

Industry Behavioural Guidelines for Creating Quality Area Plans

Version 1, May 2018

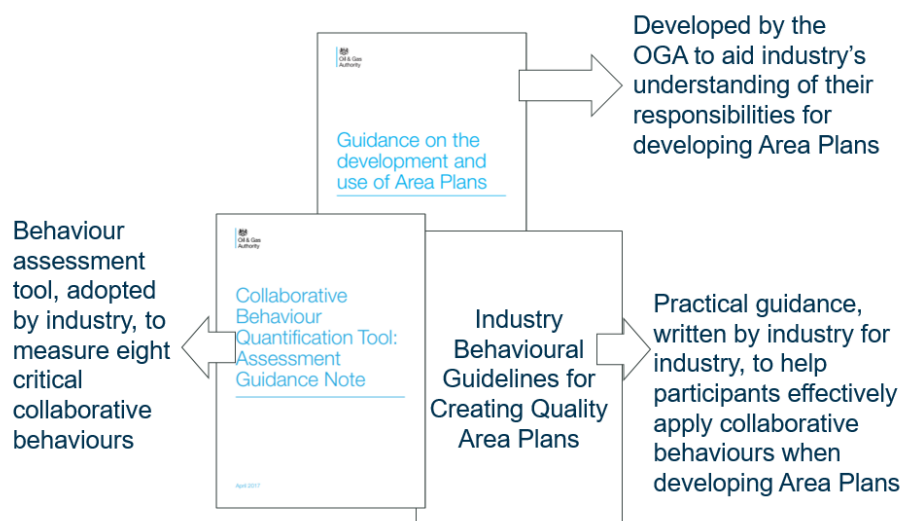
**These publicly available Behavioural Guidelines,
written by industry for industry, have been developed with the
support of the Oil & Gas Authority (OGA) and Oil & Gas UK (OGUK)**

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A. EXECUTIVE SUMMARY

Collaborative working, across all organisational levels and business dimensions, has been pivotal in resetting performance and competitiveness in numerous industries. Collaboration is a required action and behaviour under the Oil and Gas Authority’s (OGA’s) Maximising Economic Recovery of UK Petroleum (MER UK) Strategy. These Behavioural Guidelines, written by industry for industry, aim to help participants effectively apply eight critical collaborative behaviours (as outlined in the Collaborative Behaviour Quantification Tool*) when developing Area Plans. The OGA estimates that the effective use of Area Plans has the potential to unlock around 4 billion barrels of resources. Area Plans are proposals for action, based on analysis of evidence. They are developed in partnership between industry and the OGA and require participants, with different interests, to collaborate on a shared long-term view of the optimal way to achieve MER UK in a specific set of circumstances. These Behavioural Guidelines are intended to complement, and supplement, the OGA’s *Guidance on the development and use of Area Plans*. They emphasise the importance of working with trust and transparency to establish and sustain an “Area Lens with MER UK Focus” mindset. A key feature of this mindset is openness to explore new ideas and divergent thinking: this requires participants to look beyond individual corporate objectives, agree a common view of an area, and then think freely and work together before converging on a plan. These Behavioural Guidelines aim to set participants up for success by providing guidance, sharing best practices and insights from existing Area Plan participants, and signposting relevant tools and documents. These Behavioural Guidelines are written for Area Plan leads and steering/working group members, and for the leadership within companies working on Area Plans. They may also support broader application of collaborative behaviours within other relevant industry fora e.g. Special Interest Groups.

*The Collaborative Behaviour Quantification Tool is an existing tool that industry has adopted to assess and improve operators’ collaborative behaviour (see link within Tools and Resources on p6).



For ease of reference, the matrix overleaf lists each Behavioural Guideline created to help participants apply the eight Critical Collaborative Behaviours when developing Area Plans. The Guidelines are categorised into four “Area Plan Essentials”: 1.) Create the Right Environment; 2.) Secure the Right People at the Right Time; 3.) Clarify the Boundaries for Collaboration; and 4.) Agree an Appropriate Decision Process. The table illustrates, by colour coding, which of the eight Critical Collaborative Behaviours each Guideline, individually, helps to apply.

This matrix maps the Behavioural Guidelines described in this document to the eight Critical Collaborative Behaviours identified in the Critical Behaviour Quantification Tool (CBQT).

