



# **Data & Information Management Compliance... some food for thought....**

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# Data Management & Compliance...

A few questions to contemplate....

Are oil & gas companies aware of the compliance issues that are going to become so important in the next few years?

Do oil & gas companies have sufficient internal resources to achieve compliance in all areas of their business?

Are oil & gas companies aware of how new compliance regulations will affect the day-to-day working of G&G & IT staff?

Are oil & gas company staff aware that new compliance regulations will mean they will be ultimately accountable for decisions based on their work?

# Sarbanes-Oxley (SOX) - Governance Risk & Compliance....

In November 2003, The U.S. Securities and Exchange Commission (SEC) approved the final versions of corporate governance listing standards.

These expand on the Sarbanes-Oxley Act of 2002 to impose significant new requirements on listed companies.

These sweeping reforms mandate independence, increased transparency and new standards for corporate accountability.

# Governance, Risk & Compliance...

**Governance** - setting business strategy & objectives, determining risk appetite, establishing culture & values, developing internal policies and monitoring performance.

**Risk Management** - identifying and assessing risk that may affect the ability to achieve objectives, applying risk management to gain competitive advantage and determine risk response strategies and control activities.

**Compliance** - operating in accordance with objectives and ensuring adherence with laws and regulations, internal policies and procedures and stakeholder commitments.

Compliance will become the most important element of the Sarbanes-Oxley initiative for UK oil & gas IT/IS departments in the coming years.

# AIM Conference - New York March 2004...

(The Association for Information and Image Management)

## IM/DM Compliance.

- Sarbanes-Oxley will affect legal & accounting departments first of all.
- The impact of the new legislation is not yet completely known, there are no “magic bullet” solutions or ‘SOX in a box’
- Compliance solutions would need to be “I” (Information) rather than “T” (Technology) based.
- The emphasis is on information/data management solutions built on strong lifecycle management, with a foundation of well-understood, transparent and documented processes.

IT/IS departments should ensure their IM/DM processes are well documented and are being adhered to

## AIM continued...E-mail Management...

- E-mail management & compliance was a big issue at the conference, with virtually every major ECM vendor sporting an “e-mail module” (including OpenText Livelink & Documentum)
- Centrality of the E-Mail issue is due to high-profile court cases in the U.S. - heavy fines for non-compliance with company e-mail procedures
- There are a number of companies that have products to help e-mail compliance - GTS has a partner relationship with Cryoserver in the U.S. that it is now introducing to UK based clients.
- While provenance, date-stamping etc., are issues, there is a need for content/ retrievability and lifecycle management of e-mail to be compliant with Sarbanes-Oxley initiatives.

IT/IS departments should start considering whether their e-mail management solution is compliant with SOX initiatives

## Compliance for Oil & Gas...

- It is very important for all Oil & Gas companies to be aware that **Compliance** is the new Key Word in Information & Data Management.
- To be 'Compliant' means to have processes & procedures in place that can be and are adhered to.
- Compliance will eventually affect everyone from the G&G Staff to the CEO and all will become responsible
- Sarbanes-Oxley initiatives will begin to impact UK companies over the next few years

GTS has already been speaking to UK-based clients who are worried about and keen to look at, IT/IS compliance

# Why should Oil & Gas companies be worried?...

- ENRON was an Oil & Gas Company as well as a trading company that did not comply with its company laws & procedures
- The ENRON, Andersen Consulting & WorldCom scandals captured the public & media attention
- The shock of these scandals has made directors, managers & compliance professionals all around the world ask whether their compliance programs could detect & prevent the next ENRON
- Shell's recent reserve overestimation and subsequent share nosedive has caused focus to be brought back onto Oil & Gas



Compliance...ignore  
it at your peril!

# How Compliance affects UK Oil & Gas Data Management...

- Over/Under-estimation of Reserves - proving & knowing the integrity of your data
- Company processes and procedures being complied with by all staff, not just management - having processes & procedures in place
- Being Compliant with DTI's Petroleum Operators Notices (PON) - PON14a&b (oil & gas surveys and shallow drilling) - new reporting requirements & deliverables - PON9 - record & sample requirements for CDA data storage

DTI are to become stricter on compliance with PON initiatives & implement fines & restrictions for non-compliance

# How Compliance affects UK Oil & Gas continued...

The two most pertinent Governance, Risk & Compliance attributes for oil & gas IT/IS departments are:

- To ensure business objectives are understood and people, processes and technology are aligned to support the objectives.
- To ensure Information reported to management, the board and stakeholders is accurate, reliable, timely and complete

In the end, it all comes down to good Data & Information Management

# Implementing Data Management processes, procedures & standards...

GTS is about to complete a 2.5 year Regional Database Project at a Super-Major oil company in London & Aberdeen

GTS provided a Project Leader/Manager in London, a Project Manager in Aberdeen and Data Managers

## PROJECT OBJECTIVES

- To improve data access for Geoscientists in Exploration, Development & Production to enable all to work more effectively & efficiently
- To maintain data as required by relevant laws & agreements - Compliance included
- To reduce offsite & online storage costs
- To ensure Data is of known quality so users can trust the data

## Project Principles used by GTS...

- Evaluate Client Issues by working with the client
- Develop a plan which addresses the most important client issues
- Resolve these issues through the project plan
- Implement oil company Corporate Standards
- Develop Standards where none are currently available
- Develop & document data loading, management & QC processes
- Clean up the data according to business priorities & the Project Plan

## Project Targets...

- Reduce the time Geoscientists spend looking for & preparing data
- Allow good access to all the available E&P data
- Reduce risk for drilling and investment.
- Improve & validate economic evaluations - reservoir estimations etc.
- Reduce business cycle times
- Leverage data assets & skills base

“Everybody knows there is nothing new in doing clean up work. However, the hard part is ascertaining how to fix the problems using tools & processes which work now and into the future!”

(GTS Consultant)

## Quantifiable Project Deliverables...

Through the Data rationalisation project the following deliverables have already been realised

- Geoscientist time looking for data has been reduced from 40% to 24% - cutting the time by almost half
- Log Curve access has improved from 50% to 10% - a five-fold increase in efficiency

Statistics on the other Data Types rationalised in the project will be available in July, when the project is finally completed.

# Secrets of Good Data Management...

- Ensure you have the best Data management personnel - whether staff members or contractors, demand the best - skilled Data Management personnel = good data quality & management
- QC and take time to Validate your data - if co-ordinates are wrong wells & surveys will be wrong and a lot of money will have been wasted
- Don't cut corners - ensure processes & procedures are well defined, documented & adhered to by all your staff
- Ensure Data Integrity - without this you cannot have faith in your Interpretation
- Define a Project Lifecycle - you spend money on acquiring, interpreting and managing project data, don't forget to properly document & archive it.

# The Secret of Good Data Management...?

It isn't really a secret!

Get Data Management right from the start  
and your company will win!