
OGUK Operations

Building Back Better: The Business Case for Multi-Operator Well Campaigns in a Diverse Basin

Keith Wise, OGUK Operations Manager

10th May 2021



Good afternoon, thank you *Pauline the scale of the opportunity is hopefully a great starting point for everyone attending.*

For the next 15 minutes I will be providing an update on UKCS on our campaigning
My name is Keith Wise I am the Operations Manager @OGUK

Agenda

Item	Topic	Time
1	Overview of North Sea Transition (NST) <ul style="list-style-type: none">- OGA, OGUK, Industry Improving Partnerships Group <ul style="list-style-type: none">- Aim- Members- Timelines UKCS Challenges / Opportunity	5 Min
2	Position Paper - Overview Building back better - the business case for multi-operator well campaigns in a diverse basin <i>In collaboration with Wells Task Force & Improving Partnerships Task Group</i>	5 Min
3	Ongoing Actions <i>Aligned to OGUK strategic objectives for the industry encourage the industry's collaborative culture, promoting innovation & sustainable business models to ensure the UK remains a successful location.</i>	5 Min
	Discussions & Questions	5 Min



I am focusing on one aspect or project we are completing at OGUK with NST North Sea Transition Forum– Improving Partnership for multiple operator campaigns
I will Aim to cover
Overview of the NST – North Sea Transition
IP Group
UKCS Challenges / Opportunity
Overview of the Position Paper
Ongoing Actions - how the align to strategic objectives of OGUK creating collaborative culture promote innovation sustainable business

Overview of NST- Well Forum



Previously known as the MER UK Forum the North Sea Transition Forum (NSTF) is a unique tripartite approach and brings together the Oil and Authority (OGA), ministers and officials from both the UK and Scottish governments, trade unions and representatives from the oil and gas industry.

The NSTF sits at the top of a 'structure' which includes a steering group and 7 industry task forces. The NSTF, oversees, directs and provides senior government and industry leadership.

The NST – North Sea Transition
Wells TASK Force is one of these 7 Task Force
5 x TFG – Right Scoping.....

Improving Partnership Workgroup

Influence by collaboration

- Identify value from campaign based operations
- Take ownership of a road-map to a multi-operator campaign
- Share collaborative models for multi-operator campaigns

Scope

- Identify barriers to success of multi-operator campaigns & propose solutions / mitigation.
- Identify examples of where and who this works for globally
- Identify potential cost savings objectives

Objectives

- Quantify cost benefit of multi-operator Campaigns
- Identify best in class examples of success
- Drive an increase in multi-operator campaigns in the UK

Deliverables

- Deliver multi-operator campaign WHY whitepaper
- Multi-operator campaign HOW paper
- Road map to multi-operator campaigns



The workgroup itself is different for the other TFG it is lead by SC, with Operator members and OGUK & OGA
Strong membership presence from drilling contractors

At the group outset: Influences to collaboration – value, roadmap and activity map, collaborative models exist

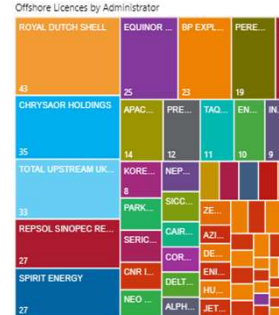
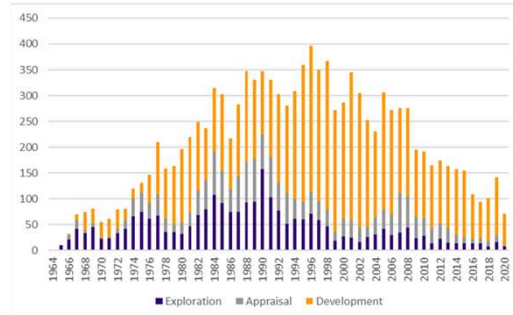
Scope= it is easy to find barriers, propose solutions and mitigation, examples where been successful, cost savings

Objectives- Quantify cost benefit for, best in class drive an increase in this approach

