



Oil & Gas
Authority

Consultation on an increase to the OGA Levy to fund the United Kingdom Oil and Gas National Data Repository

Date of publication 10/11/2017
Closing date 08/12/2017

Contents

General Information	3
Introduction	4
Funding the NDR	5
Regulatory Impact Assessment and Equality Impact Assessment	9
Annex A: Response Coversheet	10

The consultation can be found on the OGAs website: <https://www.ogauthority.co.uk/news-publications/consultations/>

© OGA Copyright 2017

You may re-use this information (not including logos) free of charge in any format or medium, under the terms of the Open Government Licence. To view this licence, visit: www.nationalarchives.gov.uk/doc/open-government-licence/ or write to the: Information Policy Team, The National Archives, Kew, London TW9 4DU or email: psi@nationalarchives.gsi.gov.uk

Enquiries to:
David Lecore
Oil and Gas Authority
AB1 Buildings
48 Huntly Street
Aberdeen
AB10 1SH

Tel: 0300 020 1079
Email: NDRLevy@ogauthority.co.uk

Published by the Oil and Gas Authority

General Information

Purpose of this consultation

The Oil and Gas Authority (OGA) is seeking the UK oil and gas industry's views on a proposed increase to the levy on industry to cover the cost of establishing a United Kingdom National Data Repository (NDR).

Issued: 10/11/2017

Respond by: 08/12/2017

Territorial extent: The offshore petroleum-licensing regime has UK extent. Offshore petroleum licences are awarded for areas in the UK's territorial waters and the UK Continental Shelf.

Responding to this consultation

The OGA invites written views and comments on the proposal to be made by 08/12/2017. Your response will be most useful if it is framed in direct response to the questions posed, though further comments and evidence are also welcome.

Please submit your response by email or in writing to the addresses below.

The OGA has produced a coversheet for responses (see Annex A) and asks that you complete and include it with your response, which should speed up the processing of responses, and help to maintain confidentiality where appropriate.

Written responses to the consultation should be sent to:

David Lecore
Oil and Gas Authority
AB1 Buildings
48 Huntly Street
Aberdeen
AB10 1SH

Email: NDRLevy@ogauthority.co.uk

Representative groups are asked to give a summary of the persons or organisations they represent when they respond.

Additional copies

Other versions of the document in Braille, large print, audio or Welsh can be made available on request. Please contact us using the 'enquiries' details to request alternative versions.

Confidentiality and data protection

The OGA will aim to publish a summary of the responses to this consultation and its response within 12 weeks of the close of the consultation.

The OGA does not intend to publish individual responses to this consultation. However, the OGA is subject to the requirements of the Freedom of Information Act 2000 and the Environmental Information Regulations 2004 so if you think any part of your response should be kept confidential, please place such part(s) in a separate annex to your response and include your reasons why this part of your response should not be published. For example, this may include information such as your personal background and experience. Therefore, if you want your personal details to remain confidential, please provide them in the coversheet only so that the OGA does not have to edit your response.

If someone asks us to keep part or all of a response confidential, we will treat this request seriously and will try to respect this.

Please also note that copyright and all other intellectual property in responses will be assumed to be licensed to the OGA to use for its regulatory remit.

Quality assurance

This consultation has been carried out in principle with the government's consultation principles.

If you have any complaints about the consultation process (as opposed to comments about the issues which are the subject of the consultation) please address them to:

