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## ***Digital Oilfield's DCR***

Digital Oilfield Inc. has developed a solution called DCR™ (Daily Charge Record), which provides for electronic approval of daily charges onsite, so that items such as drilling contractor day-work and daily rental of equipment are approved by both the company man and the supplier at the rig site. Thus, when the daily charge items are rolled up, they form the approved daily charges for an invoice. Because field-based charges are either approved or disputed and resolved each day, there is no need to pull daily charge information from tour sheets or spend hours reconciling field tickets to electronic invoices. At the end of a drilling job, a single electronic document is produced that summarizes all of the daily charges and their approvals, including any that may be disputed or are still outstanding, organized by supplier. DCR is integrated with Digital Oilfield's OpenInvoice electronic invoicing solution and OpenContract for price reconciliation, so the electronic reconciliation is completely automated. In addition to information entered by the supplier, DCR receives data automatically from Electronic Data Recorder (EDR) status messages, daily rollover and supplier setup messages.

The DCR solution combines software with a "point of sale" touch-screen interface located at the rig site. Each supplier inputs the daily charge information directly into the application, selecting from pre-loaded catalogs. Once the supplier has completed some simple data entry, the data is sent wirelessly to the network, and then the company man has a record of all the supplier charges and can either approve or dispute them online on his networked PC. This is all performed on site while the supplier and company man are in close proximity for discussion purposes. Thus, there's no post-well reconciliation of the daily charges, no relying on memory, and no flipping through paper field tickets or tour sheets to determine what goods or services were actually delivered on any given day. At the end of the well, the operator has a single, complete reconciliation report by supplier. According to Rod Munro, president and CEO of Digital Oilfield, the DCR "point of sale" application is currently being tested on 700 rigs in North America with multiple customers that already use Digital Oilfield's OpenInvoice platform. Munro says the DCR solution will be available to industry in October.

"Having both parties agree to the line items for goods and services at the field site eliminates the age-old problem of trying to predict quantities in a purchase order," Munro said. "If you have a long-term contracted price relationship with a strategic vendor, field supervisors don't have to worry about what pricing details may have been negotiated between the supplier's sales representative and procurement or operations personnel in the office. The problem with reconciling some field tickets is that they are not correct because they don't include the special contract terms that have been negotiated at the office."

Munro explained that if you can get the supplier and company man to agree on the scope and quantity daily at the well site, the negotiated terms captured in Digital Oilfield's OpenContract application will apply the correct pricing to the DCR and reconcile it with the invoice. The obstacle in the past has been that there hasn't been an easy way to digitize this information in the field and send it to the computer in the drilling supervisor's trailer or to the supplier's laptop in the truck.

"Digital Oilfield has seen some of the major suppliers beginning to employ electronic signature pads to capture the operator's approval at the wellsite, which integrates well with the DCR strategy because the electronic approval is sent via satellite to the respective supplier's data center, and is then forwarded to Digital Oilfield," Munro said. "The smaller suppliers may have a laptop, but there's no way to get the information into the operator's system. They have to take it back to home base, connect to the Internet, and enter or transmit the data. The problem is that the company man is not right there to approve it, and they have to go back and forth. The new DCR touch screens will enable these suppliers to agree with the operator right there on site. This is really 'the last mile' in e-commerce for the oil patch."

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