| Matrix: | | | 8 Critical Collaborative Behaviours | | | | | | | |
|----------------------------------------------|-----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|---------|----------|-----------|--------|---------|----------------|-----------|
| | | | Reason-able | Aligned | Learning | Strategic | Change | Respect | Accomm-odating | Open-ness |
| Area Plan Essentials | | Behavioural Guidelines | | | | | | | | |
| 1. Create the Right Environment | 1.a | Seek mutual understanding of challenges and objectives | | | | | | | | |
| | 1.b | Acknowledge potential blockers early and seek mitigation, treat all participants' concerns equally | | | | | | | | |
| | 1.c | Call a halt to work streams if blockers are truly insurmountable | | | | | | | | |
| | 1.d | Be willing to look beyond own corporate objectives to fully explore MER solutions | | | | | | | | |
| | 1.e | Distinguish between alignment on an Area Plan outcome and alignment on the process to create an Area Plan | | | | | | | | |
| | 1.f | Develop a joint area vision of what's possible – the approximate size of the prize, and the consequences of not collaborating | | | | | | | | |
| | 1.g | Avoid being constrained by previous failures or poor history of collaboration | | | | | | | | |
| | 1.h | Delay commercial discussions until technical progress has been made (avoid a negotiation frame) | | | | | | | | |
| | 1.i | Commit to CBQT assessment during and after the development of the Area Plan | | | | | | | | |
| | 1.j | Seek learnings on collaboration from others | | | | | | | | |
| | 1.k | Commit to/hold participants accountable to an Area Plan Code of Conduct | | | | | | | | |
| 2. Secure the Right People at the Right Time | 2.a | Select participants on the basis of collaboration skillsets and behaviours, as well as "technical" competence. Ensure a collective group balance. | | | | | | | | |
| | 2.b | Ensure participants can allocate adequate time, and are able to maintain engagement and contribution through prioritisation | | | | | | | | |
| | 2.c | Ensure participants have the right level of seniority and decision-making authority. Ensure active senior involvement. | | | | | | | | |
| | 2.d | Assess complexity early - resource to match the complexity | | | | | | | | |
| | 2.e | Proactively seek input from supply chain in the "divergent" (assess) phase of developing an Area Plan | | | | | | | | |
| | 2.f | Be mindful of legal (competition law), commercial and intellectual property considerations related to supply chain participation. | | | | | | | | |
| | 2.g | Proactively agree, as participants, how to work most effectively and efficiently with the OGA on a specific Area Plan. Recognise the OGA as a critical stakeholder and a key enabler to industry reaching a shared view of the optimal way to deliver MER UK. | | | | | | | | |
| 3. Clarify the Boundaries for Collaboration | 3.a | As a group, develop clarity on the scope of collaboration for Area Plan development | | | | | | | | |
| | 3.b | Start with low-hanging fruit/quick wins where collaboration is most do-able | | | | | | | | |
| | 3.c | Define success and success criteria for the collaboration | | | | | | | | |
| | 3.d | Take a purposeful incremental approach to data sharing – focus on what's decision relevant | | | | | | | | |
| | 3.e | Accept that there are situations where data sharing simply isn't possible | | | | | | | | |
| | 3.f | Consider Area Plans as an ongoing transformation, rather than one-off snapshots | | | | | | | | |
| 4. Agree an Appropriate Decision Process | 4.a | Follow an iterative decision dialogue between working and steering groups to avoid surprises and to maximise outcome buy-in | | | | | | | | |
| | 4.b | Choose a facilitation leader with the right balance of inquiry vs. advocacy | | | | | | | | |
| | 4.c | Apply the Decision Quality framework to Area Plan decision making | | | | | | | | |
| | 4.d | Be willing to explore meaningfully different, do-able alternatives that diverge from natural preferences | | | | | | | | |
| | 4.e | Maintain a sense of urgency and momentum | | | | | | | | |
| | 4.f | Seek the right balance between stability and flexibility in the Area Plan | | | | | | | | |
| | 4.g | Focus the frame, initially, on growing the "size of the prize" | | | | | | | | |

