



Michelle Radomski, VP Land, talks about PrairieSky's successes with GuildOne and Royalty Studio

CLIENT SUCCESS STORY

Royalty Studio at PrairieSky Royalty Ltd.

PROJECT

Royalty asset identification & revenue recovery

DETAILS

Royalty Studio software and GuildOne expertise employed to solve business challenge.

"Royalty Studio enables our staff to improve timeliness and accuracy of corporate reporting, production forecasting, and accrual estimates, expediting the identification and recovery of owed royalty revenue."

- Michelle Radomski, VP Land



PROJECT PHASE 1. ASSET IDENTIFICATION

Extensive Manual
Processes
Automated

Data Integrity
& Accessibility
Improved

Net Royalty %
& Interests
Validated

The Client

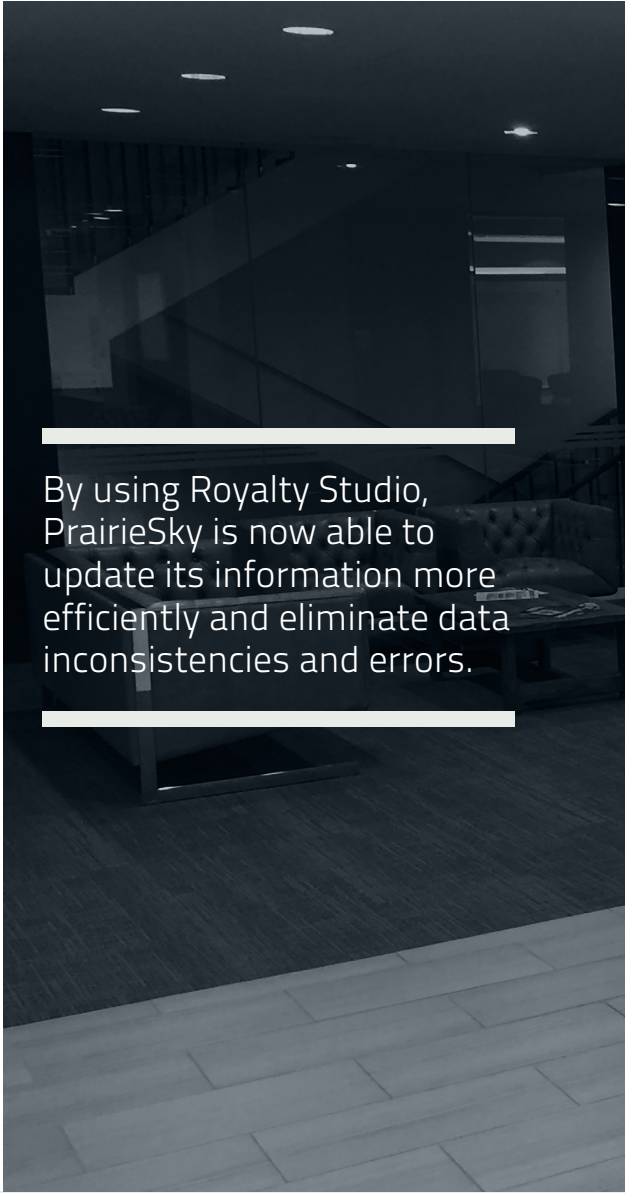
Vice President of Land, Michelle Radomski, shares a successful history with GuildOne. GuildOne and Radomski established a strong working relationship during her role as Vice President of Land at Range Royalty Management Ltd. (Range Royalty) from October 2010 to December 2014.

PrairieSky Royalty Ltd.

PrairieSky (TSX - PSK) commenced active business in May 2014 through the acquisition of fee simple lands from Encana Corporation and concurrent initial public offering. PrairieSky's business model is to acquire and manage royalty lands in order to generate significant free cash flow through indirect third-party oil and gas investments at a relatively low risk and cost to PrairieSky. With approximately 14.9 million acres of fee title and gross overriding royalty interest land and over 36,000 related producing wells, PrairieSky offers one of the largest independently owned portfolios of fee simple mineral title and gross overriding royalty lands in Canada.

"Having all pertinent data in one place allows us to easily filter, sort, and analyze our assets based on various types of well and royalty interest information, like never before."

- Michelle Radomski, VP Land



By using Royalty Studio, PrairieSky is now able to update its information more efficiently and eliminate data inconsistencies and errors.

PrairieSky & GuildOne

In 2010, Range Royalty commissioned GuildOne to develop an accounting software application to reconcile royalty income received in relation to publicly reported production volumes.

