



**Minutes of OGA Board meeting on 17 November 2016
48 Huntly Street, Aberdeen**

Attendees:

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| Sir Patrick Brown | Chairman |
| Mary Hardy | Non-executive Director |
| Robert Armour | Non-executive Director |
| Frances Morris-Jones | Non-executive Director |
| Stephen Speed, BEIS | Shareholder Representative Director |
| Andy Samuel | Chief Executive |
| Nicola Granger | Chief Financial Officer |
| Philip Lloyd (guest) | Interim Chief Financial Officer |
| Toni Harvey (guest) | Senior Geoscientist |
| Iain Mathieson (guest) | Senior Policy Manager |
| Nicola Higgins (guest) | Head of Strategy and Policy |
| Ian Hill (guest) | Senior Policy Manager |
| Susan Gair (guest) | Private Secretary to Chief Executive |
| Russell Richardson | General Counsel |
| Fiona Gruber | Board secretary |

Introductions

The Chairman welcomed Nicola Granger to the Board.

Minutes of 21 October meeting

The Board approved the minutes of the 21 October. Progress of outstanding actions, as recorded in the action log, was noted.

Conflicts of interest

No conflict of interest with any agenda item, or as a result of new appointments, was declared by any member of the Board.

Audit Committee report

The Chairman of the Audit Committee reported on the proceedings of the Audit Committee held on 2 November 2016. She noted that the Board would need to appoint the National Audit Office (NAO) as the OGA's auditor to fill a casual vacancy and they would then need to be formally appointed at the OGA's Annual General Meeting. The NAO's fee for the 2016-17 audit is quoted at £40,000 and will be an actual, rather than nominal, fee - for which the OGA must budget.

In light of the lessons learned from the 2015-16 audit, the Audit Committee has scheduled an extra meeting in January to review the skeleton accounts and accounting policies.

Following discussion of the interim chief financial officer's proposal to establish a reserve fund, the Committee agreed that the OGA should discuss the proposal in more detail with the shareholder team. The Board endorsed this approach.

The Committee revised the risk register, adding two risks and requesting assurance on mitigation actions on a number of risks.



Shareholder update

The Shareholder Representative Director reported that recent Ministerial meetings with the oil and gas industry have been well received.

The merger of the former BIS and DECC is continuing, with the oil and gas teams expected to move to 1 Victoria Street in early 2017.

The Shareholder Representative Director informed the Board that he would be moving to another position in BEIS and would therefore be resigning as a Director in early December. He proposed that the Head of the UKCS oil and gas policy and resilience team be his successor. The Board welcomed his suggestion and warmly thanked him for his considerable contribution to the successful establishment of the OGA.

Onshore exploration, production and policy update

The OGA's senior geoscientist and a senior policy manager gave the Board a comprehensive update on the OGA's onshore oil and gas licensing and policy work and the regulatory framework, setting out how the context differs from offshore licensing.

The presenters outlined the OGA's work with other regulators to address public concerns about onshore exploration and production, including a programme of regular 'meet the regulators' events with the public, local authorities and planners. In addition, and in partnership with the British Geological Society, the OGA endeavours to place as much information as practicable about onshore licensing into the public domain.

The Board thanked the team for its very informative presentation but cautioned against working beyond the team's capacity. The Board agreed that it would be important to adequately capture the cost of the OGA's onshore work in upcoming budget discussions.

Licensing Review: provisional findings and recommendations

The head of strategy and policy and senior policy manager presented the preliminary recommendations following their internal review of the current offshore licensing regime. Having considered the range of alternative licensing practices used in other countries, the team expects to conclude at present that the current UK licensing regime is effective and that alternative practices would not add value to the UK process. The team expects to finalise its internal review by the end of the year before making final recommendations. Any proposals for change would require consultation and would not be implemented until after the 30th Licensing Round.

The Board commended the breadth and depth of the review and endorsed the preliminary recommendations.

Legal dashboard

The general counsel gave the Board an overview of the OGA's current and future legal work. He underlined the need for the OGA to be rigorous in applying its internal delegation framework and the published sanctions procedure. He was confident that the OGA was putting in place the necessary structures to enable the Board to evaluate cases methodically and develop a consistent approach to applying its powers.

Having recently published competition and collaboration guidance, the general counsel undertook to finalise guidance for staff in this area. The Board agreed that it was important to continue to develop staff understanding and correct implementation of the guidance. The general counsel further undertook to clarify the status of tribunals.



Chief Executive's report

The Chief Executive was pleased to report very good feedback from the MER UK in Practice event, both in survey responses and anecdotally.

He was satisfied that progress had recently been made in a number of areas, including the pipeline of new exploration wells, and felt that the forward outlook of operators had improved somewhat.

He remains concerned about the impact on the supply chain of the industry contraction but hoped that a global ambassador could be identified to champion the sector's successes.

Chief Financial Officer's report

The interim Chief Financial Officer reported no significant changes to current projections for year end. He will present the draft 2017-18 budget to the Board in December. He thanked the Board for its support during his interim tenure.

Future meetings

The Board reviewed the agenda forward look, noting that the budget and updates on decommissioning and HR and supply chain would feature in December.

AOB

The Board commended the overview of due diligence procedures for UK licensees and thought there might be potential to explore with other regulators a common approach to due diligence.

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Chairman

15/12/2016

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Date

