Client Success Story

Rife identifies outstanding royalty opportunities and realizes substantial revenue gains

ЯRife
Resources Ltd.

David Creig, Manager of Compliance, talks about Rife's successes with GuildOne and Royalty Recovery.

Ongoing Royalty Revenue Recovery	Accurate Royalty and Collection Data	Improved Time and Resource Efficiency

ACRES	**PRODUCTION**	**WELLS**	**RESERVES**
7,300,000	**20,000 BOE/D**	**36,000**	**50,800,000**
Combined interests in 7.3 million gross acres of land	Combined production under Rife's management is over 20,000 boe/d	Combined interests in over 36,000 oil and gas wells	Combined net proved plus probable reserves of 50.8 million boe

The Client

Rife Resources Ltd. (Rife) is a private exploration and production company, wholly-owned by the CN Pension Trust Funds, the pension fund for employees of the Canadian National Railway Company.

Rife manages, through its subsidiary Rife Resources Management Ltd., the operations of Canpar Holdings Ltd. (Canpar) - 3.7 million gross acres of land - and Freehold Royalties Ltd. (Freehold) - 3.1 million gross acres of land. These two companies have a profitable niche of owning oil and gas royalties and mineral titles.

"A large acquisition contributed to Freehold's growth significantly…an enhanced process was required to integrate these assets."

ЯRife Resources Ltd.

100% owned by
CN Pension Trust Funds

Private exploration and production company. Rife manages the assets of Canpar and Freehold.

Canpar Holdings Ltd.

100% owned by
CN Pension Trust Funds

Private royalty holding company with an extensive portfolio of producing and undeveloped mineral title lands.

Freehold ROYALTIES LTD.

27% owned by
CN Pension Trust Funds

Publicly traded dividend paying corporation focused on oil and gas royalties (mineral titles and gross overriding royalties).

The Challenge

To Optimize Processes for Enhanced Royalty Collection

Management of a significant combined asset base of three companies (including two with a royalty focus) presents inevitable business challenges. Administering Rife, Canpar, and Freehold's combined interests in 7.3M gross acres of land and over 36K oil and gas wells; combined production of 20K boe/d; and combined net reserves of 50.8M, without an effective and sustainable royalty management process could lead to a substantial amount of unidentified entitled royalty revenue.

The manual process originally in place to identify entitled royalty revenue was not optimal and described by David Creig, Manager of Compliance, as, "very labor intensive, taking a lot of time and effort, and requiring senior resources to prepare the data."

Rife needed a more efficient way to build closer connections between data to identify inconsistencies, "the previous, labor-intensive way of bringing data together using spreadsheets and manual calculations to determine royalty interests expected and received, took two to four days each month to complete. This was an ineffective use of time and resources," states Creig.

"One of the key drivers in looking to automate royalty management processes included a large 2005 acquisition that contributed to Freehold's accounts receivables growing significantly from prior levels. That led to the realization that an enhanced process was required to integrate these assets".

*Figures above represent the asset base under Rife's management as of 2013 year-end.

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*"GuildOne's royalty solution plays a **key part in the processes** that enable us to **identify and collect the royalty revenues our companies are entitled to."***

The Solution

The Earliest Version of Royalty Recovery - A Synergy Solution

With a goal to improve the royalty collection process in 2007, Rife expanded its internal resources and employed GuildOne to implement a solution to correctly identify and collect entitled royalties. As a pioneer adopter, Creig attests to the significance of GuildOne's royalty solution in the success of Rife's royalty process, stating, "the royalty solution plays a key part in the processes that enable us to identify and collect the royalty revenues our companies are entitled to." Rife's version of Royalty Recovery is designed to meet the unique business needs of Rife, Canpar, and Freehold, and consists of data integration and a series of custom reports.

"With Royalty Recovery and a focus on data maintenance, we have high integrity and confidence in the validity of our data, as such we can be comfortable that opportunities identified are accurate."

