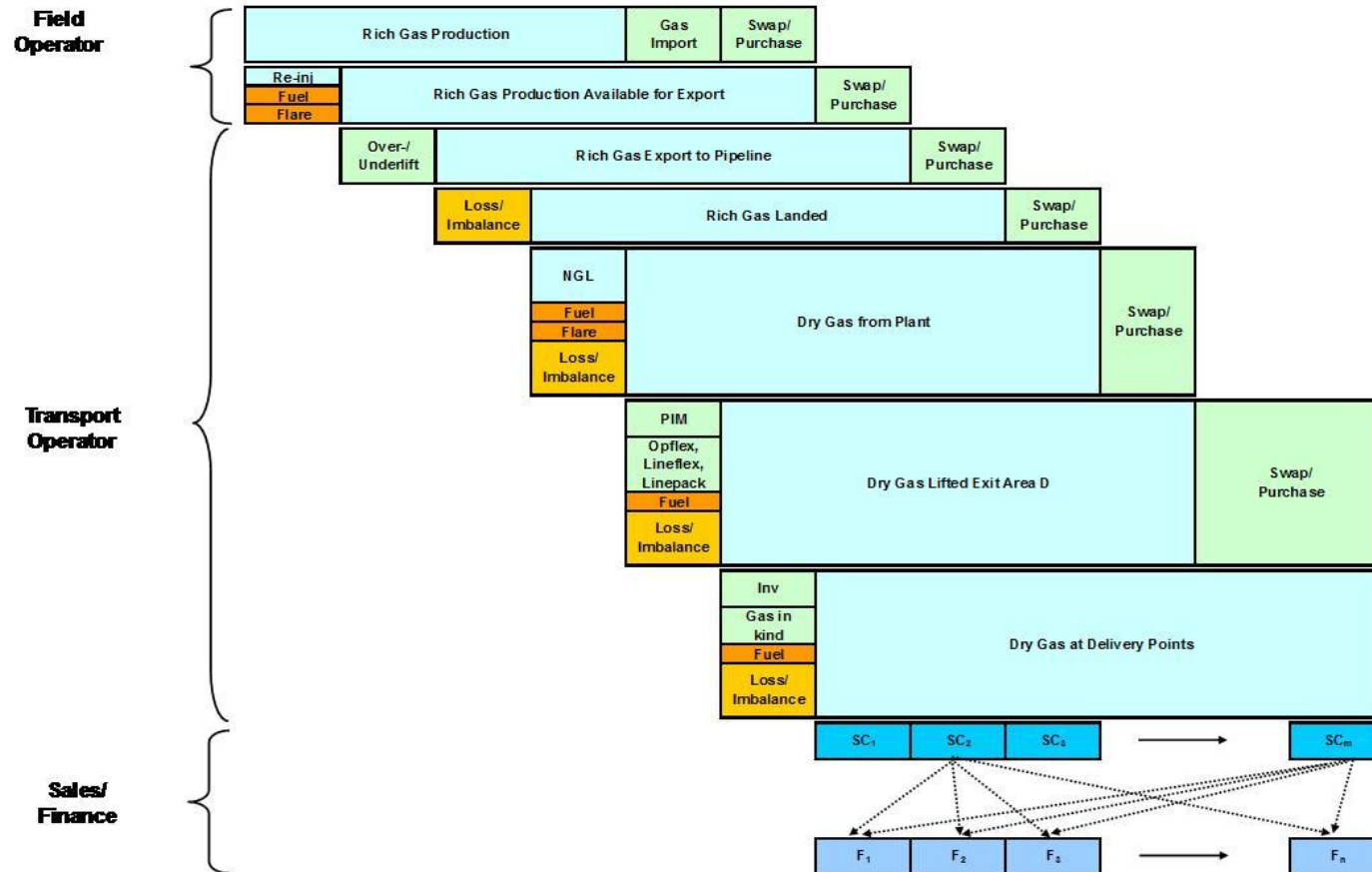
- Starts by extracting hydrocarbons from underground deposits and/or at any upstream purchase point
- Ends at custody transfer or refinery entry point
- Tracks and accounts for any dispositions and losses
- Tracks entitlement and ownership
- Billing and accounting
- Regulatory reporting



The oil and gas industry will never be the same.
We are on a mission to change things.



Example of hydrocarbon supply chain (NCS)



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Current situation

☀ Spreadsheetmania !!!