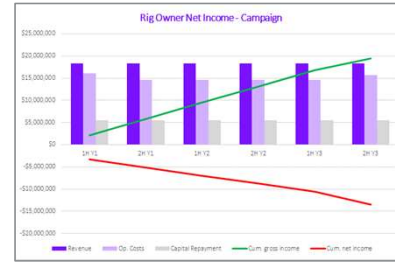
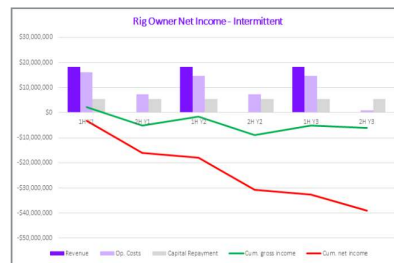
Deliverables: TO produce the Why paper, and How

UKCS Challenges / Opportunities

- **Wells Activity Challenges**
 - Commodity Crash & Covid
 - Securing investment
 - Globally competitive market
 - Supply Chain constraints
- **Opportunity**
 - Collaboration
 - Stimulating activity
 - Minimise start-up costs
 - Regulator Compliance / Alignment
- **Benefits**
 - Decommission stock readily available
 - No Production Impact / risk
 - Simpler Scope



• UKCS activity profile



- On these assumptions 125 days recover typical ramp up / down costs.



As you can see from the top right wells activity in UKCS in 2020 hit a low, it was projected to rebound somewhat in 2020 prior to covid

Within the basin (similar) Activity challenges

Commodity Crash & Covid

Securing investment, there is no single large operator or minor investor for all fields.

Globally competitive market

Supply Chain constraints

Opportunity

- Collaboration, similar challenges
- Stimulating activity, is a not easy and we have a Regulator within the UK which allows operators to prove to meet their own obligations. When these obligations are affected - they begin examine ways to encourage
- Start-up costs are very significant most obvious examples
- Reg compliance / alignment

Benefits

- Decommission Stock readily available
- Risk – this is possibly the largest reason focus P&A, a campaign of work
- Similar Scope is not quite correct, however in terms of all activity we complete

Building back better - the business case for multi-operator well campaigns in a diverse basin : Position Paper

Aspects for consideration

- Well Activities / Case for Decommission
- Business Case for Multiple Operator Campaigns
- Barriers :
 - Senior Management Support
 - Primary Barriers
 - Project Schedules
 - Contractual terms
 - Access to finance
 - Sharing information & Confidentiality
 - Secondary Barriers
 - Standardisation
 - Scope differences
 - Performance Management
- Published on OGUK free circulation



Onto the document, final review we looked over this morning.

Examined the cost of projects to ensure there is a win-win for multiple operator campaigns

Barriers – are very significant, you could feel after working through all the barriers who

Risk Mgmt

A lot are focused on project control

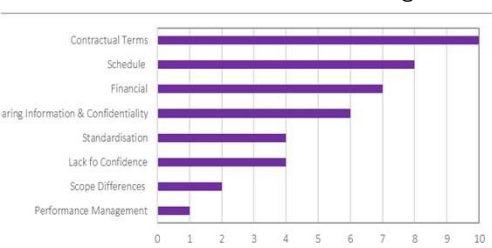
Sequencing & planning

Move forward to the next slide prefer to discuss the mitigation aspects

Building back better - the business case for multi-operator well campaigns in a diverse basin : Position Paper

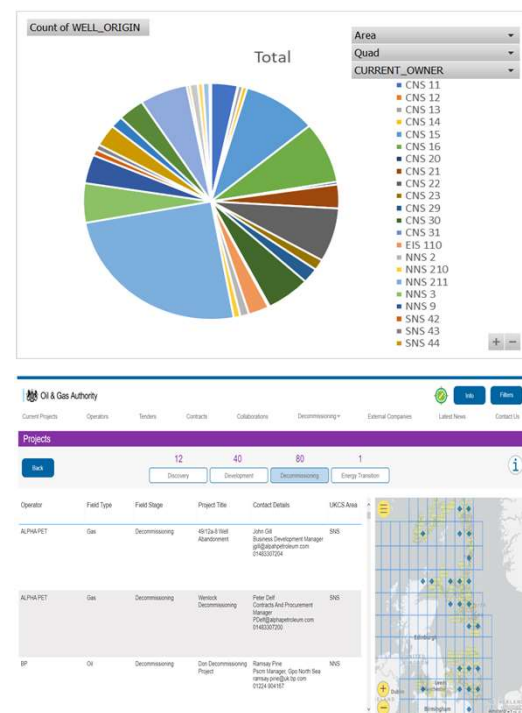
Campaign Barriers:

