



Oil & Gas Authority

Minutes of OGA Board meeting on 22 October 2015 Atholl House, Aberdeen

Attendees:

Sir Patrick Brown	Chairman
Robert Armour	Non-executive Director
Frances Morris-Jones	Non-executive Director
Andy Samuel	Chief Executive
John Ogden	Chief Financial Officer
Stephen Speed, DECC	Sponsor Director
Hedvig Ljungerud (guest)	Director, Policy, Performance and Economics
Eva Zuckschwerdt	PS to Andy Samuel
Fiona Gruber	Board secretary

Introductions

The Chairman welcomed Robert Armour and Frances Morris-Jones to the Board.

Minutes of September meeting

The Board approved the minutes of the 22 September meeting. Progress of outstanding actions, as recorded in the action log, was noted.

Conflicts of interest

The Board agreed to take a measured approach to recording Directors' conflicts of interest (actual or potential), with openness the key. The Chairman supported the suggestion that non-executive Directors should meet stakeholders as appropriate and particularly when the executive team needed additional support. Directors should report hospitality arising from their other interests if OGA business is discussed.

Board terms of reference

The terms of reference were agreed as drafted.

Director presentation

The Director of Policy Performance and Economics set out the current oil and gas fiscal regime in the context of HM Treasury's Driving Investment policy statement. This addresses three key barriers: regulatory, commercial and fiscal and the OGA and HMT have established working groups with industry to discuss how best to support the exploration of frontier areas, reduce unit costs and overcome market failures.

On decommissioning, one of the biggest commercial challenges is the transfer of liabilities and Hedvig made clear that a range of approaches would be considered to promote collaboration, including ensuring the right assets are in the right hands. Technology would also be addressed through the OGA's co-chairing of the Technology Leadership Board.

The Board support the tripartite approach as set out and agreed that it was important for any new forum to be focused on key priorities.



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Communications and External Affairs overview and strategy

The Board registered its support for a coherent and clear overview, but noted that prioritisation would be important. Directors stressed that more is not always better, and that dialogue undertaken out of the media limelight often bears more fruit.

Sponsor's report

Stephen updated the Board on progress in agreeing a draft MER UK Strategy for consultation. The Board acknowledged the size of the task and commended progress to date in balancing competing expectations. The consultation will start in early November.

The House of Lords introduced a number of non-government amendments to the Energy Bill at the Report stage. The Sponsor team is considering how best to handle them, particularly in the context of the consultation on the draft MER UK Strategy. The Board noted that there are further risks of amendments to other areas of the Bill when it moves to the House of Commons and it may be subject to further amendment following the November spending review.

The OGA will hold a workshop with DECC in early November to lay the foundations for a MOU with the Oil and Gas Environmental Directorate (OGED).

Meetings with major oil companies during the Chinese state visit were constructive.

The sponsor team is bedding in but may be impacted, in the short term, by the ongoing DECC restructuring.

Chief Executive's report

The Chief Executive reported the successful completion of the data capture element of the seismic programme, with double the expected area captured ahead of schedule and no health and safety incidents. The data are now being analysed and the final data package will support the exploration of frontier areas.

The eight new work boards have been well received and the levy landed reasonably well at the beginning of October.

An initial meeting with the National Audit Office was constructive, as was the first high level review meeting with the sponsor team. The OGA will now set out its vision of what it expects to be different when it becomes a government company, for the Board's consideration.

The OGA's consultation on its draft five year corporate plan and the 2016-17 levy will start in early November and will run in parallel with DECC's consultation on the draft MER UK Strategy. The OGA is developing an integrated forward plan to map key milestones and avoid duplication, particularly on stakeholder meetings.

Corporate Plan

The Board agreed that the draft plan sets out activities and actions clearly but wondered whether the linkages between KPIs and actions were sufficiently clear. On the quality of data to be shared, the Board was reassured that it was a priority for the OGA to build stronger data foundations.

The Board noted that the OGA will soon publish its policy on UK content in oil and gas procurement.

There was a discussion of the value of publishing production efficiency ratings and the Board felt that such attempts to influence behaviour could be effective. It agreed that sanctions should only be used as a last resort.



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Finance and accommodation update

The Chief Financial Officer reported that levy had landed well overall and that good progress was being made in manually extracting the OGA's 2015-16 opening balance sheet. Implementation and monitoring of financial controls was progressing well and the tender for HR and finance managed services was issued this week. The top 12 risks, captured in a simple risk register, were reviewed by the leadership team in October and reflect its assessment of key risks.

Accommodation

The move to the first floor at King's Buildings went smoothly and provides an improved working environment. Heads of terms for the longer term move to 21 Bloomsbury Street are expected to be agreed by the next OGA Board meeting. The fit-out work will be more straightforward than the work on the new Aberdeen headquarters. Work on the Aberdeen office fit-out is progressing well and the OGA is expected to move in on 23 November.

Action: Board secretary to circulate the risk register and financial controls implementation tracker to non-executive directors.

Future meetings/topics

The Director of Technology, Supply Chain and Decommissioning will present on technology at the November meeting.

AOB

The Board agreed to convene occasionally at key oil and gas installations and proposed holding the March meeting at the Sullom Voe terminal on Shetland.

The DECC Secretary of State has supported the appointment of Mary Hardy as Chairman of the Audit Committee, paving the way for the first Audit and Risk Committee to be scheduled in November or early December. An official announcement of the appointment of all three non-executive Directors will be made shortly. Two Directors signalled their lack of availability for the January 2016 meeting.

Action: Board Secretary to adjust the dates of Board meetings where practicable and draft a press announcement of the non-executive Director appointments.

**Board secretary
October 2015**