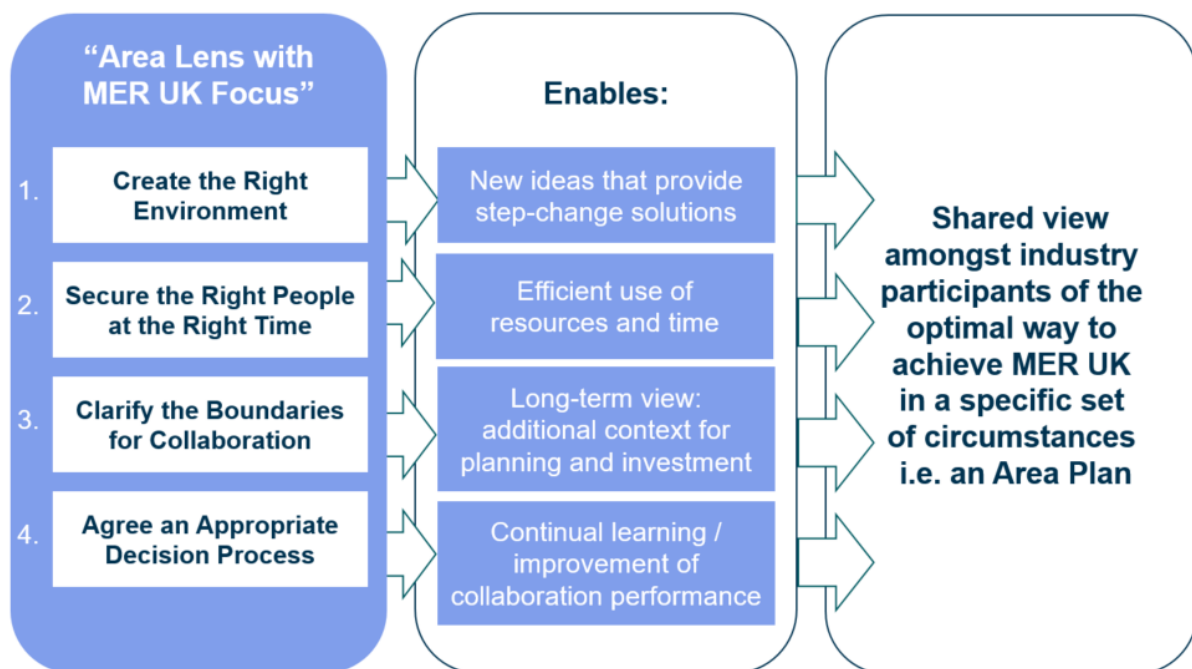
B. INTRODUCTION

Working collaboratively to develop high quality Area Plans presents new challenge and opportunity. Mindset and behaviours are key enablers to developing Area Plans which are consistent with the MER UK Strategy and deliver its goals. Alignment is needed on the overarching goals of the Area (the size of the prize) before participants consider the commercial and legal work needed to enable (how the prize is shared). Area Plans vary in magnitude, scale and complexity, and span different phases of the upstream life cycle: exploration, development, production, late-life and decommissioning. Field operators and owners, infrastructure operators and owners, licence holders, the supply chain and the OGA each have roles to play in developing Area Plans. A universal enabler is a sense of urgency and common purpose that creates the momentum to overcome challenges and potential delays.

These Guidelines can be used to:

- clarify and set behavioural expectations;
- access industry experience and learnings on key topics and challenges;
- checklist potential blockers and suggested mitigations;
- raise awareness of existing tools and documents;
- inform the timing of collaborative performance assessments.

As industry experience and practice of Area Plans develops further, the Industry Cultural Change Champion will oversee updating of these Guidelines to ensure continued sharing of key learnings.



C. BEHAVIOURAL GUIDELINES

1. (of 4): Area Plan Essentials: *Create the Right Environment*

This section outlines the behaviours needed to engender and sustain an “Area Lens with MER UK Focus” mindset. A critical starting point for successful collaboration on an Area Plan is early alignment on the overarching goals and challenges faced. These goals can be articulated at the highest level as facilitating delivery of an outcome which is consistent with the MER UK Strategy: this may manifest in, for example, cost-reduction, hydrocarbon recovery benefits and/or time advantage, according to the specifics of an area. Implementation of Area Plans may also unlock supply chain activity. With the right collaboration environment, participants may see value in exploring options that aren’t necessarily consistent with their initial preferences.

Behavioural Guidelines:

| | |
|-----|-------------------------------------------------------------------------------------------------------------------------------|
| 1.a | Seek mutual understanding of challenges and objectives |
| 1.b | Acknowledge potential blockers early and seek mitigation, treat all participants’ concerns equally |
| 1.c | Call a halt to work streams if blockers are truly insurmountable. |
| 1.d | Be willing to look beyond own corporate objectives in order to fully explore MER UK solutions |
| 1.e | Distinguish between alignment on an Area Plan outcome and alignment on the process to create an Area Plan |
| 1.f | Develop a joint area vision of what’s possible – the approximate size of the prize, and the consequences of not collaborating |
| 1.g | Avoid being constrained by previous failures or poor history of collaboration |
| 1.h | Delay commercial discussions until technical progress has been made (avoid a negotiation frame) |
| 1.i | Commit to CBQT assessment during, and after, the development of an Area Plan |
| 1.j | Seek learnings on collaboration from others |
| 1.k | Commit to/hold participants accountable to an Area Plan Code of Conduct |

Further Explanation

1.b Acknowledge potential blockers early and seek mitigation, treat all participants’ concerns equally

See Appendix D.2 for a detailed list of potential challenges for collaborating on Area Plans and how they relate to the eight Critical Behaviours within the Collaboration Behaviour Quantification Tool.

1.k Commit to/hold participants accountable to an Area Plan Code of Conduct

An Area Plan group, can, as part of its organisational/governance structure, create its own Code of Conduct to address specific situations. This can be especially helpful if the people working on the Plan are likely to change over time. In addition to the usual reminders participants will be accustomed to seeing in the context of industry meetings (e.g. competition law compliance), an example code of conduct for Area Plan meetings might include:

1. Be open and clear about my expectations and limits at the start of every meeting (Aligned).
2. Secure delegated authority to take decisions in the room and, for significant decisions that require further thought or board-level sign off, give a decision promptly (Aligned).
3. Be open to new ways of working and be flexible to allow the group to learn by doing (Learning).

4. Be clear on confidentiality requirements - what information can be shared and with whom (Respect).
5. Intervene, and be ready to receive intervention positively, if behaviour deviates from the agreed code of conduct (Respect).
6. Allow the most appropriate person to take the lead, even if my interest in the area is greater than theirs (Accommodating).

A Code of Conduct might usefully be created with reference to ideal participant attributes, as listed in Appendix D.3.