The Evolution of Royalty Recovery

Since Royalty Recovery's introduction at Rife, enhancements have been made to the solution to optimize derived value for new clients. The current solution is equipped with automated features and functionalities that improve the royalty identification and collection process. Data from internal and public systems is integrated to provide a comprehensive view of owned assets and their royalty conditions.

An automated workflow manages the entire process from identification to collection, to ensure all opportunities are uncovered and pursued, and alignment between the Land and Accounting groups is achieved. Governed by this workflow engine are two crucial components of a successful process, opportunity traceability and stakeholder accountability. These features make Royalty Recovery the most efficient and effective way to manage royalties.

The Result

Immediate Recovery and Continued Maintenance

"We implemented Royalty Recovery about seven years ago and the most substantial wins happened almost immediately after we implemented. We're now in a maintenance phase, the process is very sustainable, and we continue to see value," says Creig, "even with the additional resources we hired to manage the solution, we have seen a significant positive return on investment."

Royalty Recovery is a fundamental part of the royalty process for Rife, Canpar, and Freehold, which consists also of dedicated resources and some data analysis. Creig states, "We implemented the earliest version of Royalty Recovery in 2007, at that time Freehold's accounts receivable (over 1 year) for outstanding royalty amounts was over $3.7M, due to a large acquisition. To manage these royalties, we

brought in tools and people, so it's difficult to pinpoint exactly how much of the recovered amount related to Royalty Recovery as compared to additional staff and enhanced processes. However, I'm certain that Royalty Recovery played a key role in allowing us to recover such a significant amount. Freehold's accounts receivables are now similar to the amounts they were before the acquisition in 2005, a significant accomplishment considering the much larger asset base. Without Royalty Recovery, it would've been very difficult to achieve this."

Efficiencies and accuracies introduced by Royalty Recovery make it a sustainable solution that provides year-over-year value. "We

have designed processes around it. The findings we have now and will have in the future likely won't be enormous, but that's a good thing. It means the controls we've implemented with Royalty Recovery are working," says Creig.

Confidence in Royalty Data Accuracy

Data integration capabilities and detailed reports are key components of the Royalty Recovery solution. These pieces provide data integrity and confidence in what is reported each month. "With Royalty Recovery and a focus on data maintenance, we have high integrity and confidence in the validity of our data," says Creig, "as such we can be comfortable that opportunities identified are accurate."

Rife generates a series of custom reports that are essential to the royalty management process. "Royalty Recovery amalgamates public production data with our royalty interests, and with payments we've received to help identify outstanding royalties," says Creig. "The primary report we use lists well and royalty payment information, and is then prioritized by opportunity size. We use this report to determine royalty opportunities, but an added benefit is determining our production accruals so we know what to expect from a financial reporting and accruals perspective." With data integrity and powerful reporting there is confidence in Rife, Canpar, and Freehold's royalty data, and the collection requests they send to payors.

Increased Efficiency in Time and Resources

Royalty Recovery has greatly contributed to Rife's shift from labor-intensive manual processes that required a lot of time, effort, and experienced resources, to a more automated, seamless, and easily adaptable process. "The process we used prior to implementing Royalty Recovery required an experienced person, with expertise in several systems including Microsoft Access and Excel, Accumap and Qbyte to generate the data. Now we have relatively junior people who can easily use the Royalty Recovery solution without a lot of training or experience."

"The previous process consisting of spreadsheets and manual calculations to determine what we expected versus what we received, took several days each month to complete. With Royalty Recovery, this process is all done behind the scenes and does not require user resources," says Creig, "we save a lot of time and effort."

Creig is "confident that companies who adopt Royalty Recovery will see positive results within months, and if the solution were ever removed from Rife, Canpar, and Freehold's operations, consequences would be significant."

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. Driven by GuildOne's SynergyDNA™ technology, 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. Flagship products include SynergyStudio™ data exploitation software and FacilityStudio™ data-driven measurement schematic software.

Founded in 2001, GuildOne is headquartered in Calgary, Alberta, Canada.

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

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