OGA Consultation Coordinator
21 Bloomsbury Street
London
WC1B 3HF

Email: ogaconsultationcoordinator@ogauthority.co.uk

Introduction

- 1.** The OGA was formed in April 2015, initially as an executive agency of the Department of Energy and Climate Change (now Department for Business, Energy and Industrial Strategy (BEIS)). In October 2016, the OGA became a government company, limited by shares under the Companies Act 2006, with the Secretary of State for BEIS as the sole shareholder. The OGA's role is to regulate, influence and promote the UK oil and gas industry to maximise the economic recovery of the UK's oil and gas resources¹.
- 2.** The OGA's vision, documented in its Information Management Strategy², is to 'create an environment where information and data can help maximise the value created by the industry and achieve maximum economic recovery from the UK'. The establishment of an NDR is fundamental if that vision is to be realised. Benefits are considerable and documented below.
- 3.** At present Common Data Access Limited³ (CDA) provide a digital data repository to some licensees. To deliver an effective NDR in a short timeframe the OGA intends to build on the existing data repository by initially establishing a contract with CDA.
- 4.** The OGA is primarily funded through a levy on all offshore petroleum licence holders.
- 5.** The OGA is now seeking the oil and gas industry's views on a proposed increase to the levy to cover the cost of establishing and maintaining a United Kingdom Oil & Gas National Data Repository (NDR), matched by a removal of equivalent CDA fees from January 2019.
- 6.** The CDA Board is aware, and in principle supportive, of the OGA's plans.

¹ The OGA also regulates the UK's carbon storage, gas storage and offloading activities.

² <https://www.ogauthority.co.uk/news-publications/publications/2016/information-management-strategy/>

³ CDA is a wholly owned subsidiary of Oil & Gas UK, which is a trade association for the UK offshore oil and gas industry.

Funding the NDR

7. The Wood Maximising Recovery Review, published in February 2014 stated: “the ready access to timely data is a prerequisite for a competitive market and this is even more important in an industry which relies on good data to create value”. In its Activity Plan 2017 and 2018 the OGA stated its intention to implement an operating model for a United Kingdom National Data Repository (NDR) to improve access to offshore petroleum related information.
8. Offshore licensees have certain obligations to retain and report licence related information. Many licensees currently fulfil some of their obligations by submitting relevant information to UKOilandGasData.com, a digital data repository operated by Common Data Access Limited (CDA) a wholly owned subsidiary of Oil & Gas UK, which is a trade association for the UK offshore oil and gas industry. The OGA does not currently have the in-house means to receive, curate, retain or publish this information.

Proposed NDR model

9. To deliver an effective NDR in a short timeframe the OGA intends to build on the existing data repository, by initially establishing a contract with CDA, to include providing access to relevant parts of the current data collection. CDA's current service is funded through a membership subscription model. Therefore, only those companies who are fee paying subscribers to CDA's service are able to directly benefit from the use of this service⁴ and to benefit from the collaborative functionality it offers.
10. The OGA proposes that the cost of these services will be covered through an increase in the levy whilst CDA would, simultaneously, cease to charge members a subscription fee⁵. The net result is intended to be an overall neutral cost to industry as a whole, albeit with Value Added Tax (VAT) added⁶.
11. For illustrative purposes only, assuming no change in the levy methodology and the number of licenses remaining the same as of 1st April 2017, this could mean an increase on the levy per licence in the region of the figures as show below.

	2018/2019*	2019/2020
Producing licences levy increase	£3,000 (estimated)	£10,800 (estimated)
Standard non-producing licences levy increase	£400 (estimated)	£1,500 (estimated)
Non-producing reduced rate levy increase	£40 (estimated)	£150 (estimated)

* Figures in the 2018/2019 column cover only the quarter commencing January 2019 when the contract with CDA is planned to commence.

⁴ Limited exceptions exist such as 30th licence round data published openly by the OGA.

⁵ Fees for media and other 'additional' services would prevail as they do in the current model.

⁶ As a government company, the OGA cannot reclaim the VAT.

