



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

**6<sup>th</sup> April, 2017**

### **Meeting Attendees:**

Andy Samuel, Co-Chair, MER UK Steering Group,  
Greta Lydecker, Co-Chair, MER UK Steering Group  
Phil Kirk, Chair Exploration Task Force  
Ray Riddoch, Chair, Asset Stewardship Task Force  
Stephen Marcos-Jones, Co-Chair Efficiency Task Force  
Terri King, Chair, Decommissioning Task Force  
Paul White, Chair, Technology Leadership Board  
Deirdre Michie, Chief Executive, Oil & Gas UK  
Neil McCulloch, Co-Chair, Oil & Gas UK  
Terry Savage, Co-Chair, Oil & Gas UK

### **Apologies:**

Gunther Newcombe, Operations Director, OGA  
Neil Sims, Chair, Supply Chain & Exports Task Force  
Walter Thain, Chair, Efficiency Task Force

### **Welcome & Opening remarks**

- Andy opened the meeting and thanked everyone for attending.
- The revised ToR were agreed. They have been published on the OGA website.
- Greta thanked everyone for providing the one page task force updates.
- Greta recommended that the steering group spend some time reflecting on the work being undertaken by the task forces to ensure that activities were focussed on contributing towards MER UK.

### **Task Force Updates**

#### **Asset Stewardship – Ray Riddoch**

- Membership is now more focussed and the task force is receiving good support from industry.
- Ray provided an overview of the one page pre-read.
- Cross industry learning and integrity are being considered as the next areas for attention. Compression has been brought to a close.
- There are concerns around cross industry learnings as several groups/organisations are looking at this leading to potential confusion and duplication. Andy reminded the group that he had heard that some of the most effective engagements were industry

leadership teams simply meeting with counterparts in other industries, at their sites and really experiencing first hand different ways of working.

- **Action Point:** Ray agreed to meet with Scottish Enterprise to establish where they are with cross industry learnings.
- It was brought up that cross regulator engagement could also be beneficial.
- Andy advised he and Gunther met frequently with other regulators at different levels. If requested he could arrange for the Regulator Heads to engage with the steering group.

**Action Point:** Deirdre to decide if this would be helpful (and not cross across other engagements and revert)

### **Cost & Efficiency – Stephen Marcos-Jones**

- A reset meeting has been held at the beginning of the year to prioritise what the task force would take forward in 2017. It was agreed that they would focus on the 4 key areas outlined in the pre-read material.
- The task force have liaised with the technology leadership board to ensure that the work being undertaking on logistics is not being duplicated.
- Success will only be achieved if companies use the tools the task force have produced and get on board with the initiatives. The steering group was asked if they could help with this.
- There was a discussion around how it could be shown that the tools are being taken up and how to quantify results from this. It may be possible to look at the contribution to the OPEX and/or identify how many and which companies are using which tools.
- Ray Riddoch provided an example where if a project becomes economic and goes ahead it will be a clear indication that simplification does work
- Andy highlighted that for the next meeting it would be good if this task force could quantify that companies are reducing costs because they are using the materials produced.

### **Technology Leadership Board – Paul White**

- Paul provided highlights from the pre-read material.
- The processes are working well, there has been good engagement with industry to understand the technology challenges and the wider engagement through Hackathons has worked well.
- They have made some efficiency with the membership of the TLB to ensure the focus of discussions is on technology.
- There are still some challenges around the strategy for this task force and how this is managed; this has been recognised and they plan to hold a workshop to review the strategy and the way ahead.
- There are some concerns that when projects are handed over to OGTC that industry should still get sight of progress.
- One of the areas being looked at by the TLB is decommissioning technology needs. Terri King advised she would engage with Paul White to take this forward.
- It was asked if the TLB could do more around the technology plans included in the Asset Stewardship survey.

- Andy advised that the OGA were looking at how they can use information in the technology plans, possibility even having a league table, and Carlo and his team would share as much information as possible, per the OGA's Transparency drive, but within the bounds of confidentiality.

### **Supply Chain & Exports – Stephen Marcos-Jones**

- Stephen Marcos-Jones provided an update on behalf of Neil Sims.
- Two areas of work in particular are making good progress: The first is getting some coherency around the multitude of initiatives available. A hub is being developed which will bring these into one place.
- They are also undertaking some streamlining work with the DIT to improve the narrative being used when they are promoting the UK overseas. This should hopefully feed into the industrial strategy work.
- Following discussion, and recognising the scale of service industry, it was suggested that the new work of the taskforce defining the Sector Deal could be the perfect catalyst for required focus and delivery.
- The sector deal should include what the industry would like from government, what industry is going to drive themselves and what this will deliver. Andy suggested clear commitment and measurable improvements on key behavioural areas such as company commercial behaviours, supply chain behaviours and technology deployment would be very welcome.

### **Decommissioning – Terri King**

- The membership of this task force has been refreshed and has been reduced to 7 members. Their first meeting had taken place the previous week.
- They will be continuing with 4 projects:
  - Cost Certainty and Reduction
  - Delivery Capability
  - Regulatory Guidance
  - Multi Well P&A
- They have put in place an accountability system; task force members have been identified as sponsors for each project, going forward they will actively guide the projects.
- By April the sponsors will identify what the top 2 goals are for each of the projects.
- There is some redefining work to be carried out by the delivery capability project team; once this is complete the expectation is that this project will be closed out.
- The steering group highlighted that there was some good work coming out of the multi-well P&A project.