- Senior Management Support
- Primary Barriers
 - Project Schedules
 - Contractual terms
 - Access to finance
 - Sharing information & Confidentiality
- Secondary Barriers
 - Standardisation
 - Scope differences
 - Performance Management



- **Mitigation**
 - Well Design & Operations Standards
 - Rig Intake Assurance
 - Standardise Well/ Decom well
 - Safety Standards
- **Scope**
 - Logistics
 - Different Work scope
 - Rig Type and Equipment
- **Key Performance Mgmt.**
 - KPIs
 - Withdrawal of Scope under certain circumstances
 - Ability to change contractor / SC
 - Ability to remove operators

P&A Opportunity



Campaign barriers

- We need to bring senior MD level of Operators onboard
- Workshop phase

1. Well design and operations standards.

1. Unless the campaign project management company is appointed as the well operator for the entire campaign it is likely to be difficult to align the various operators to a set of common standards.
2. UK regulations are goal setting; a large global operator with corporate wells standards issued by an HQ in another country is unlikely to align with a small independent UK operator.
3. However, agreement should be sought in the first instance. Where there are differences it should be made clear which standards are to be used on the different wells.
4. The supply chain is familiar with this way of working.

2. Rig intake assurance.

Most operators have their own rig acceptance and audit requirements prior to the commencement of operations, but they are largely similar. The campaign project management company should develop a rig intake assurance

plan that is agreeable to all operators.

3. **Standardise well / well decommissioning design.** There may be opportunities to standardise well designs across operators to reduce the requirement for specialist capital items, tools, equipment, and fluids. Refer to the OGUK Guidelines for the Right-Scoping of Wells [Ref. 10] which help well-operators develop the minimum required scope for their well designs, based on benchmarking, target setting and an integrated multi-disciplinary team approach.
4. **Safety Standards.** The campaign project management company should develop an audit, inspection and incident reporting process that will be common across the campaign. The installation duty holder's safety practices and behavioural safety programme should be used and supported.

1. Scope Differences

Differing well types and locations will require different rigs and equipment. Scope differences can lead to a lack of alignment when planning a multi-operator campaign.

Mitigations to this barrier are listed below.

1. **Logistics.** The campaign should be set up to offer a full service including marine and air services. There may be an opt out for marine and air services if an operator is proposing a long campaign and has a more efficient delivery model using its own contracted resources. This should be negotiated on bespoke terms.
2. **Different work scope.** Campaigns should be organised with wells of similar scope where possible, to maximise continuity, efficiency, and learning. For example, subsea completions in one campaign, decommissioning of suspended E&A wells in another.
3. **Rig type and equipment.** Further segmentation can be based on the required rig type and geographical area. For example, heavy duty or standard jack-up, crane capacity and subsea tree handling capability etc.

1. Performance Management

Participating in a multi-operator, multi-well campaign requires working together to manage performance issues. Reaching agreement between operators may be difficult.

Mitigations to ensure collective agreement for performance management are listed below.

1. **Key Performance Indicators (KPIs).** High-level KPIs should be set up to monitor the performance of the campaign project management company and key service providers. The KPIs should be simple, easy to measure and limited in number. Incentives should be provided if KPIs are met and penalties for when they are not. KPIs should be agreed by all the operators and service providers included in the campaign.
2. **Withdrawal of scope under certain circumstances.** If the performance of the campaign