Feedback:

| Observations from existing Area Plan participants: |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Participants in the West Sole Catchment Area Plan (WSCA) highlight the importance of behaviours as <i>“the greatest enabler of all”</i>. They also highlight the need to understand the motives of each party at the start of the process, otherwise it <i>“will hamper progress – it is better to know at the outset if one or more parties may not be fully committed”</i>. This view is shared by the participants in the Vorlich Host Selection part of the Central North Sea Area Plan: <i>“It was important to flush out the pre-conceived ideas on technical solutions and identify the blockers.”</i></p> <p>Quad 9 participants found they needed to re-set their approach to the Area Plan. The key to unlocking the process was there <i>“being alignment of some form ... [we all] needed to agree the need to work on the Area Plan”</i>. This learning came from experience: <i>“previous work in the area focussed on singular outcomes, so it couldn’t bring along those parties that didn’t agree”</i>. They also emphasise the need to <i>“understand each other’s position, where the big gaps are, where we see things differently, or have different intents”</i> and not to <i>“challenge at an early stage”</i>. They built <i>“ground rules on behaviours”</i> explicitly into the updated project Terms of Reference.</p> |

Tools and Resources:

| Tool/Resource | Where to find it | What it is |
|------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------|
| MER UK Strategy | https://www.ogauthority.co.uk/regulatory-framework/mer-uk-strategy/ | Regulatory Framework |
| CBQT framework | https://www.ogauthority.co.uk/media/3596/420432-oga-cbqt-assessment-guidance-note_17.pdf | Collaborative Behaviour Quantification Tool, explanation and scoring |
| Detailed list of potential blockers and challenges to behaviours | Appendix D.2 | Key challenges organised by relevant Critical Collaborative Behaviour (CBQT) |
| Commercial Code of Practice (CCOP) | https://oilandgasuk.co.uk/commercial-code-of-practice-2/ | Voluntary industry code of conduct |

2. (of 4): Area Plan Essentials: *Secure the Right People at the Right Time*

This section outlines behaviours needed to effectively and efficiently involve the right participants at the right time, with careful consideration of legal, commercial and other implications (for example in supply chain engagement). The quality of Area Plans is influenced by the breadth of participation. Each area requires a different mix of participants, including field and infrastructure operators, licence holders, supply chain, the OGA and other interested parties.

Behavioural Guidelines:

| | |
|-----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2.a | Select participants on the basis of collaboration skillsets and behaviours, as well as “technical” competence. Ensure a collective group balance |
| 2.b | Ensure participants can allocate adequate time, and are able to maintain engagement and contribution through prioritisation |
| 2.c | Ensure participants have the right level of seniority and decision-making authority. Ensure active senior involvement |
| 2.d | Assess complexity early- resource to match complexity |
| 2.e | Proactively seek input from supply chain in the “divergent” (assess) phase of developing an Area Plan |
| 2.f | Be mindful of legal (competition law), commercial and intellectual property considerations related to supply chain participation |
| 2.g | Proactively agree, as participants, how to work most effectively and efficiently with the OGA on a specific Area Plan. Recognise the OGA as a critical stakeholder and a key enabler to industry reaching a shared view of the optimal way to deliver MER UK. |

Further Explanation:

2.e. & 2.f Proactively seek input from the supply chain in the “divergent” (assess) phase of developing an Area Plan. Be mindful of legal (competition law), commercial and intellectual property considerations related to supply chain participation.

Area Plans can seek out the best thinking on the use of existing materials and methods, and new technical solutions and technologies. The supply chain is a valuable source of expertise that can help deliver MER UK. Supply chain input is most valuable during the “divergent” alternative generation phase of developing an Area Plan where it may ensure that the broadest range of do-able alternatives is appropriately considered. Supply chain knowledge can also be applied when evaluating alternatives e.g. by providing up-to-date reality checks on key assumptions like costs and trade-offs.

| Development Stage | Suggested Supply Chain Role |
|--------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Setting Scope of Collaboration | <ul style="list-style-type: none"> Not required – expected that field and infrastructure operators, and licence holders, will set the scope of collaboration together with the OGA. |
| Framing | <ul style="list-style-type: none"> Not required – field and infrastructure operators, and licence holders, are best placed to set the frame of decision making, and determine what is known, where current plans lead, and where gaps may exist. Be mindful not to draw the frame too narrowly in this phase, to avoid reducing the effectiveness of supply chain’s contribution in the next. |
| Alternatives | <ul style="list-style-type: none"> Supply Chain Engagement This phase requires diversity of views. Supply chain can add value by helping to brainstorm, develop and critique ideas, for example by sharing: <ul style="list-style-type: none"> Perspectives on likely technology progress within the time horizon of the Area Plan Understanding of which technology solutions are most likely to be viable Input on development options and cost-competitiveness Ideas for new operating models Options for accessing reservoirs |
| Evaluation | <ul style="list-style-type: none"> Engage at key ‘checkpoints’ e.g. supply chain can: |

| | |
|----------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | <ul style="list-style-type: none"> • Validate elements of option analysis and contribute to evaluation input ranges (e.g. costs) • Help articulate trade-offs (e.g. between cost and speed, between different options) |
| Decision | <ul style="list-style-type: none"> • Not required – investment decisions will be taken by licence holders. • To avoid any potential compromise of independence, it is important that supply chain does not (nor is asked to) take the role of advocate during this stage. |

The specific opportunities and challenges of an area can inform whom to engage with from within the supply chain. It may be helpful for each Area Plan group to discuss and agree the contribution that supply chain can reasonably be asked to make: participation should not create commercial advantage or disadvantage.

