



Oil & Gas Authority

Minutes of OGA Board meeting on 21 October 2016 48 Huntly Street, Aberdeen

Attendees:

Sir Patrick Brown	Chairman
Mary Hardy	Non-executive Director
Robert Armour	Non-executive Director
Frances Morris-Jones	Non-executive Director
Stephen Speed, BEIS	Shareholder Representative Director
Andy Samuel	Chief Executive
Philip Lloyd	Interim Chief Financial Officer
Nick Richardson (guest)	Head of Exploration and New Ventures
Chris Walker (guest)	Head of Communications and External Affairs
Russell Richardson	Company Secretary
Fiona Gruber	Board secretary

Introductions

The Chairman welcomed Board members and guests to the meeting.

Minutes of 22 September meeting and summary note of strategy day

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

The Board endorsed the summary note of the 21 September Board strategy day and agreed that the key messages - use it or lose it; transparency is of fundamental importance; the OGA must use its powers appropriately - should be reinforced for staff, at MER UK in Practice, and in other fora.

On the question of attracting talent to the OGA, the Chairman proposed that the Board Secretary draft a paper setting out the benefits of working for the OGA, contrasting the working style with that of industry.

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.

Outstanding matters post-vesting

The Board noted the Chairman's report on matters which remain to be resolved post vesting and agreed that the Board would review the list at subsequent meetings. It agreed that the OGA would issue an internal note to elucidate the boundaries of *relevant persons* under the MER UK Strategy and the Energy Act 2016.

Nomination of a Director

On the recommendation of the nominations committee, which met by correspondence on 14 October 2016, the Board supported the appointment of Nicola Granger, the OGA's incoming Chief Financial Officer, as a Director.

Shareholder Representative Director update

The Shareholder Representative Director congratulated the OGA for its achievement in vesting on 1 October and conveyed his thanks to all involved. He further thanked the OGA for its substantial



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contribution to UKCS resilience work and agreed to share the resilience manual and horizon scanning tool with the Board.

The Shareholder Representative Director confirmed that the government was assessing the impact of the UK leaving the European Union on all sectors of the UK economy.

The Shareholder Representative Director confirmed that, if the Board is required to consider a matter on which the Shareholder has powers of direction, the Shareholder Representative Director would seek the agreement of the Board that he should withdraw from all discussions relating to specific regulatory or sanction decisions to be taken by the Board.

Regarding membership of the Nominations Committee, the Shareholder Representative Director undertook to consider whether his membership would represent a conflict with his duty to advise the Shareholder to endorse appointments.

Seismic programmes report

The Head of Exploration and New Ventures updated the Board on the 2015 and 2016 seismic acquisition programmes, including uptake of the freely available data and the data reprocessing and interpretation potential from the competition winners' work. The programmes have stimulated demonstrable benefits to the supply chain and publication of the data using an open government licence has enhanced reprocessing opportunities. The 29th (frontier) licensing round, which offers acreage based on the 2015 seismic data, is due to close on 26th October 2016.

The Board agreed that, in order to understand how broadly the benefits are felt, the OGA should record the short term benefits, including tracking how companies use, enhance or supplement the data.

The Board further agreed that the OGA should endeavour to publish a longer term licensing schedule and consider allowing longer periods for operator evaluation.

The Head of Exploration undertook to update the Board on the outcome of the 29th licensing round.

MER UK in Practice – event briefing

The Head of Communications and External Affairs briefed the Board on the forthcoming MER UK event in Aberdeen. The event is oversubscribed, with very strong senior attendance from across industry. The Board commended the narrative material it had received and looked forward to a successful event.

Risk register review

The Board reviewed the risk register, agreeing to add one risk and remove and consolidate others.

The risk register is reviewed by the Board quarterly, with the Audit Committee separately seeking assurance on mitigating actions.

Chief Executive's report

The Chief Executive outlined the work he has commissioned from OGUK on cost and efficiency, emphasising the importance of ensuring that baseline numbers are robust and that efficiencies achieved to date are sustainable.

Whilst acknowledging that the OGA does not regulate the supply chain, the Chief Executive underlined his concerns that supply chain jobs and skills are not jeopardised unnecessarily.



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He confirmed that the new OGA organisation, with simplified Directorates, was landing well and the delegation framework was on track to be implemented in the first week of November, once endorsed by the Audit Committee.

He expressed his gratitude to all those who had worked to ensure the new OGA website and intranet were a success.

Finance report

The Chief Financial Officer outlined the current financial position, highlighting areas which were currently forecast to underspend, including the IT budget.

Following the OGA's vesting as a government owned company, he recommended that the Board consider establishing a reserve as contingency for potential legal costs. The Board agreed and asked him to write a paper for the Audit Committee's consideration on 2 November.

Future meetings

In November, the agenda will include a review of upcoming legal issues, an update on onshore activity and a first look at the 2017-18 budget.

A special meeting will be convened in November to consider a sanctions case study.

A Board agenda forward look will in future be circulated with the Board papers.

AOB

The Board agreed that it would like to see a paper on the OGA's due diligence procedures for UKCS licensees.

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Chairman

21/11/2016

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Date