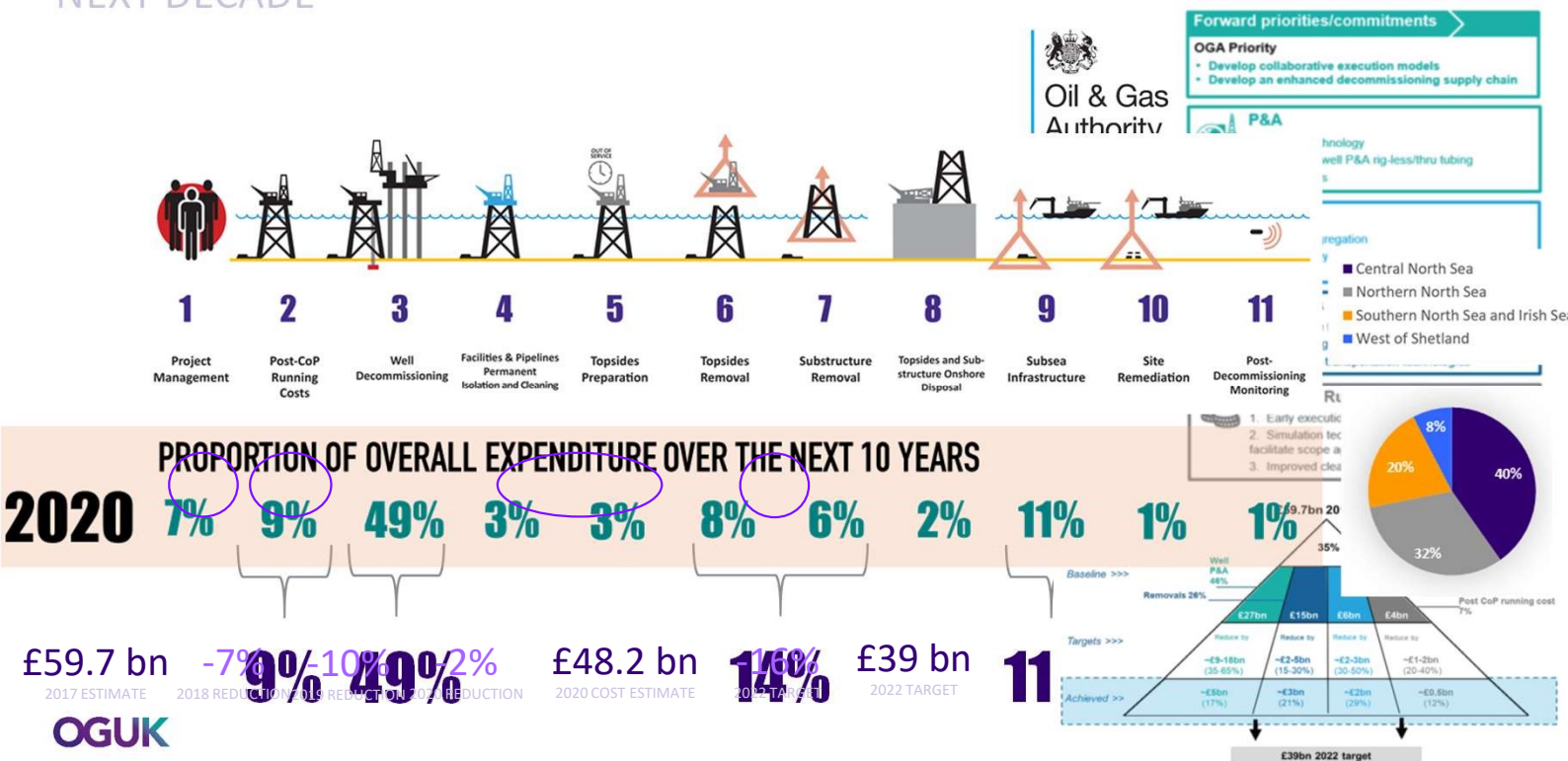
project management company falls below reasonable standards for a sustained period then, giving sufficient notice, operators may be allowed to withdraw scope with no commercial penalty.

3. **Ability to change contractors and service companies.** Clauses for performance management could be inserted into the contract to allow changes to underperforming contractors and service companies.
4. **Ability to remove operators from the campaign.** The contract should include a clause to allow the removal of an operator from a campaign if it fails to fulfil its obligations with respect to regulatory consents and notifications, timely provision of information, or payment.