### **Exploration – Phil Kirk**

- The Exploration Task Force will be working on 4 priorities in 2017; these were outlined in the pre-read.
- The task force has been refreshed to include more on the technology side.
- Phil is keen to get a definitive view of the 'yet to find' in the UKCS, it is important to have some sort of scientific bases for what is being chased after. This work has

started, the methodology is currently being looked at and the different ways it can be approached. Completion of this work is not expected until the second half of 2018.

- **Action Point:** Andy to discuss with the OGA team whether or not there is an interim product that can be produced.
- It was asked if the task force had reflected on the improved success rate for the exploration wells drilled and if there were any learnings that could be taken from this? The task force had looked at this and this will be shared.

### **MER UK Quantification & Culture Change – Andy Samuel**

- It was agreed that there was a need for an industry cultural champion, who will join the steering group.
- **Action Point:** Greta will work with the O&GUK board to identify who the champion will be.
- Andy advised that he had asked his analysts team to quantify how the OGA were making a difference. The OGA now use a comprehensive database to track industry successes to which the OGA has contributed towards.
- Andy highlighted that the industry in 2016 exceeded production level forecasts. The OGA welcomes industry sharing their successes and positive learnings, as was done for example recently in the OGA meeting with the top 18 operators by production.
- Challenge to the Asset Stewardship Task Force - are they are still doing everything they can on the basics and do we fully understand the losses from last year?
- The offer was given that the OGA and O&GUK have very good analysts who can help the task forces quantify their impacts if asked.
- Clear data and evidence will be very helpful to support any sector deal and to show that the industry is not reverting to previous bad habits.
- Andy requested for support to be given to the work on company commercial behaviours.
- Andy also asked for continued support for the OGTC; there will be a strong need to demonstrate that this is working. This will likely be part of the conversation when it comes to sector deals.
- Discussion on how some parts of the industry feel that the sector may be through the worst of the downturn. There is a need to drive sustainable change. Getting/keeping behaviours right may be the biggest key to getting investment back.
- Looking at the 'vision scenario extra 3 billion boe above baseline by 2025' it would be useful to establish how much extra capital it would take to achieve this.
- **Action Point:** Andy will pick up with the OGA analysts on the best way to establish this figure.

### **MER UK Forum Meeting Agenda**

- Andy made the point that attendance for the MER UK Forum has now been very much focused. Andy's request is that all MER UK Forum Steering members work to ensure the meeting meets their expectations. There is a shared responsibility. Following discussion a draft agenda was agreed for the MER UK Forum with actions points below:

Agenda Item 1 – 20 mins – Welcome and Opening Remarks

- Andy will open the meeting, followed by the attending ministers giving their opening remarks.

Agenda Item 2 – 30 mins – Industry Key Performance Areas

- Andy will lead the discussion

Agenda Item 3 – 20 mins – Areas of Concern

- Discussion to be led by Neil McCulloch

Agenda Item 4 – 20 mins - Industrial Strategy & Sector Deal

- This topic will be led by Deirdre Michie

Agenda Item 5 – 20 mins - Ministerial Update

- It was agreed that only a few well-chosen slides should be used at the meeting.

### **Dinner**

- Decision to keep to the smaller tables as previous dinner. Each table will have a facilitator to drive conversation and provide feedback.
- It was agreed that the topics for dinner would be:
  - Industry Cultural Change – to be led by new industry cultural change champion with assistance from Andy
  - Vision 2035 – Technology lens – to be led by Colette Cohen with assistance from Andy

### **Opportunity Matrix – Andy Samuel**

- The OGA Opportunity Matrices for 2016 and 2017 were shared as a pre-read.
- It was raised that the highlighted areas on the matrix were quite broad and industry would have difficulty knowing what was relevant to them.
- **Action Point:** Andy will raise this with Gunther Newcombe with a view to providing further specificity and guidance.

### **Area Plans – Andy Samuel**

- The OGA have taken soundings from a cross section of the industry on our suggested approach to area plans and the feedback has been positive.
- The OGA are happy to start this but it will only work if industry takes the lead.
- It was highlighted that the supply chain was missing and they should sit in the assess phase.
- **Action Point:** Deirdre Michie will advise who from industry will partner Gunther Newcombe on communication around the new process.

## **Industry Context/Government Asks – Deirdre Michie**

- O&GUK have carried out analysis which reinforces that the messaging and approach they have been taken for BREXIT is the right one. They are looking at positioning this as an enabler.
- Starting to think how Government interprets some of the issues in a domestic context such as immigration.
- The steering group should have the penultimate draft copy of the industrial strategy response. This reinforces and promotes the oil and gas industry to ensure that it is mentioned in the white paper. 5 areas have been highlighted, outlining recommendations and suggestions that the oil and gas industry can progress; it also identifies the contribution that the industry can make towards the UK economy.
- It has been recognised that the sector deal has to be a purposeful collaboration between government and industry and it will be important to differentiate the oil and gas industry from others, evidence and numbers can be used to do this.
- A workshop is being held in the next couple of weeks to look at the ideas being put forward.

## **Close**

- Andy thanked everyone for their attendance and contributions and closed the meeting.