



**Minutes of OGA Board meeting on 19 December 2017
48 Huntly Street, Aberdeen**

Members	In attendance
Sir Patrick Brown Chairman	Emily Bourne Director, Energy Development and Resilience
Mary Hardy Non-executive Director	Gillian Karran-Cumberlege (observer) Fidelio Partners (not present for item 11)
Robert Armour Non-executive Director	Gunther Newcombe (items 7 and 8) Area Manager
Frances Morris-Jones Non-executive Director	Brenda Wyllie (items 7 and 8) Northern North Sea Area Manager
Rebecca Vallance Shareholder Representative Director	Eric Marston (items 7 and 8) Southern North Sea Area Manager
Andy Samuel Chief Executive	Tom Wheeler (item 11) Director of Regulation
Nic Granger Chief Financial Officer	Matt Redrup (item 11) Head of Investor Finance
	Megan Larrinaga (item 11) Legal advisor
	Caroline Graham (item 11) Legal advisor (to the board)
	Russell Richardson Company Secretary
	Susan Gair PS to Chief Executive (not present for item 11)
	Fiona Gruber Board Secretary

1. Welcome and introductions

The Chairman welcomed members and guests to the meeting, noting that the meeting would be observed by the OGA's board effectiveness evaluator.

2. Minutes and matters arising

The board approved the minutes of the November meeting for signature. Directors agreed that the sole item on the action log could be closed.

3. Conflicts of interest

No conflict of interest with any agenda item, nor as a result of new appointments, was declared by any member of the board.

4. Audit and Risk Committee report

The Chairman of the Committee reported that, when the committee met on 15 November, the NAO confirmed that the OGA is on the GRAA Order which is due to be laid in Parliament in due course. The external audit will follow the same schedule as 2016-17, with the result



that the proposed additional board meeting on 9 July will be needed. The NAO has undertaken to conduct a greater proportion of the audit work at the interim stage. The internal audit is progressing well and the GIAA reported no major weaknesses nor outstanding actions. The committee reviewed the risk register and suggested some revisions for management to consider.

5. Shareholder report

The Shareholder Representative confirmed that the governance specialist from the Partner Organisation Team had now joined the Energy Development and Resilience directorate and would attend monthly governance meetings.

BEIS has concluded interviews for the new OGA Chairman and a shortlist has been prepared for the Secretary of State.

The Shareholder Representative informed directors that this would be her final board meeting and that she would resign from the board in January 2018.

6. BEIS Energy Development and Resilience director update

The Director of Energy Development and Resilience thanked the Shareholder Representative Director for representing BEIS on the OGA board and informed directors that she would be the incoming Representative Director. She will attend the February 2018 board meeting.

She agreed that it would be helpful for a representative from the resilience side of her team to update directors on cyber security matters, probably in March 2018.

She updated the board on departmental matters.

7. East of Shetland and Sullom Voe Terminal update

The Director of Operations introduced updates on two developing, but quite different, Area Plans.

The Northern North Sea (NNS) Area Manager updated the board on the East of Shetland (EOS) Area Plan, which seeks to add value before 2025 - by developing fields over a longer period - and to reduce future decommissioning costs.

The NNS Area Manager is working with the OGA's decommissioning and policy teams, and the government decommissioning cost board, to develop a framework for planned and lower cost decommissioning.

The OGA was pleased to see the successful transition of operatorship of the Sullom Voe Terminal (SVT). The OGA's focus now is on supporting development of a late life operating strategy by the owners of the SVT.

8. Southern North Sea Tight Gas update

The Southern North Sea (SNS) Area Manager updated the board on the second Area Plan, which intends to unlock the potential of tight gas in the SNS. The OGA's Tight Gas Strategy was published in June 2017 to raise the profile of this category of resource, and the SNS



Area Manager has led efforts to encourage industry to cooperate to overcome the technical challenges of tight gas opportunities. Industry has responded well and has used events such as hackathons to generate ideas, many of which are now being evaluated by the OGTC.

The SNS team will be undertaking post well reviews to ensure lessons from drilling and infill drilling are captured so as to maintain momentum in 'joining the dots' in the area.

The board acknowledged the tremendous amount achieved in both areas.

9. Chief Executive report

The Chairman and Chief Executive continue to have constructive meetings with senior oil and gas executives. The Chief Executive was pleased to note some significant recent developments, a promising pipeline of FDPs, and intensive work on 30th Round applications.

He expects Area Plans to remain a big focus in 2018 and hopes that the introduction of transferable tax histories will help maintain momentum on asset deals. He is looking forward to industry making the most of new reports, including on cost. The OGA will formalise its relationship with operators on supply chain matters this week before implementing Supply Chain Action Plans in 2018.

The Chief Executive reported a surprisingly defensive response (pre-publication) to the OGA's consultation on the MER UK Strategy concept of a Satisfactory Expected Commercial Return. The OGA has now developed guidance to formalise the way future consultations are handled.

The board supported the proposed approach to consultations.

The Chief Executive took the board through a series of posters which he had presented to all staff, looking back at the OGA's achievements in its first three years and setting out his expectations of its core business activities for the next three years. It will continue to be important to prioritise carefully to reduce pressure on some teams, perhaps even redeploying people to focus on high pressure areas.

The board signalled that it was content with the direction of travel.

10. Finance report

The CFO reported the current financial position, as set out in her finance report.

11. Decisions on licence extensions

The Director of Regulation presented two papers making recommendations regarding licence extensions. The board discussed a number of points, and proposed a minor modification, before agreeing both recommendations, subject to certain specific conditions set out in the recommendations. The Board asked to be notified when the extensions were offered on these terms, or to have a further opportunity to review, should negotiations with the licensees not be concluded on substantially these terms.

The Chief Executive, being party to prior discussions of the matters in question, did not vote. The CFO, not being party to such prior discussions, did vote.



Oil & Gas
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Company number: 09666504

12. Future meetings

The board noted that 22 February 2018 would be Sir Patrick's final board meeting before his departure on 15 March 2018.

13. AOB

The board noted that BEIS had issued a Direction to the OGA with regard to HFC consents and that one consent decision was under consideration.

A handwritten signature in cursive script, appearing to read "Patrick Swan".

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Chairman

14-03-2018

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Date