The solution was integral to Range Royalty being able to effectively identify any royalty income shortfalls with a minimal staff. In 2014, Range Royalty was acquired by PrairieSky, at which time Radomski led the team in the adoption of GuildOne's royalty management solution, Royalty Studio.

The Challenge

Managing Royalty Assets to Achieve Royalty Revenue Completeness

Since its IPO in May 2014 and acquisition of Range Royalty in December 2014, PrairieSky has significantly grown its asset base to include a substantial portion of royalty assets from Canadian Natural Resources Limited, purchased in 2015. As a result, PrairieSky must now precisely monitor production and revenue for over 36,000 producing wells and identify new production from wells drilled by third parties on its 14.9 million acres of royalty and fee simple title interest lands.

"This well and the related land interest and production data is crucial, as we use it as a base to book reserves and accruals as well as build our budget," says Radomski.

PrairieSky is automating a number of its processes which will ensure that the most up-to-date well and land data is used in all of its systems. By using the GuildOne product, PrairieSky is able to update its information more efficiently and eliminate data inconsistencies.

As a royalty-focused company, PrairieSky had established internal royalty management processes; however, areas for improvement were identified. Specifically, improvements to data integrity and expediency of existing business processes.

The Solution

GuildOne's Royalty Studio met the criteria to solve these business challenges. With Royalty Studio, all data used for budgeting, accruals, and compliance work will be derived from a single source of data. Additionally, Royalty Studio's user-friendly application, including automated workflow functionality, enables users to effectively manage and maintain data and corresponding business processes.

Currently, Royalty Studio is being implemented in four separate phases: Royalty Asset Identification, Royalty Actuals Validation, Royalty Accruals Computation and Royalty Income Compliance. The benefit of a phased approach is that it enables value to be realized and learnings to be applied through each phase of implementation to further derive value from the solution.



Asset Identification

Asset Identification, the first phase of Royalty Studio, has set the foundation for the development and implementation of a total solution at PrairieSky. The goal of Asset Identification was to integrate multiple data systems to deliver a validated list of royalty wells with associated royalty details to produce a definitive, easy to use asset list.

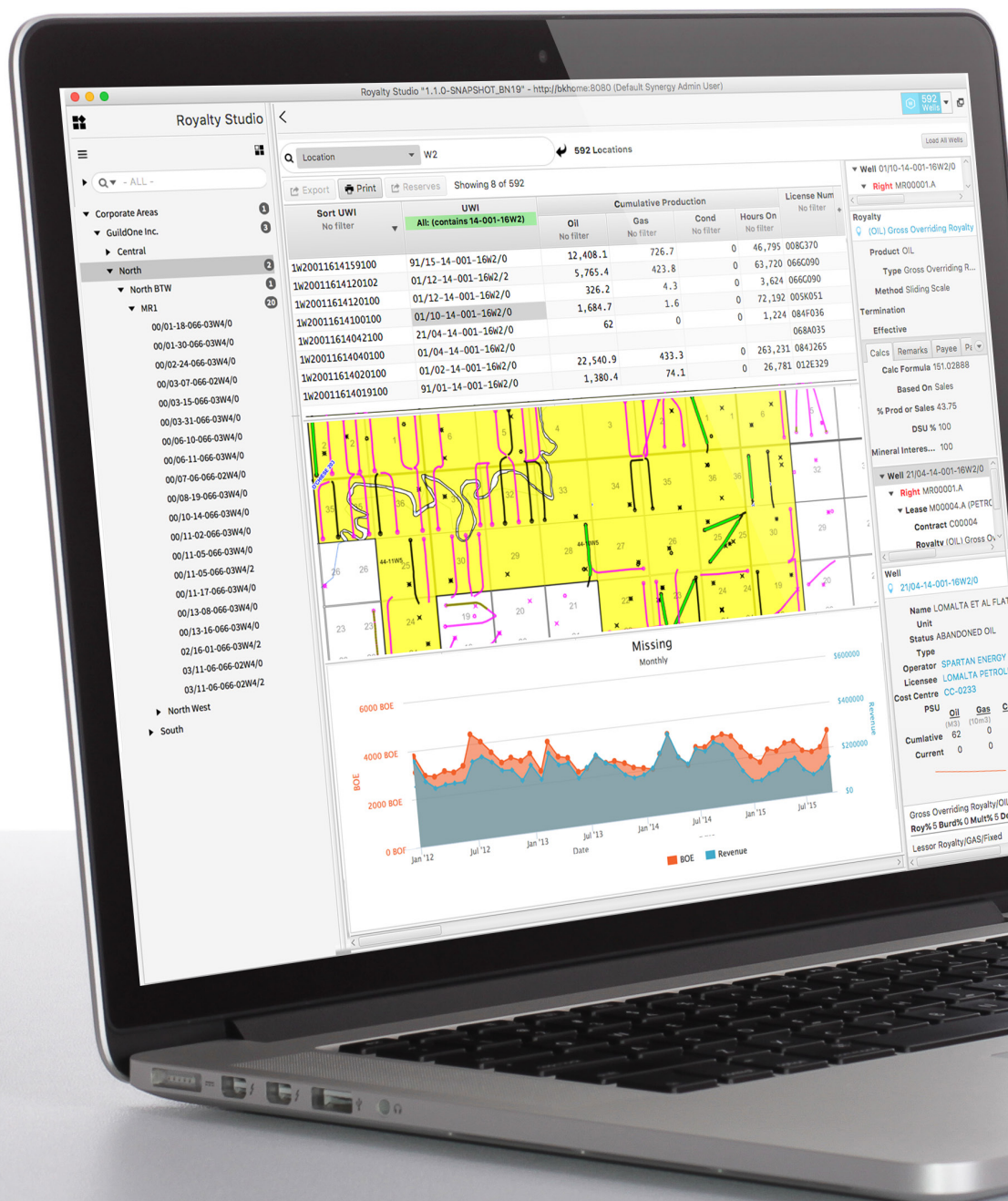
More specifically Radomski states, "to identify all wells that intersect PrairieSky's royalty and fee title interest lands and to provide information regarding its net royalty interests in those wells instantly." In the end, Asset Identification delivered what it set out to accomplish, laying the groundwork for the remainder of the project.

