



Oil & Gas
Authority

MER UK Steering Group 30th

October 2018

Welcome & Introductions

- Andy Samuel opened the meeting, welcomed everyone and thanked them for their attendance.

Task Force Updates

Exploration

- 3 main focus areas:
 - Yet-to-find
 - Petroleum Systems Project
 - Licensing process

UKCS Yet-to-Find

- This work has been led by the OGA with input from the Exploration Task Force (XTF). Report will be published November. The report looks at UKCS prospective resources and is a substantial update on the previously published yet-to-find estimates.
- The work undertaken has been independently verified by Rose & Associates which has ensured that the process has been transparent.
- 2 different inputs to the yet-to-find figures
 - Mapped feature-level yet-to-find
 - Play level yet-to-find
- The Report will cover the initial findings and more detail will be provided by the middle of 2019.
- The report and data will help promote the UKCS and support companies' portfolios and activities. It will also provide technical input and a useful technical framework for company's exploration strategies.
- Mean prospective resources in UKCS is 4.1bn boe and play-level prospective resource of 11.1bn boe
- Concern that there may be a lack of capability to drill mature prospects.

Petroleum Systems Project

- £3million was given from the Government for this project.
- To ensure that the project would deliver something that is useful to industry they were asked what they wanted.
- A detailed response was received which showed that companies were not looking for interpretation but wanted cleaned up useful complete data sets. This has been the focus for this year.
- Now at the stage of asking the industry for match funding. £1m per year for the next 3 years.
- The request was made for the Steering Group to help promote this project within their organisation.
- The XTF will call for funds at PROSPEX in November.
- Annual contribution would be:
 - £40,000 – Licensees with production
 - £20,000 – Licensees with no production
 - £10,000 – Non-UCKS licence holders, micro-caps, onshore licences only.
- The project will provide access to new and more complete data sets and provide a solid foundation for future exploration work. It will also demonstrate a willingness to collaborate. Vital companies support and fund.
- This will be new information which will go into the NDR.

Licensing Process

- A small targeted work group has been set up to look at ways to optimise and improve the licensing process.
- Feedback/recommendations will be shared at future meetings.

Efficiency Task Force

- Priorities for the Efficiency Task Force (ETF) are:
 - Tender Efficiency Framework – currently looking at how to improve contracting models to gain more efficiency from the supply chain. A lot of work has been done to identify what best practise is.
 - Logistics Optimisation - looking at platform/pooled resources for marine logistics and Digi Lean is looking at benchmarking for materials management. A business improvement networking session was held with 35 attendees, from this a business improvement network is being formed which will share good practice across the industry.
 - ETF roadshows have also been a priority, they have been holding 1 per month with over 800 attendees.

- The next roadshow will be for subsea for the lower tier supply companies.
- The ETF have also been supporting the collaboration roadshow being held on 7th December 2018.
- The biggest issue for the ETF is getting case studies approved to be shared across industry.
- It was discussed if disclaimer on the case studies would get around this issue.
- Important to get good news stories out to industry to help inspire the workforce.

Asset Stewardship

- There is a Resource Reserves Progression Task Group workshop in the 8th November. Take up for this has been poor, but another push has been made to increase attendance.
- Progress has been made on the Technology agenda, the work groups are now getting behind this and have identified some good examples.
- It was highlighted that the wells intervention work group had been carrying out some very good work.

Collaboration

- The final MDs' Learning/Sharing session will be held on 30th November. This will be based on CBQT assessments.
- On the 7th December, there is a senior managers event being held "UKCS Collaborative Culture – What's new and Making a Difference"
- A plan for 2019 will be published by the end of this year.

Technology Leadership Board

- There has been some good work carried out on digital predictive maintenance in collaboration with the Asset Stewardship Task Force.
- On 2nd November, the final review of task force technologies is being carried out. The task force leads were asked to carry out a final check to ensure that they have identified the right technologies.
- The next stage will be to select the key technologies and look for sponsors from key operators.
- List of best practices currently being carried out in industry will be published in December along with the key technologies for each task force and the value to industry from these.

Decommissioning Task Force

- Decommissioning Conference is being held on 27th & 28th November. The Decommissioning Task Force has had a big role in shaping the agenda.
- There is still time to add to the agenda. Budget announcement to be considered for inclusion.

Andy thanked all the Taskforce leads and member for their hard work and asked everyone to consider 1 or 2 key areas that could be taken forward next year.

MER UK Forum

- Date for the MER UK Forum has not yet been decided. It may be early November in Aberdeen.
- Items for the Agenda to include:
 - Welcome and opening remarks
 - New Developments – Andy Samuel
 - Brexit, Budget and Energy Transition – Deirdre Michie
 - Industrial Relations & Workforce Engagement– Deirdre Michie
 - Boom, Bust and Cultural Change – Ray Riddoch, Steve Phimister, Phil Simons
 - Gender Diversity – Dierdre Michie & Andy Samuel
 - AOB & Close
- Dinner topics:
 - Gender Diversity
 - Energy Transition

Wells Update

- Gunther Newcombe gave highlights from the OGA wells insight report which was published on the 30th October. This report can be viewed or download from the OGA website <https://www.ogauthority.co.uk/newspublications/publications/2018/wells-insight-report-2018/>
- The OGA will be looking for help from industry in two areas identified in the report; wells strategy and wells stewardship.
- The OGA intend to pull together a wells strategy which will have 3 elements:
 - Performance improvement
 - Regulatory compliance
 - Increasing activities

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- It is also the intention to have a Wells Stewardship Expectation.
- The OGA would like to work with Wells Managers and O&GUK to help create the frameworks for the Strategy and Expectations.
- The Steering Group members were asked if they considered this to be the correct approach.
The question was also asked what industry could do about the 600 wells that are currently shut in.
- Industry agreed that the report was a good piece of work and that it was good that the existing expectations stewardship model would be used and not something new introduced. This would highlight wells during the tier 1 & 2 process.
- It was also felt that using industry experts would be the correct way forward as this approach worked well on the original expectations.

Resource Challenges

- It was highlighted that it had been raised with the OGA that in 2020 there are indications of a concentrated demand on UK skilled engineering, manufacturing resources, which could cause the oil and gas industry difficulties, when competing for skilled workers.
- The question was asked if the oil and gas industry was planning for this.
- O&GUK have also been made aware of this, however there is no real indication of the impact of this.
- It was also highlighted that 2020 was going to be a big season for the Norwegian sector.
- Some operators are aware of this issue and have started planning, however the question was asked if there was something that the sector could do.
- It was highlighted that other sectors may be further advanced with planning.
- As the regulator, the OGA may be able to influence the timings of the TARs.
- The terminal workgroup is working on getting a clearer picture for terminal outages.
- Scott Robertson will continue to be the OGA lead for this.

OGA Upcoming and Recent Guidance

- Financial Guidance was published August 2018.
- Guidance on satisfactory expected commercial return (SECR) was published August 2019.
- Guidance for the suspension of inactive wells published October 2018 •
Guidance to be published by the end of 2018:

- - Guidance on the reporting and disclosure of information and samples ○ Petroleum Operations Notice (PON) 9 Guidance
 - Guidance on the disclosure of multi-client data, acquired or created post-2017.

AOB

Deirdre Michie advised that a NDR agreement has been reached between O&GUK and the OGA. O&GUK will run the business on behalf of the OGA, working with Schlumberger are the deliverer.

- In two years, it will move to OGA ownership working with Schlumberger. This will fulfil the commitment for data access.
- The budget announcement was a strong indication of the Government's commitment to the industry