12. Licensees who are not CDA members are currently required to fulfil their relevant reporting obligations for well data by providing a copy of their data to the OGA's appointed data release agents. Under the OGA's proposal, these arrangements would no longer be needed, meaning those companies would incur no additional reporting burden, whilst gaining wider data access and collaborative benefits, offered by the CDA service.
13. Under the proposed NDR arrangement levy payers will be able to access data that is created or acquired on their behalf, in addition to data that is disclosed (released) by the OGA. Owners of certain other categories of data, such as well log data and seismic surveys (who are not necessarily licence operators), will also be able to upload and set entitlements⁷ for levy payers to be able to access their data.
14. The NDR services will initially be pertinent to two categories of 'relevant persons' (as defined in section 9A(1)(b) of the Petroleum Act 1998). Those are holders of petroleum licences and operators under petroleum licences. It is these 'relevant persons' who create the data currently submitted to UKOilandGasData.com in order to fulfil licence obligations. The data reporting requirements of the other categories of relevant persons are not in the scope of this initial phase of the NDR.
15. Alternative models for managing the retention, reporting and disclosure of information and samples have been considered by the OGA, including the establishment of an NDR without CDA input, and the continuation of current arrangements. The model proposed in this consultation, designed to avoid the high set up costs associated with starting a new NDR service, is considered the most sustainable approach to maximising value from information and industry collaboration long term, and best supports the OGA's regulatory function.
16. The OGA recognises that CDA membership fees have been, in part, calculated based on the number of wellbores for which data is held and that changing to a system based on the number of licences held by levy payers may not result in a direct swap in costs for individual companies. However, there is a general correlation, as companies with the largest well count tend also to be holders of the greatest number of petroleum licences.
17. Typically, those companies who currently pay higher CDA membership fees are also those companies that pay a higher proportion of the levy.

The benefits of establishing the United Kingdom NDR

18. CDA has made considerable industry cost savings via its collaborative data sharing model. In 2015 CDA conducted a study that identified £256 million in savings over the previous 20 years, while over the same period the funding for CDA was £54 million⁸. The OGA intends to continue the industry collaborative model established by CDA and, accordingly, the consequent savings to industry. In addition, the OGA expects to be able to unlock significant extra value from the future NDR model, by implementing a number of measures including:
 - Widening the existing CDA collaborative model to include all levy payers and other users, significantly increasing data access and transparency
 - Reducing the need for retention of information and samples by licensees, subject to satisfactory reporting of information and samples to the OGA
 - Improving completeness within the data collection, with the aim of promoting exploration and development

⁷ Entitlement means provision that can be made by those submitting data, to allow others (typically those in the same licence group or trade partners) to view and download data. Currently the users of UKOilandGasData.com can only see data that they have been 'entitled' to see.

⁸ Data from Common Data Access Limited, CDA the First 20 Years, 25th March 2015.

- Developing the NDR platform for new data types such as field and production data and aggregating data from other systems, thereby reducing current complex data access and reporting arrangements
- Lowering the barriers to accessing information and samples, thereby encouraging investment in the UKCS
- Facilitating the application of new technologies and analytical techniques that can be applied to the data collection, thereby aiding exploration and production efficiency
- Facilitating new products and services in the supply chain, by making information and samples more accessible to academia and the supply chain

Together these measures and others are likely to yield increased value in addition to the proven value case for existing arrangements previously identified by CDA. The incremental value over the next 10-20 years is likely to be very significant and has the potential to provide a greater return on investment than that realised historically by CDA.

Benefits of an all-levy payer access to NDR services

19. CDA offers a collaborative model, where any full member can not only satisfy its licence data reporting obligations, but also 'entitle' access to its reported data to their licence group and others (so long as they are CDA members) and also access and download other data that has been made available to all CDA members.
20. This collaborative model will be expanded in the NDR, to enable all levy payers to have access to data that is created or acquired on their behalf and to access and download all other publicly disclosed data without paying CDA membership fees. The current CDA entitlement model is restricted to CDA's 56 members and the estimated increase in levy paying companies gaining access would be a further 70 companies.

Access to the NDR by non-levy payers

21. There is a category of CDA membership called 'Associate Member'. Associate membership provides access to disclosed data through the UKOilandGasData platform. These members are not licensees (and therefore do not pay the levy), but are mainly companies who conduct studies and interpretations of data and then make the products of this work commercially available to licensees. This activity is of benefit to the wider industry and it contributes to the principle objective of maximising the economic recovery of UK petroleum (MER UK).
22. It is the OGA's intention to continue to provide access to disclosed data to those who create products that would contribute to MER UK, assist academic research, aid the education of those studying petroleum related topics or to increase investment evaluations on the UKCS. In addition, providing wider access will benefit the industry supply chain and, in turn, provide benefits to levy payers, who would be able to access products created by the supply chain.
23. The OGA will ensure that the cost of accessing disclosed data is kept at a minimal level, so as not to act as a barrier to data access. Like other NDRs (e.g. Norway), it is proposed that access to the UK NDR be subject to a small charge, to cover costs and to limit misuse of the service. It is anticipated that these charges would be made by CDA and may reduce the cost of the service to levy payers.