Asset Identification

Actuals Validation

Accruals Computation

Income Compliance



"We are also now able to extract all applicable well and royalty interest details from Royalty Studio at a well level in an effective and efficient manner for over 36,000 producing wells"

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Asset Identification Success

Extensive Manual Processes Automated

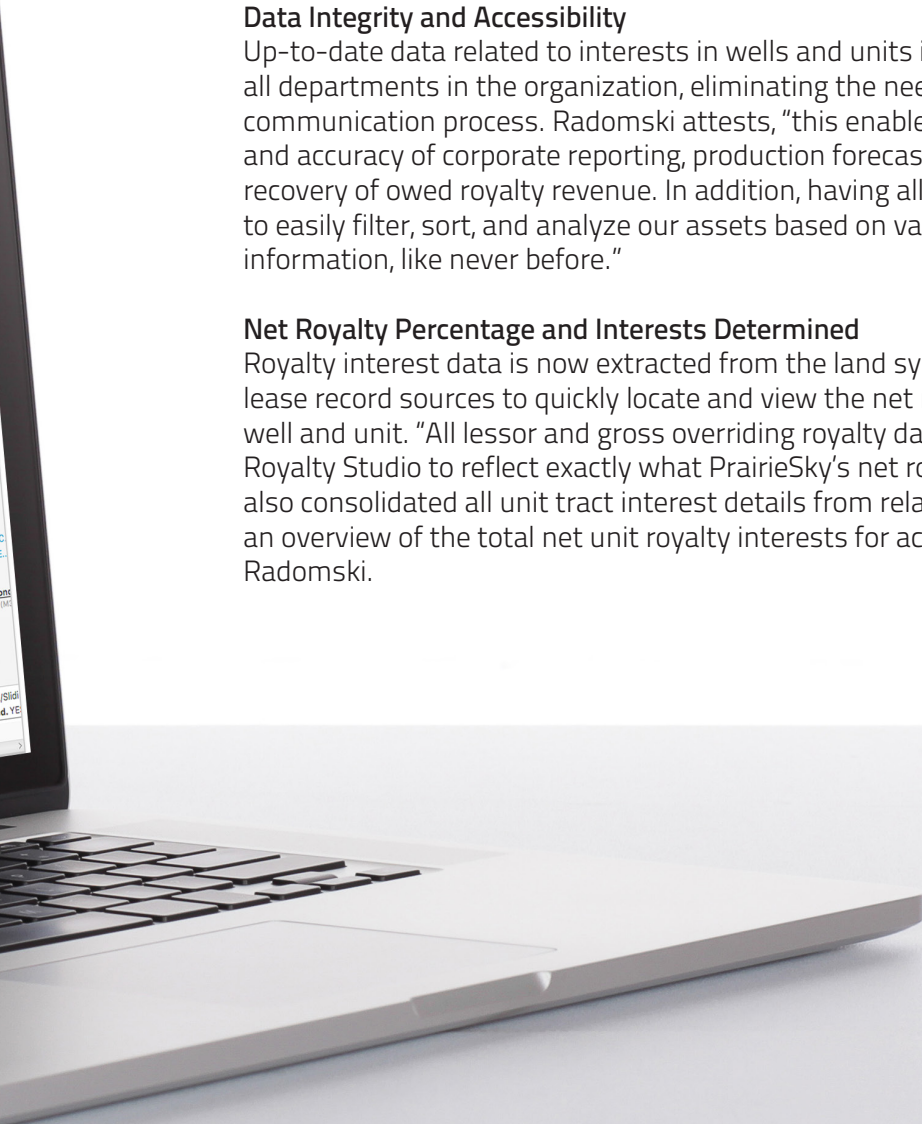
Royalty Studio's Asset Identification process has automated the identification and validation of wells intersecting land interests, significantly reducing the manual effort previously required to do so, and reducing errors associated with these manual processes. Tasks, including, but not limited to, checking well data sources for the producing zone and then searching land records for related leases, petroleum and natural gas rights held, and royalty interest information, are now entirely managed by Royalty Studio. "We are also now able to extract all applicable well and royalty interest details from Royalty Studio to upload into ValNav for reserves reporting and budgeting at a well level in an effective and efficient manner for over 36,000 producing wells," says Radomski.