| Who: | Contribution: |
|---------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Specific Supply Chain Companies | <ul style="list-style-type: none"> • Capable of adding the most value but requiring the most care to enable participation without putting individual supply chain companies or other participants in the area plan process in a difficult position i.e. legal (competition law), commercial and/or IP concerns • May consider a portfolio approach to projects and developments (vs delivering individual projects in same/adjacent area in isolation) |
| Trade Organisations (e.g. Subsea UK, Decomm UK) | <ul style="list-style-type: none"> • Full awareness of industry landscape -able to bring new technical and value solutions into consideration (without commercial concern) • Need careful consideration if trade bodies bring in a member company to provide expertise (including commercial concerns of specific companies) |
| Technology Innovation Bodies (E.g., OGTC, OGIC, RGU, Strathclyde O&G Institute) | <ul style="list-style-type: none"> • Can share a vision of the technology development landscape expected to come to market over the timeline of the Area Plan (without commercial concern) |
| Operator and Non-Operator Internal Resources | <ul style="list-style-type: none"> • Can draw on own relationships with supply chain • Need care if any perception/concern of trying to push own company agendas • Consider opportunity to broaden outreach beyond operators and non-operators |

2.g Proactively agree, as participants, how to work most effectively and efficiently with the OGA on a specific Area Plan. Recognise the OGA as a critical stakeholder, and a key enabler to industry reaching a shared view of the optimal way to deliver MER UK.

The OGA guidance on Area Plans makes clear that industry is normally expected to lead on development and delivery. The OGA initiates Area Plans, and reviews/approves each submitted plan against the principal objective (MER UK). For each Area Plan, engagement between participants and the OGA should include focused discussion of: 1) Objectives; 2) Success; 3) Timelines; 4) Deliverables; 5) Data; 6) Key Challenges and Opportunities; 7) Learnings from Others; and 8) Level of Involvement Chosen by the OGA.

Feedback:

Observations from existing Area Plan participants:

Participants in **Quad 9** agree on the significance of the *“individual representatives of the company ...need the mandate to discuss openly”* (as in Behavioural Guideline 2.c), although no one is currently expected to make decisions in the Quad 9 Area Plan meetings. They emphasise that while *“MD meetings can be useful”* they *“don’t solve everything because of the level of detail when you get to considering practical implementation”* and that there needs to be an appropriate reason and planning before escalating to MDs. **Vorlich Host Selection** participants echo this from the experience of the MDs meeting for the initial, wider Central North Sea Area Plan kick-off, where there was *“confusion about what they were there for”*. Participants in the **West Sole Catchment Area Plan (WSCA)**, meanwhile, highlight that *“everyone enjoyed the level of support needed from next level of senior management”*.

Examples of supply chain involvement in area planning are limited, but in the **Vorlich Host Selection** Behavioural Guideline 2.e was evident. Here *“supply chain was the key value difference between two host offers”*, with one host bid including an innovative time-bound offer for the flowline cost.

Participants in the **Vorlich Host Selection** felt the OGA were very helpful in how they approached the licensing issues to set up the work for success: *“when one partner was concerned ... could the licence deadline be made [with change of circumstances], OGA extended the licence with some unusual conditions (e.g. deadlines for choosing host, sanctioning project) – those deadlines were useful in setting the pace of the work that followed”*. Both **Quad 9** and **WSCA** believe the OGA’s presence helped establish the importance of area planning with all participants. These examples highlight the importance of Behavioural Guideline 2.g.

In **WSCA**, in particular, previous industry-initiated efforts to collaborate on an area development plan delivered limited success. In 2017, the OGA took a direct role in supporting the environment needed for area participants to reach a shared view of the optimal way to achieve MER UK. The OGA enabled progress by:

- Initiating the West Sole Area Plan;
- Providing an overview perspective;
- Instructing data analysis to quantify the value of the area;
- Raising awareness of interdependencies/opportunities for participants to work together;
- Helping to galvanise participants around a common objective;
- Managing license extensions to enable alignment of investment decisions;
- Providing a staff resource to participate directly in core Area Plan work.

Tools and Resources:

| Tool/Resource | Where to find it | What it is |
|-----------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|
| OGA Guidance on the development of Area Plans | https://www.ogauthority.co.uk/media/3987/area-plans-external-guidance.pdf | Guidance to aid industry’s understanding of Area Plans. |
| Ideal attributes for participants | Appendix D.4 | Description of experience and skillset to seek in participants. Intended as a starting point. |

3. (of 4) Area Plan Essentials: *Clarify the Boundaries for Collaboration*

This section outlines behaviours needed to successfully clarify the boundaries of collaboration. Collaboration scope is distinct from an Area Plan frame: scope describes the boundaries of collaboration versus competition, whilst frame describes the decisions to be taken during

development of the Area Plan. Some iteration may be needed between the two i.e. scope may need to be revisited to enable a better understanding of the decisions to be made. Information-sharing is a key component of collaboration scope.

An Area Plan, by its very nature of seeking to maximise economic recovery, is likely to be pro-competitive but legal advice should be obtained on the intended scope for collaboration to ensure compliance with competition law.

Once the intended scope for collaboration has been assessed as competition law compliant, any proposal to share proprietary and/or potentially commercially sensitive information in support of such scope must then be carefully considered. It is anticipated that participants will wish to take legal advice to confirm whether such information can competently be shared and, if so, the most appropriate way to share it. This will require understanding in each case of why the information must be shared, the benefit expected from its sharing, and why such benefit cannot be achieved other than by sharing. Participants will likely also wish to be satisfied that the Area Plan organisational/governance structure includes appropriate confidentiality provisions.