Increase in levy in 2018/19 financial year

- 24.** It is proposed that the OGA contract with CDA will commence on 1st January 2019 to coincide with the CDA membership calendar year. CDA members would cease to pay membership fees from this point. The 2018/19 levy would therefore be increased to satisfy the contract running in the final quarter of the OGA's financial year. The proposed increase to the 2018/19 levy, to fund the NDR in this initial quarter is £925K, equating to <5% increase in the total levy.
- 25.** In 2019-2020 the funding required to run the NDR for the first full year is expected to be £3.35M. Based on the industry levy for the current financial year, this increase would constitute a 16% increase on the levy from the current financial year.
- 26.** The OGA intends to continue to fund the NDR from the levy in future years and will continue to minimise costs where possible.
- 27.** The OGA are committed to setting the levy in a fair and transparent manner. While the OGA recognises that the industry currently faces significant challenges and that new costs are unwelcome, it is essential the OGA has appropriate resources to work with industry and government to deliver MER UK. In setting the levy for 2018/19, the OGA remains committed to value for money and will aim to keep the running costs of the organisation flat, in real terms, despite now being fully staffed.

Next Steps

- 28.** If there is support for the proposal to fund the NDR by an increase in the levy, then the OGA will establish a contract with CDA for the services in scope. The CDA Board is aware, and in principle supportive, of the OGA's plans.

Q1. Do you agree with the OGA's proposal to fund a UK National Data Repository through the levy? **Yes/No**

If your answer is no please provide detail regarding why you do not agree with the proposal.

Q2. Do you agree with the imposition of a small charge facilitated by CDA, to allow non-levy payers to access disclosed data? **Yes/No**

If your answer is no please provide detail regarding why you do not agree with the proposal.

Q3. Are you a CDA member?
Please select from the following:

- Yes
- No
- Don't know
- Prefer not to say

If your answer is yes, please select from the following:

- Full member
- Associate member
- Partner member
- University member
- Don't know
- Prefer not to say

Regulatory Impact Assessment and Equality Impact Assessment

- 29.** The proposal to fund the provision of the NDR by increasing the levy will not impose new costs on the UK offshore oil and gas industry. The increase in levy will be offset by the removal of a similar financial cost from the fees that industry currently pay to CDA and costs incurred by non CDA members to satisfy reporting and retention requirements for licence data under the model clauses, so the proposal is intended to be cost neutral to the industry.
- 30.** The OGA has a general duty under the Equality Act 2010 in carrying out its functions to have due regard to the need to:
- eliminate unlawful discrimination, harassment and victimisation;
 - advance equality of opportunity between different groups; and,
 - foster good relations between different groups
- 31.** Further details can be found at <https://www.equalityhumanrights.com/en/equality-act/equality-act-2010>.

Annex A: Response Coversheet

CONSULTATION ON AN INCREASE TO THE OGA LEVY TO FUND THE UNITED KINGDOM NATIONAL DATA REPOSITORY FOR OFFSHORE PETROLEUM RELATED DATA

To: David Lecore, NDRLevy@ogauthority.co.uk

YOUR DETAILS

Name: _____

Company/organisation: _____

Position: _____

Email address: _____

Address: _____

Representing: _____

CONFIDENTIALITY

Please tick below if you consider any part of your response is confidential, giving your reasons why:

Nothing Name/contact details/position _____

Whole response _____

Part of the response Company/organisation _____

If there is no separate annex, which parts? _____

If you want any part of your response, your name or your organisation to be kept confidential, can the OGA still publish a reference to the contents of your response including (for any confidential parts) a general summary that does not disclose the specific information or enable you to be identified? YES/NO

DECLARATION

I confirm that the correspondence supplied with this coversheet is a formal consultation response that the OGA can publish, except as indicated above.

However, in supplying this response, I understand that the OGA may need to publish all responses, including those which are marked as confidential, in order to meet legal obligations.

If I have sent my response by email, the OGA can disregard any standard email text about not disclosing email contents and attachments.

Name:

Signed (if hard copy):