Data Integrity and Accessibility

Up-to-date data related to interests in wells and units is centrally stored and readily available to all departments in the organization, eliminating the need for a manual data collection and internal communication process. Radomski attests, "this enables our staff to improve the timeliness and accuracy of corporate reporting, production forecasting, and accrual estimates, and expedite recovery of owed royalty revenue. In addition, having all pertinent data in one place allows us to easily filter, sort, and analyze our assets based on various types of well and royalty interest information, like never before."

Net Royalty Percentage and Interests Determined

Royalty interest data is now extracted from the land system and amalgamated from multiple lease record sources to quickly locate and view the net rolled-up royalty percentage in every well and unit. "All lessor and gross overriding royalty data is summarized at the well view in Royalty Studio to reflect exactly what PrairieSky's net royalty interest is. Similar functionality also consolidated all unit tract interest details from related mineral lease records to provide an overview of the total net unit royalty interests for accrual and budgeting purposes," says Radomski.



The GuildOne Team

Working closely with GuildOne in both the development and implementation of Royalty Studio, Radomski has come to know the Service Team quite well, stating, "GuildOne was diligent in managing time and cost considerations within the scope and estimates provided for customized application development. The Service Team was very responsive to our business needs and strived to understand the issues and requirements that needed to be addressed in order to offer informed and insightful solutions during software development.

There were regularly scheduled planning and update sessions to review progress and discuss any issues. They anticipated certain concerns or requirements and would come to the meetings with proposed solutions or have already added the features into the programming. When operational concerns were identified, the Service Team used their expertise in system design to offer alternatives, which often provided greater functionality and flexibility, resulting in a sophisticated final product that met our requirements."

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What's Next?

PrairieSky and GuildOne are enthusiastic to proceed with implementation of the remaining phases of Royalty Studio, particularly given the success of Phase One, Asset Identification. According to Radomski, PrairieSky expects to, "use Phase Two of Royalty Studio, Royalty Actuals Validation, to analyze all accounting, land, and well data being pulled into Royalty Studio from various systems and sources to calculate anticipated royalty income and report deviations from actual payments."

"We expect to then proceed with implementation of Phase Three, Royalty Accruals Computation, which will compute royalty income accruals for financial reporting purposes based on the missing royalty income deviations derived from the Phase Two Royalty Actuals Validation. Thereafter, Phase Four will address the need to monitor collection of missing payments for Royalty Income Compliance."

Asset Identification

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"The GuildOne team used their expertise to improve functionality and flexibility resulting in a sophisticated final product"

- Michelle Radomski, VP Land

About GuildOne

Connecting business to data

GuildOne Inc. is a leading provider of innovative technology solutions that help organizations better understand and use data to enhance business performance. Solutions are designed to transform complex data from various systems into valuable information assets, which are delivered through reports that are easily understood, shared, and exploited. Integrated solutions include software and services, enabling organizations to acquire a clearer understanding of operations, make more informed business decisions, identify gaps and streamline business processes, recover lost revenue, yield better bottom line results and achieve compliance.

To arrange a demo, contact us at 1 888 SYN 4 BIZ (1 888 796 4249) or sales@guild1.com

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Royalty Studio