Behavioural Guidelines:

| | |
|-----|--------------------------------------------------------------------------------------------|
| 3.a | As a group develop clarity on the scope of collaboration for Area Plan development |
| 3.b | Start with low-hanging fruit/quick wins where collaboration is most do-able |
| 3.c | Define success and success criteria for the collaboration |
| 3.d | Take a purposeful incremental approach to data sharing – focus on what’s decision-relevant |
| 3.e | Accept that there are situations where data sharing simply isn’t possible |
| 3.f | Consider Area Plans as an ongoing transformation rather than one-off snapshots |

Further Explanation:

3.a As a group develop clarity on the scope of collaboration for Area Plan development

| Collaboration Scope: | Area Decision Frame: |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> • Rules of engagement • Define success and success criteria • Intended status of decisions made in Area Plan • Geographical boundary • Time horizon for the Area Plan • What types of information will be shared, how and under what process/restrictions • Decision process | <ul style="list-style-type: none"> • What has already been decided – “givens” • What decisions will be taken • What can be decided later • Range of Area Plan alternatives to consider • Which value metrics to compare alternatives against |

3.d Take a purposeful incremental approach to data sharing – focus on what’s decision-relevant rather than blanket data gathering

Sharing proprietary and/or potentially commercially sensitive data isn’t the first step of collaboration; until there is clarity on the scope of the proposed collaboration, the requirement and ability to share such data cannot be properly assessed (including with reference to commercial and competition law considerations). A pragmatic solution may be to proceed as far as possible without sharing proprietary and/or potentially commercially sensitive data i.e. seek to develop a common understanding of the area based on publicly available and open access data/information. With the appropriate legal advice, data ranges and scenarios can also be used to effectively explore value drivers and trade-offs,

removing the need for participants to share proprietary and/or potentially commercially sensitive information. If/when sharing of proprietary and/or potentially commercially sensitive information does become necessary, and has been assessed to be competent, only share that which is truly decision-relevant i.e. as needed to evaluate different options, and share only in accordance with the process for sharing which should have been agreed at this point between participants.

Potential data-sharing solutions:

- After initial scoping, identify open source or publicly available data to collectively establish the “size of the prize” and thereby assess the merit of further work;
- Consider requesting consolidated data from the OGA (anonymised with the permission of the data owners and with a sufficient number of inputs to ensure data is genuinely consolidated);
- Consider instructing a third-party to conduct some limited, anonymised, aggregated (where necessary) data sharing (may mitigate against competition issues that could arise from any proposal for full data-sharing);
- Obtain independent legal views, as required, to ensure compliance with competition law;
- In exceptional circumstances – and subject to legal advice - engage collectively with the Competition and Markets Authority, to demonstrate the economic evidence and justification for any full data-sharing proposed where no adequate alternatives can be identified.

Feedback:

| Observations from existing Area Plan participants: |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Different Area Plans have addressed the issues around scope and data sharing in very different ways, reflecting the needs of their own circumstances and area decisions.</p> <p>In the early stages of their new approach, Quad 9 are focussing on creating a “<i>cross licence development timeline of the main activities</i>”, not using specific economic hurdles, but working “<i>in terms of high or low materiality, to put a ‘shape’ to the plan</i>”. For them, it’s about creating a “<i>space for right information to share without lots of checking through lawyers first</i>”. They recognise they “<i>may well run into roadblocks</i>” further on in the process, but want to “<i>build momentum</i>” on information sharing. In the particular circumstances of Quad 9, sharing detailed production profiles and timings was not thought to be especially helpful and could be very difficult to do.</p> <p>Facing an imminent decision, Vorlich Host Selection participants “<i>worked well together on the joint economic model and the basis for decision making criteria</i>”. They felt agreeing that up front in the process “<i>smoothed the path to decision</i>”. They were, however, “<i>careful to put barriers</i>” around data sharing and “<i>engaged with OGA on competition early on</i>”.</p> <p>The West Sole Catchment Area used a combination of confidentiality agreements and open book economics which was felt to be appropriate. The infrastructure host used a third party to run the numbers on the technical aspects, feeling it “<i>helped to mitigate some of the suspicion they were over egging it</i>”. This was integrated with a workshop where all the models were “<i>open for geoscience and petroleum engineers</i>” to interrogate, but not take away. This worked partly because “<i>the group viewed that it wasn’t making decisions for the area (this remained within JVs) but rather was working to enable collaboration within the area</i>”.</p> |

Tools and Resources:

| Tool/Resource | Where to find it | What it is |
|---------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|
| OGA Competition & Collaboration | https://www.ogauthority.co.uk/media/2952/oga_competitioncollaboration_ukcontshelf_16.pdf | OGA publication |

4. (of 4) Area Plan Essentials: *Agree an Appropriate Decision Process*

The work process for developing Area Plans is detailed in the OGA’s *Guidance on the Development and use of Area Plans*. This section outlines the behaviours required for this work process to be effective i.e. to deliver a robust Area Plan that participants support and are committed to following.

