



# Oil & Gas Authority

## Minutes of OGA Board meeting on 20 April 2016 Busta House Hotel, Shetland

### Attendees:

Sir Patrick Brown	Chairman
Mary Hardy	Non-executive Director
Robert Armour	Non-executive Director
Frances Morris-Jones	Non-executive Director
Andy Samuel	Chief Executive
Philip Lloyd	Interim Chief Financial Officer
Stephen Speed, DECC	Sponsor Director
Brenda Wyllie	North North Sea Area Manager
Fiona Gruber	Board secretary

### Introductions

The Chairman welcomed Brenda Wyllie to the meeting. Gunther Newcombe, Director of Exploration and Production, sent his apologies.

### Minutes of March meeting

The Board approved the minutes of the 24 March meeting. Progress of outstanding actions, as recorded in the action log, was noted.

### Conflicts of interest

No conflict of interest with any agenda item, or as a result of new appointments, was declared by any member of the Board.

### OGA Shetland stakeholder dinner roundtable

The Board agreed that the previous evening's dinner with operators, local councillors and parliamentarians had increased mutual understanding of the complexity of service needs and relationships at the Sullom Voe Terminal (SVT). The Chairman thanked Brenda Wyllie for her continuing work to facilitate an acceptable agreement at SVT and hoped the OGA's visit to Shetland would expedite a satisfactory resolution.

### Exploration and licensing update

The Chief Executive presented highlights of the OGA's exploration plan, which will promote frontier and mature areas in the UKCS, develop quality prospects data and is tracking well programmes. The industry exploration board is working effectively and was consulted on the planned areas for the 2016 seismic acquisition programme.

There has been a very positive response to the release of the 2015 seismic data and the launch of the seismic data competition. The 2015 seismic data will inform the 29<sup>th</sup> offshore licensing round to be launched in summer 2016.

A flexible licensing strategy is being developed, including the Innovate licence, which will open rounds to a broader range of applicants, particularly promote companies.



# Oil & Gas Authority

## **Sponsor Director's report**

The Sponsor Director reported that the Energy Bill had returned to the House of Lords on 20 April and that the OGA provisions were now settled. He cautioned, however, that Royal Assent may be delayed if separate matters within the Bill are not resolved before recess.

He was cautiously optimistic that a satisfactory outcome for the OGA on its pay and reward exemption request could be achieved. The Board would be consulted on the settlement before it was agreed.

Stephen informed the Board that the Director General of Markets and Infrastructure would be DECC's acting Permanent Secretary from 25 April, with Stephen covering his DG role in the interim, in addition to his Director role.

## **Chief Executive's update**

The Chief Executive reported very good progress on the low oil price contingency work by a team which was now almost complete. The team continues to support and encourage companies in having early, constructive conversations with their lenders. It has sought the views of DECC Ministers on how the OGA would exercise its powers in any distressed licensee situations.

The Exploration and Production team is making good progress in resolving significant issues, such as the Theddlethorpe Gas Terminal.

The Oil and Gas Technology Centre held its inaugural Board meeting last week and is making good progress, taking the three Technology Leadership Board themes and decommissioning as its priorities. Securing match funding from industry will also be an important focus in the first year.

A paper on the draft decommissioning strategy is being taken to the Inter Ministerial Group next week and will come to the Board in May.

The Chief Executive has asked the interim Chief Financial Officer to take a fresh look at the OGA's approach to procuring managed services, to ensure that the solution is the best fit for the organisation.

The risk register has been updated to reflect the leadership's team's input and that of the Audit committee.

## **Finance update**

Given the late availability of year-end management accounts, and the very recent arrival of the interim Chief Financial Officer, the Chief Executive updated the Board on the year-end financial position.

The underspend for the 2015-16 seismic programme had increased to £2.2m, which would be returned to HM Treasury. The 2015-16 administration budget underspend had risen to almost £1.5m and would be returned to licensees in the coming months.

The Chief Executive underlined the importance of improved financial forecasting in 2016-17 and suggested that the 2016-17 seismic funding should be incorporated in the overall OGA budget.

## **Path to GovCo update**

Two important exemptions have been obtained which will give the OGA the flexibility it needs to deliver MER UK: DECC has delegated consultancy spend over £20k to the OGA Chief Executive; and the Government Digital Service has approved the OGA's website exemption business case. The third, and most important, exemption request - for pay and rewards freedoms - remains subject to continuing discussion with HM Treasury.



# Oil & Gas Authority

## **Future meetings**

The Chairman noted that the Director of Licensing and Legal would present proposed disputes and sanctions guidance in May and an investment update in June. The Director of Technology Supply Chain and Decommissioning would present her Decommissioning Strategy in May. The Director of Policy, Performance and Economics would present in July. Internal policies would be reviewed by the Board in two phases.

There was no other business.

**Board secretary**  
**April 2016**