



**Minutes of OGA Board meeting on 22 November 2018
48 Huntly Street, Aberdeen**

Directors	In attendance
Frances Morris-Jones Chair	Kalpesh Brahmbhatt (item 7) Head of Disputes and Sanctions
Mary Hardy Non-executive Director	Hedvig Ljungerud (item 8) Director of Strategy
Robert Armour Non-executive Director	Andrew Bullimore (item 8) Policy and Strategy Manager
Andy Samuel Chief Executive	Nick Richardson (item 10) Head of Exploration and New Ventures
Nic Granger Chief Financial Officer	Glenn Brown (item 10) Operations Coordination Manager
Emily Bourne Shareholder Representative Director	Carlo Procaccini (item 11) Head of Technology
	Russell Richardson Company Secretary
	Fiona Gruber Board Secretary

1. Welcome and introductions

The Chair welcomed directors and guests to the meeting, the first of the restructured board programme.

2. Minutes and matters arising

The board approved the minutes of the 25 September meeting and agreed to close outstanding actions.

Noting the out of meeting matters recorded on the agenda, the board commended those involved for their considerable contribution to maintaining production from the Rhum field.

3. Conflicts of interest

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

4. Audit and Risk Committee report

The Audit and Risk Committee Chair reported that the committee met on 6th November to review and approve the external audit plan. The NAO has appointed EY to carry out the audit, with the NAO remaining accountable for it. An improved timetable has been agreed, which incorporates time for NAO review. The GIAA updated the committee on progress with its internal audit.

5. Shareholder report

The Shareholder Director added her thanks to the combined team for the successful continuation of Rhum production, a good MER UK forum at short notice, and for continuing close working on onshore exploration.

Scheduling for the levy regulations and the outcome of business planning are both expected to be confirmed in January 2019.

She confirmed that the review of the OGA in 2019 would be a Tier 3 Tailored Review, looking at form and function, effectiveness and efficiency, and governance, and would be led by the BEIS Partner Organisations team. Confirmation of the reclassification of the OGA as a Non-Departmental Public Body and a review of the framework document will follow the Review.

Interviews for the permanent OGA Chair concluded on 9th November and a panel report is being prepared for Ministers.

6. Chief Executive

The Chief Executive's highlight for the past month was the approval, year to date, of seventeen FDPs and FDPAs, including the significant achievement of the Eastern Graben Area Plan. The board agreed that it was very heartening to see such progress on Area Plans and was pleased to see the strong focus on right assets right hands, whilst building good partnerships with the supply chain, bearing fruit.

Great place to work initiatives are progressing well and staff continue to provide good and open feedback at the listening workshops. He cautioned that, whilst the OGA continues to achieve a lot, there was a need to prioritise more than once a year to prevent the burden becoming too great in some areas. The board agreed that it would consider this when discussing the Corporate Plan in December.

The board discussed the performance report and agreed that, while the OGA was doing all it could now to avoid clustering, the lagging indicator on decommissioning cost reduction should be kept under review.

7. Disputes and sanctions

The Head of Disputes and Sanctions presented the case and issues registers separately for the first time and reported that the escalation process was working increasingly effectively. Two big third-party access cases were successfully resolved in the past quarter, following enhanced facilitation by the OGA and a number of smaller cases on information and samples plans have also been resolved.

The team is developing templates which will reduce handling time and plans to publish case register tracking statistics in 2019, with details set out in the enquiry guidance. He will continue to apply prioritisation principles to cases.

The board welcomed plans to publish tracking statistics; was pleased to see that the focus on identifying poor behaviours was helping to change the culture; and noted that it would consider reviewing the prioritisation policy if necessary.

The board found it helpful to see cases and issues separately but cautioned that issues should be anonymised as far as possible. The board agreed that it would in future review the registers twice a year, with the leadership team reviewing them quarterly.



8. OGA preparedness for EU Exit

The Director of Strategy provided assurance that the OGA, in collaboration with BEIS, had reviewed all the OGA's functions and had concluded that EU Exit would have very limited impact on OGA functions. The OGA has made plans to address the limited issues which emerged from the review.

9. CFO report

The CFO updated the board on the October finance report, noting that revenue was projected to be higher, due to a higher volume of consent activity. Some of the projected underspend is being used to accelerate digital projects and she does not expect funds to be returned to levy payers.

10. Exploration update: new reserves report and exploration activity

The Head of Exploration and New Ventures and the Operations Coordination Manager presented the findings of the UK Oil and Gas Reserves and Resources Report, published in November, which found a healthy inventory of reserves and contingent reserves. The OGA's focus is on reserves replacement, as the replacement rate stands at only 70%. Resource progression is vital and has improved considerably this year.

Levels of exploration activity in 2018 have been disappointing, with a significant number of the originally expected 25 wells slipping. Operators have faced funding and skills shortages, along with some operational issues and reprioritisation. The OGA is encouraging companies to acquire seismic data (including regional seismic) and leverage it more widely to improve prospect development. The OGA will use the launch of the NDR in early 2019 to encourage companies to mine existing data.

The OGA will be publishing a state of the basin report next year and will take a use it or lose it approach to the top 30 prospects on the UKCS.

The Head of Exploration and New Ventures was pleased with applications under the 31st Licensing Round and hopes, with the exploration task force, to develop a longer-term plan to demonstrate the value of funding prospects.

11. Technology agenda update

The Head of Technology updated the board on progress with technology stewardship, which is providing great insights into technology deployment and will help the OGA provide more active stewardship and to highlight proven UKCS technologies across sectors. A list of such technologies, once agreed, will be listed in the forthcoming Technology Insights microsite.

The OGA will use its technology network, comprising the 74 companies which have produced plans, to set a standard for technology plans and co-create expectations, ultimately giving companies greater leverage to secure funding internally.

The board endorsed the direction of travel and thanked him for another comprehensive update.

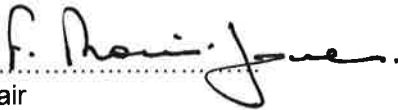


12. Board forward look

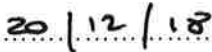
The board discussed the board agenda plan and agreed it should be rebalanced to give greater weight to strategic discussions. The board is scheduled to visit to Barrow-in-Furness in February 2019 to meet regional stakeholders.

13. AOB

The Chief Executive and Company Secretary informed the board that the OGA had been asked to provide a change of control comfort letter in relation to certain licence holdings and gave a brief summary of the outcome of a meeting of a sub-committee of the board to discuss the same. The full board was in agreement with the outcomes of that meeting: that the OGA should follow its offshore policy regarding the issuing of such letters, any decision would take into account all relevant considerations including any representations made by the Government, and it is not the OGA's statutory role to manage the risk of onshore licensees holding unsecured well plugging and abandonment liabilities.



Chair



Date