Behavioural Guidelines:

| | |
|-----|-----------------------------------------------------------------------------------------------------------------------------|
| 4.a | Follow an iterative decision dialogue between working and steering groups to avoid surprises and to maximise outcome buy-in |
| 4.b | Choose a facilitation leader with the right balance between inquiry vs. advocacy |
| 4.c | Apply the Decision Quality framework to Area Plan decision |
| 4.d | Be willing to explore meaningfully different, do-able alternatives that diverge from natural preferences |
| 4.e | Maintain a sense of urgency and momentum |
| 4.f | Seek the right balance between stability and flexibility in the Area Plan |
| 4.g | Focus the frame, initially, on growing the “size of the prize” |

Further Explanation:

4.c Apply the Decision Quality framework to Area Plan decision-making:

| Decision Quality Element | What does good look like? | Relevant Critical Collaborative Behaviours |
|----------------------------------|---------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. Appropriate decision frame | Are we working on the right area decisions? Is our perspective broad enough and insightful? | Reasonable: not seeking to narrow the frame to exclude options that aren’t in individual company interests. Aligned: keep in mind the overarching and unifying goals for the area. Strategic: focus on the right level of detail. |
| 2. Creative do-able alternatives | Do we have clear, creative, realistic, and attractive alternatives? | Strategic: think broadly about the future. Change: be willing to embrace change and explore doing things differently. Respect: willing to explore alternatives that are the natural preference of others. Learning: curiosity and interest about the capabilities, interests, value drivers and the challenges of other stakeholders. |
| 3. Meaningful reliable data | Are we likely to be surprised because we have overlooked critical factors or uncertainties? | Openness: embrace uncertainty in input ranges. Learning: focus on decision-relevant information that helps discriminate between alternatives. |
| 4. Clear values & trade-offs | Have we assessed the risk, trade-offs, our risk tolerance, options? | Openness: create transparency on stakeholder preferences and trade-offs. |
| 5. Logically correct reasoning | Have we used a well-structured, logical method of evaluating the alternatives? | Strategic: understand implications and interdependencies of choices made now for the future of the area. |
| 6. Commitment to action | Have we involved key stakeholders from the beginning, building ownership and commitment? | Reasonable: avoid surprises at the end of the process, raise blockers early. Aligned: identify where joint needs are met and translate into an actionable roadmap. Change: balance of flexibility and robustness to new information. |

4.d Be willing to explore meaningfully different, do-able alternatives that diverge from natural preferences

Organising business ideas into a range of coherent alternatives may help to:

- Detach ideas from individual preferences - enables ideas rather than companies to compete;

- Ensure participants are systematically exploring the opportunity space within the Area;
- Build confidence that doing something different is possible and potentially attractive;
- Allow each stakeholder to see that their preferred option(s) is/are being given fair treatment;
- Provide a limit on how much analysis is required for differentiation.

4.f Seek the right balance between stability and flexibility in the Area Plan

A decision-based roadmap can be helpful to clearly document:

- Key decisions affecting the delivery of the Area Plan;
- When key decisions are expected to be taken/must be taken (to achieve the plan);
- Decision-relevant learning events – clarity on what is a decision and what’s an information point;
- Who is taking the key decisions;
- Interdependences between key decisions (e.g. being taken by different joint ventures);
- Data needed to take the decision;
- Stakeholders associated with the key decisions.

Feedback:

| Observations from existing Area Plan participants: |
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| <p>Participants in the West Sole Catchment Area emphasise the vital role played by their Group Lead in actively building trust and momentum:</p> <ul style="list-style-type: none"> • initiating meetings and phone calls with participants ahead of steering meetings; • role-modelling and engendering a focus on dialogue (vs slide packs) during meetings; • making time to understand different viewpoints and thereby to facilitate alignment; • setting a clear structure and timeline for all meetings and all follow up; • coordinating ongoing engagements with the OGA. <p>Citing “<i>personality</i>” as key to any Group Lead enabling collective progress, participants reflect the need to balance a “<i>dogged</i>” approach to planning and execution with a “<i>personable and open style</i>” to achieve alignment. Participants also recognise the significant commitment needed from any Group Lead to perform this role effectively. In terms of process, participants identify the criticality of embracing technical and commercial solutions “<i>flexible enough that parties can join or leave, ensuring that an Area Plan is not dependent upon everything coming to fruition</i>”.</p> <p>The participants in Quad 9 place collective focus during meetings on “<i>creating and updating a cross-licence development timeline of core activities</i>” to act as a roadmap for decision making.</p> |

Tools and Resources:

| Tool/Resource | Where to find it | What it is |
|----------------------------------------|-----------------------------------|----------------------------------------------------------------------------------------|
| Decision Dialogue Process | Online alongside these Guidelines | Guidance on how to conduct a complex decision-making process |
| Decision Quality Assessment | Online alongside these Guidelines | Description of how to assess decision quality |
| Description of Facilitative Leadership | Online alongside these Guidelines | Guidelines for project lead role to make process effective |
| Decision Roadmap Guidance | Online alongside these Guidelines | Guide to effective decision roadmaps – what to include / exclude and how to keep live. |

D: APPENDICES

1: Creation of the Behavioural Guidelines

These Behavioural Guidelines were written by industry volunteers from a diverse range of companies active on the United Kingdom Continental Shelf: Aker Solutions, Chevron, ConocoPhillips, Chrysaor, CNOOC Nexen, Oil & Gas UK, Ping Petroleum, Shell and Subsea7. The volunteers worked within a Task Finish Group (TFG) sponsored by the Industry Cultural Change Champion. The TFG was supported by StrategicFit. Drawing on own experience and existing documentation, the TFG benefited from oversight and input provided by the OGA, from reflections shared by participants of existing Area Plan groups (West Sole Catchment Area, Vorlich Host Selection and Quad 9) and particularly from insights and peer review provided by the West Sole Catchment Area Plan Lead, Spirit Energy.

