



## **MER UK Forum Steering Group Meeting**

**25<sup>th</sup> January, 2018**

### **Meeting Attendees:**

Andy Samuel, Co-Chair, MER UK Steering Group,  
Greta Lydecker, Co-Chair, MER UK Steering Group  
Deirdre Michie, Chief Executive, Oil & Gas UK  
Ray Riddoch, Co-Chair, Oil & Gas UK  
Terry Savage, Co-Chair, Oil & Gas UK  
Steve Phimister, Cultural Change Champion  
Nick Terrell, Chair Exploration Task Force  
Jon Graham, Chair, Asset Stewardship Task Force  
Phil Simons, Chair Efficiency Task Force  
Terri King, Chair, Decommissioning Task Force  
Bill Dunnett, Chair, Technology Leadership Board  
Neil Sims, Chair, Supply Chain Task Force  
Gunther Newcombe, OGA  
Jenny Stanning, Oil & Gas UK  
Susan Gair, OGA  
Marian Bruce, OGA, Secretariat

### **Welcome & Introductions**

- Greta Lydecker opened the meeting, welcomed everyone and thanked them for their attendance.
- Greta advised that the agenda item 'Industry feedback on the OGA' had been removed from the agenda but would be ready for the next meeting.

### **Reminder on the Purpose of the Steering Group/Forum**

- Andy Samuel gave a high-level overview on the purpose of the Steering Group, he highlighted an addition to the ToR's:
  - Where the OGA is to issue a consultation or guidance, the OGA may hold an informal consultation/road-testing before doing so to check for unintended consequences, factual accuracies and/or clarity of the guidance or proposal, normally via the MER UK Steering group or a MER UK taskforce.

- The Steering group agreed to this addition, highlighting there may be areas where others may need to be involved. Andy agreed that this would be done on a case by case basis.
- Andy also asked the group for input on the frequency of the Steering group meetings which are currently held twice per year. Following discussion, it was agreed that Steering Group meetings should be held quarterly.

### **Task Force Updates**

Task Force updates were sent as meeting pre-reads which are now available on the OGA website.

### **Decommissioning – Terri King**

- Decommissioning Task force (DTF) has two active priority areas:
  - Modelling for cost reduction
  - Regulation in practice
- DTF goals for 2018 include working with the OGA to establish a set of KPI's to measure against the cost reduction target.
- Identify and share with OGTC/ TLB relevant technology areas for Cost Reduction.
- Gunther Newcombe advised that a new cross-government Decommissioning Cost Board has been established with membership from HMT, HMRC, BEIS OPRED & OGA that will meet quarterly.
- Andy advised that it would be useful to invite Terri to be a guest at one of their meetings.

### **Exploration – Nick Terrell**

- The Exploration Task Force has 4 priorities:
  - Yet-to-Find
  - Exploration Managers' Forum
  - 21CXRM, phase 2
  - Machine Learning
- Industry engagement and funding is needed for the next stage of regional geo-science projects. The task force will need MD level commitment for this.
- Andy reinforced the need for MD level commitment. He also added that going forward we might be better looking at value targets rather than sheer number of wells. It was agreed that this was more appropriate.

## **Asset Stewardship – Jon Graham**

- The Asset Stewardship Task Force are currently working on 3 priority projects:
  - TAR task group – established interface with the OGTC
  - Terminal task group - production losses review, commenced terminal outage optimisation
  - Production Efficiency task group are supporting the TLB Digital and Data Analytics landscaping study
- Very successful cross industry event was held in November with a visit to the Torness Power Station. Gunther advised other task groups were also engaging with the nuclear industry and there was a need to avoid duplication.
- EOR - Polymer lessons learned 'starter pack' was published in October 2017.
- Integrity - 1st Task group meeting of the integrity managers has been held and tangible deliverables agreed.
- Guidance was sought regarding the governance of the Integrity Task Group. It was agreed that the final decision would sit with Jon Graham.
- Support was also sought at MD level for the reserves progression via Reservoir & Wells Optimisation Task Group.

## **Efficiency – Phil Simons**

- The Efficiency Task Force (ETF) vision is to 'seek, evidence, promote and provide access to efficient practice across oil and gas whilst maintaining safe operations'.
- This year will be about promotion through workshops, seven workshops were held last year and the intention is to hold one or two per month this year.
- This will need MD engagement to help get the message out to their staff.
- There is now a network of 150+ efficiency champions.
- A tender efficiency survey was issued – 37% response rate from buyers and 9% response rate from sellers. This is being pushed again.

## **Technology – Bill Dunnett**

- New Technology Leadership Board (TLB) ToR with streamlined priorities approved in November, focus on 3 workstreams:
  - Strategy - wide industry stakeholders being engaged
  - Monitoring - building on OGA technology report, and established KPIs
  - Communication - landing strategy to appropriately keep industry engaged scheduling key events for 2018

- Plan to engage and align with the OGTC and the other task forces with the aim to get one headline technology for each of the task forces which was well received by the steering group.
- Technology deployment is an area that needs to be looked at.
- Andy advised that the OGA would be publishing its Technology Report in February.