- Essential company data dispersed and fragmented at many locations
- Different disciplines all use different spreadsheets
- No proper access control, auditing or transparency
- Good for analysis purposes, but not as corporate data store

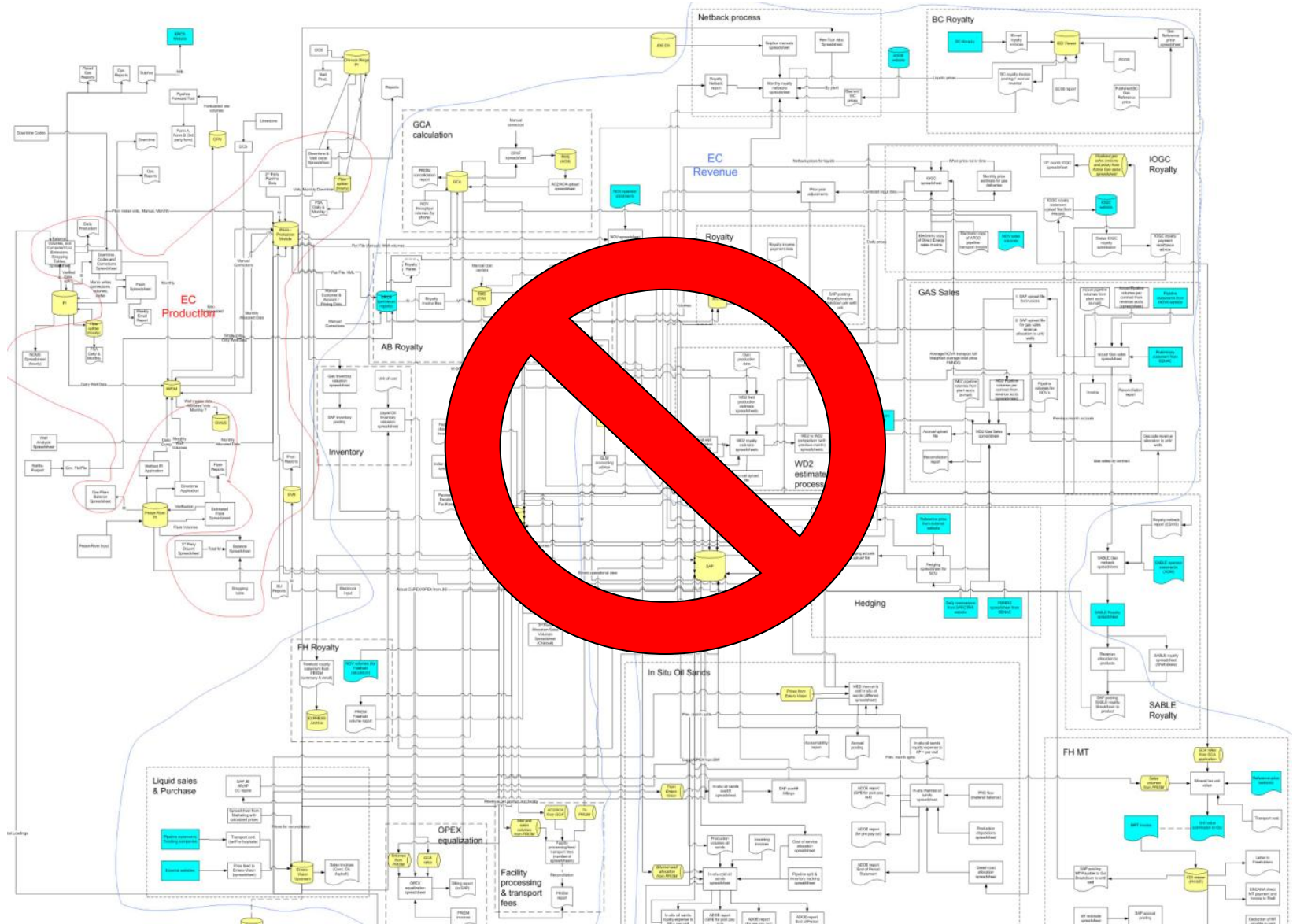
☀ Often lack of proper data reconciliations resulting in inconsistent data and incorrect use of data. Sometimes even lack of proper control of commercial agreements resulting in potential loss of revenue

☀ Fragmented and scattered islands of information, little if any end-to-end integration. Rarely any clear and consistent hydrocarbon accounting practice

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The reality...



What is at stake?

Statement from a major oil and gas company:

Due to the lack of a consolidated material balance, *it is not possible to guarantee that:*

- The company receives the quantities it is entitled to
- The invoiced quantities match the delivered quantities
- There is a visibility on gains/ losses in production/ transportation with the required justification
- Hydrocarbon inventory bookings are correct

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What can be done?

- More controls?
- Better IT systems?
- Better practices?
- Better skills?

YES to all, but

- ***Without a proper hydrocarbon accounting practice the other initiatives will not be successful.***

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