2: Key Challenges to Collaborative Behaviours

There are specific challenges to applying collaborative behaviours in the development of Area Plans. Awareness of key challenges may help to identify and mitigate potential early blockers. In summary:

| Eight Critical Behaviours: | Specific Behavioural Challenges: |
|------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>1. Reasonable Negotiations occur without taking advantage</p> | <ul style="list-style-type: none"> • Bilateral commercial discussions may be ongoing in parallel to the Area Plan • Commercial and negotiation behaviour may be driven by organisational influences beyond the area within companies • Concerns around sharing commercially sensitive data • Not clear what the “best interest of all” is owing to the diversity of participants |
| <p>2. Aligned Establish joint needs and outcomes and deliver objectives, acting in the best interests of the joint effort</p> | <ul style="list-style-type: none"> • Companies can focus too much on barriers rather than solutions / opportunities • Participants will have varying: <ul style="list-style-type: none"> ○ Ownership stakes and focuses ○ Proportions of their portfolio in the area ○ Levels of commitment to staying in the area ○ Positions in the value chain (infrastructure owners vs. license owners vs. both) ○ Positions in the maturity cycle (exploration vs. development vs. decommissioning) ○ Value metrics ○ Internal approval processes ○ Levels of delegation ○ Time horizons for investment decisions ○ Degrees of area knowledge ○ Experience of collaborating in the area • Lack of common understanding and transparency of each party’s strategy, objectives, challenges etc • Divergent technical views/assumptions/forecasts • No single operator in a position to make a robust assessment of the entire area |
| <p>3. Learning Learn from and share experience and setbacks</p> | <ul style="list-style-type: none"> • Tendency to look within the group for answers rather than externally • Each area is unique: whilst learnings from one area may not easily transfer to another, there is also a risk that successful practice in one area will be assumed to work everywhere • Behavioural learnings can be perceived as blame. |
| <p>4. Strategic Consider future implications of current issues</p> | <ul style="list-style-type: none"> • Risk that individual short-term choices set the long- term options for an area, and may cause regrets • View of the future often constrained by experience of the past • Wide range of different perceptions of what is desirable or possible • Area plans may / may be perceived to lack stability as new information becomes available |

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| <p>5. Change Constructive and flexible attitude to change</p> | <ul style="list-style-type: none"> • View of the future often constrained by experience of the past • Area plans have numerous variables – many possibilities for new information, and change, during and after development of the plan. |
| <p>6. Respect Demonstrate respect for all partners</p> | <ul style="list-style-type: none"> • Not all individuals have the experience and skills needed to work collaboratively or to role-model/coach others • Investments will ultimately be decided through the choices and actions of individual companies (within their joint ventures) • Lack of understanding of other participants positions can lead to unconstructive interactions • Personal and corporate styles differ • Companies / individuals may have variable levels of commitment • Difficult to ensure key decision-making authorities are involved at the necessary level of commitment • Ability to commit material (human) resources to Area Planning may vary – risk that biggest participants may dominate |
| <p>7. Accommodating Accommodate needs of all stakeholders to deliver shared goals</p> | <ul style="list-style-type: none"> • Need to balance corporate interests and duties with MER obligations • Accepting trade-offs requires confidence that an Area Plan will be followed by all • Investment payback over long period and influenced by choices of other participants • Concern that an Area Plan may change or that other participants may subsequently take actions that undermine it • Situations where there will be “winners” and “losers” (e.g. hosts competing for tie-backs). • A drive to “solve” everything at once can make the effort unmanageable and erode confidence in the process |
| <p>8. Openness Information sharing, constructive questioning, open/honest feedback, hold people to account for unacceptable behaviour</p> | <ul style="list-style-type: none"> • Choices made on basis of incomplete information / misunderstandings • Challenges of competition law • Challenges of commercial sensitivity • Challenges of influencing other participants without formal authority (good team work relies on positive influence) |

3. Ideal Attributes for Participants

These attributes should be considered when making decisions on individuals to participate in an Area Plan, as well as providing a checklist for participants as they go through the Area Planning process.

- Proven track record of working collaboratively
- In a senior position, with good connectivity to MD
- Open to new ways of working, with a focus on continuous improvement
- Strong active listening skills, and the right blend of inquiry vs. advocacy
- Able to identify the right balance between simplicity and analytical complexity
- Proven ability to learn quickly on complex issues with multiple stakeholders
- Excellent interpersonal and communication skills, and high emotional intelligence
- Demonstrated aptitude for constructive challenge
- Able to commit to engaging for the duration of the effort
- Familiar with MER UK and with Decision Quality concepts