### **MER UK Task Force Area/OGA priorities – Greta Lydecker**

- Greta provided an overview of the work being carried out by the MER UK task forces as measured against the OGA priorities.
- Under Revitalise Exploration there is a lot of good focus items, likewise for Asset Stewardship.
- For Driving Regional Development and Protecting Critical Infrastructure there is no clear link to the task forces, however there are the area plans and benchmarking from the Asset Stewardship Survey.
- The question was asked if the TLB should be looking at the technology needs from the area plans. It was agreed that this would be a good idea.
- There is strong alignment for decommissioning with good focus areas to drive progress.
- Creating the Right Conditions is being supported by the work Steve Phimister is doing, there is also the OGA's behaviour tool.
- For the Supply Chain the links are not as clear.
- It was identified that there may be a gap on infrastructure and infrastructure optimisation.

### **Industry Cultural Change – Steve Phimister**

- Pre-read paper had been shared prior to the meeting which outlines the summary of the first phase – collating views and opinions from the past.
- The Steering Groups views were sought on the actions and the proposed way forward.
- The proposals will be going to both the operator and contractor councils before going to the O&GUK board. Staff resources will be required to take the proposals forward.
- First action is to develop a roadmap for the achievement of Vision 2035, O&GUK are leading this. It was identified that this had good links with the Sector Deal.
- The second area is about self-assessment for companies and it was proposed that this was led by O&GUK board members and that companies adopt the use of the OGA collaboration tool. The intent is to get quality transparent data to support conversation.
- Andy highlighted the need to differentiate between the uses of this tool; companies using it themselves or in JVs e.g. operator to JV partner as distinct to where the OGA uses it directly with operators.

- Operators also to use Deloitte's work to identify what good looks like in their interactions with service companies.
- Third area is a request that MD's personally promote collaboration within their companies and establish expectations.
- Area plans are also to be utilised to actively implement/set-up behaviours and collaborative ways of working. It was proposed that a task/finish group is established to outline what good looks like. A request was made that the Steering Group members nominate staff from their companies to join this group.
- It was identified that there are four levels, which may be good to distinguish between, recognising these all may be connected:
  - Between companies within a JV
  - JV to JV in an area
  - Operator/JV to service sector companies
  - Groups of operators in an area with service sector companies
- The OGA area plan guidance is there to help and should not be a constraint, if constraints are identified the OGA will listen and make appropriate changes to the guidance if required.
- Ray Riddoch offered an employee to join the task-finish group.
- It was highlighted that collaboration down through the supply chain (e.g. Tier 1 to Tier 2/3s) is not being addressed and could account for 60% of the cost of a field development. This is currently not within the ToR for the project, but may need to be brought in.
- Andy offered the OGA's help and thanked Steve for his commitment and the work he has done so far.

## **MER UK Forum Agenda & Sector Deal**

### **Forum Agenda**

- Andy apologised for the short notice date change for the MER UK forum.
- The MER UK Forum agenda had been shared as a pre-read. Deirdre Michie gave an overview of how they planned to cover the Forum agenda and who would provide examples.
- The key messages industry will give are:
  - the importance of this industry to the UK economy
  - progress made
  - fiscal
  - investment

### **Sector Deal**

- Jenny Stanning gave an overview of what Trevor would cover:
  - Background
  - Journey to current position
  - Links to Vision 2035
  - SWOT analysis
  - Focus on the 3 main areas with particular attention given to technology and underwater engineering.

- Andy congratulated the team for the work undertaken to date and on the level of collaboration across the industry on the Sector deal.

## **AOB**

- Andy gave an overview on some of the OGA's forward outlook:
  - Licensing Events
    - 4th Round determinations – Mid February operators and complete mid-March
    - 30th Round awards – Q2 2018
    - 31st Round launch - aiming for Mid 2018
  - New reports
    - Technology – Q1 2018
    - Wells – Q1/Q2 2018
  - Guidance
    - Supply Chain Action Plans - Go live 1<sup>st</sup> April 2018
    - Information samples and retention guidance (working with industry SMEs via OGUK)
    - Considering Financial checks guidance refresh
    - FDP refreshed guidance - road testing via Asset Stewardship taskforce
  - Formal Consultations
    - To fund NDR through Levy - closed 8<sup>th</sup> December 2017
    - SECR - closes 1<sup>st</sup> March 2018
  - Stewardship
    - Area Plans remain a priority
    - Tiered meetings – will be further focused and use a robust data driven approach, reinforcing the stewardship expectations
    - 25<sup>th</sup> April annual MDs meeting
  - Levy
    - 1<sup>st</sup> April 2018

There was no further AOB. Andy & Greta thanked everyone for their attendance and closed the meeting.