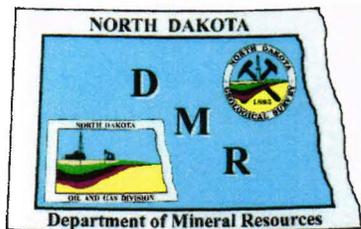


# Department of Mineral Resources



Lynn D. Helms – Director

North Dakota Industrial Commission

[www.dmr.nd.gov](http://www.dmr.nd.gov)

## Information Technology Committee

September 25, 2014

Good Afternoon Chairman Weisz and members of the Interim Information Technology committee. For the record, my name is Fred Anderson and I am a geologist currently serving as the support staff officer for the NDIC's Department of Mineral Resources in Bismarck.

We do not support the current bill draft. We continue to believe, along with the other natural resource agencies, the NDSWC and the PSC, that IT Server Relocation/Consolidation is not in the best interest of our agencies and will be detrimental to the rapidly expanding demands on the N.D. Industrial Commission – Oil and Gas Division, based on several factors:

- No cost savings can be shown on implementation (actually significantly increased costs are expected),
- No improvements in physical security have been identified,
- Multiple examples of failed IT consolidation efforts in other state's oil & gas regulatory agencies (e.g. Colorado, Utah, Ohio, and Wyoming) that utilize the same oil and gas database as North Dakota have been documented (and are attached) and,
- Expected degradation of regulatory responsiveness and agency effectiveness (meaning more down time and delays).

We have always believed that information technology security is important. Our existing information systems configurations at the Department of Mineral Resources currently provide for redundancy and backup of data, are exceptionally well maintained by dedicated staff, and are housed in physically secure and air conditioned locations at Division offices.

Based on these factors we respectfully request that the N.D. Industrial Commission – Department of Mineral Resources be exempted from this bill and server consolidation effort.

Thank you Mr. Chairman and members of the committee, for your time and attention this afternoon, I will be happy to answer any questions that I can.

**NDIC-Oil and Gas Division Summary of Findings for IT Hardware Consolidation**

<b>Findings</b>	<b>Costs</b>	<b>Physical Security</b>	<b>Cyber Security</b>	<b>Redundancy</b>	<b>Service</b>
Ummel Group Study	No Cost Savings Expected	Increase Expected	No Change Expected	15% Improvement Expected	Improvement Expected
<b>NDIC Surveyed Agencies<sup>1</sup></b>					
Colorado Oil and Gas Conservation Commission	Not Quantified	No Change	No Change	Lost IT Staff	Degraded: "Down-Time" increased and services were "off-line" more. Takes longer to get server back up through ITD service call.
Ohio Department of Natural Resources - Division of Oil & Gas Resources	20-30% Increases	No Change	No Change - Still receiving bogus emails	Lost two IT Staff - 3 ITD FTE dedicated to RBDMS	Degraded: Reliability decreased with longer time required to get servers back up under ITD control. When server goes down it is down until ITD is contacted and provides service.
Utah Oil and Gas	30% Increase estimated. Initially presented as a no cost increase activity by Department of Technology Services (DTS).	No Improvement. Physical security measures were adequate prior to consolidation.	No Improvement. DTS experienced a huge data breach in State Health Dept. records post consolidation. \$2Million required to repair security.	Three programmers transferred to DTS. Two of three retasked back to agency to housed and paid for at \$75/hr.	Degraded: Agency, as a customer, has been poorly served by the DTS. RBDMS was being implemented at the time otherwise more issues would have been discussed. Less service provided for greater costs. Outages due to upgrades results in 24-48 hour down periods. What used to take days now takes months to accomplish.
Wyoming Oil and Gas Conservation Commission	Increased costs. Both direct and indirect cost increases. Additional charges for storage, back-up, and consulting fees.	No Change	Less secure. Servers have been "hacked" three times since consolidation.	Existing staff unable to perform their duties until ITD resolves connection issues.	Degraded: Servers down for a week while ITD consolidated hardware and discovered then resolved errors. Customers can no longer run queries on their databases. Additional constraints imposed by consolidation when new features are added or adjusted or when staff or procedures change. Access to data and website hampered. Lack of communication and planning. ITD makes changes without agency consultation.

<sup>1</sup> NDIC-OGD requested the Ummel Group consult with additional oil and gas regulatory agencies, specifically Utah and Ohio, as a part of their scope of inquiry. The Ummel Group did not incorporate the OGD recommendation in their study. As a result, the OGD completed the activity and provides the comments as summarized above.