INSIGHT

NEXT DECADE

AREAS OF EXPENDITURE OVER THE



The reason this is so important is the volume –

DECOMMISSIONING IN THE UK

FUTURE OPPORTUNITIES



Carbon efficient decommissioning



Supporting the circular economy



Re-purposing opportunities

Well Decommissioning for CO2 Storage

Guidelines



CCS Technical Forum

Helping members prepare for transition; building on existing capability

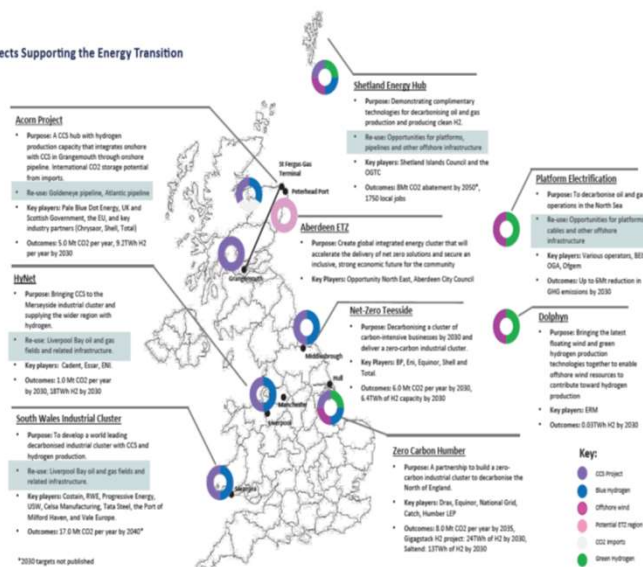
is



Leverage expertise
Share knowledge
Address challenges
Identify new opportunities

- Potential themes
- Well Decommissioning for CCS (currently underway)
 - Field Re-use for CCS
 - Well Re-use for CCS
 - Post Closure Monitoring
 - Re-use of Facilities & Pipelines for CCS

JK Projects Supporting the Energy Transition



Source: EY, OGUK

Decom is not the end – well Decom Guidelines it is the starting point of CO2
OGUK we have large pool of resources – the go to place for information

Additionally we are commencing a building a CCUS Technical Forum

OGUK Improving Partnerships – Ongoing Actions

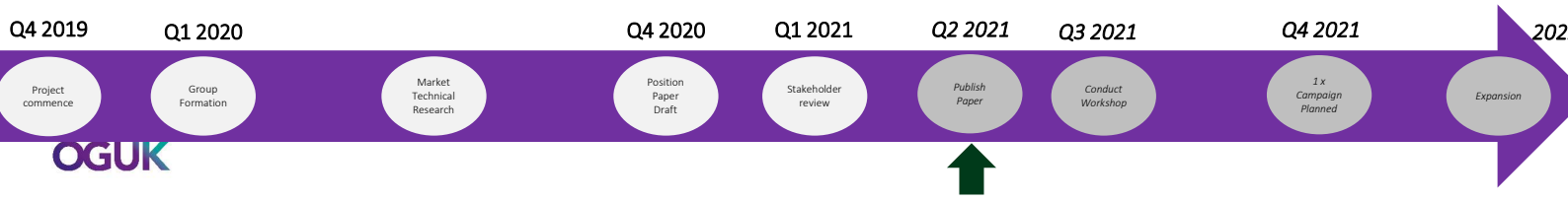
- *Building back better - the business case for multi-operator well campaigns in a diverse basin*
- Utilise OGA P&A Wells Database
 - Reviews to develop outline willing potential partnerships
- Build Workshop(s) to bring Operators together
 - Seek lead operator
 - Regional overlap
 - P&A Similarity
 - FID basis aligned
- Develop 1 x campaign of work
- Repeat Workshops as required to increase or extend campaigns
- Introducing performance metrics to ensure highest performing rig in basin
- Investigate potential Drilling Campaigns

UK Benefits

- Delivering high cost activities for less
- Maintaining & attracting high-skilled jobs
- Developing exportable expertise
- Reducing emissions & improving Safety Performance

To realise cost benefit rewards both operators and supply chain, should aim to achieve:

1. Openness and transparency on work scope, willingness to incorporate standardisation.
2. Flexibility on timing of both supply chain & operators.
3. Commitment to open-ness on commercial terms.



Actions:
 Why are we completing



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Thank you I hope this gives you picture and I remind it will be free to download once published.

Alan Quirke