



Oil & Gas Authority

Minutes of OGA Board meeting on 22 September 2016 48 Huntly Street, Aberdeen

Attendees:

Sir Patrick Brown	Chairman
Mary Hardy	Non-executive Director
Robert Armour	Non-executive Director
Frances Morris-Jones	Non-executive Director
Stephen Speed, BEIS	Sponsor Director
Andy Samuel	Chief Executive
Philip Lloyd	Interim Chief Financial Officer
Gunther Newcombe	Director of Exploration, Production and Decommissioning
Nick Richardson	Head of Exploration and New Ventures
Scott Robertson	Central North Sea Area Manager
Bill Cattanach	Supply Chain Manager
Russell Richardson	General Counsel
Fiona Gruber	Board secretary

Introductions

The Chairman welcomed Board members and guests to the meeting.

Minutes of 18 August meeting

The Board approved the minutes of the 18 August meeting. Progress of outstanding actions, as recorded in the action log, was noted. The Chairman reminded the Board that all Board minutes would be published in the governance section of the OGA's new internet, to be launched on 3 October 2016.

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.

Reflections on strategy day

The Board agreed that the strategy day on 21 September had been a very productive discussion. The Board fully supports the need to focus on top priorities and to produce a new Corporate Plan, focused on the MER UK strategies and the delivery plan, for 2017-22. The Board further agreed that the OGA would need to articulate its new regulatory powers, and how it uses them, very clearly.

Sponsor Director update

The Sponsor Director briefly updated the Board on BEIS's approach to its transition from legacy departments. The revised Articles of Association have been signed by the Shareholder and have been submitted to Companies House for filing. The Board agreed to review the Articles in due course to ensure they remain fit for purpose.

Action: Board to review Articles of Association later in the year.

Exploration strategy

The Head of Exploration presented the exploration strategy, setting out its three priorities: regional exploration, licence and work programme stewardship and subsurface technical assurance and



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portfolio management. He highlighted the strategy's interdependencies with the asset stewardship, information management and technology strategies. The Board supported the strategy and agreed that greater data transparency would be important in driving increased drilling activity.

Asset Stewardship Strategy

The Central North Sea Area Manager presented the asset stewardship strategy, which focuses on four core themes: stewardship expectations, a rationalised industry data survey, benchmarking, and stewardship reviews. The Board commended the very high quality strategy, suggesting only that it might articulate more clearly the importance of asset condition.

Supply Chain Strategy

The Head of Supply Chain presented the strategy to help create the conditions to expand and enhance the supply chain by: maximising the economic potential of the UKCS, anchoring the service sector in the UK, and doubling the accessible international market share by 2035. The Board agreed that the OGA had no statutory remit in this area but noted that the OGA could, in collaboration with others, influence and promote cost and efficiency improvements.

Governance overview

The Board commented on the suite of governance documents, including Board procedures, provided as pre-read. Specifically the Board noted that the Shareholder Representative Director, subject to final legal advice, would not participate in discussions on regulatory decisions linked to directions. This would be handled either by minuting his absence from the discussion or by a separate committee being formed to handle such decisions. The Shareholder Representative Director would also not be party to papers circulated to inform such decisions.

Action: Shareholder representative director to confirm BEIS legal advice on the above at the next Board meeting.

Chief Executive's report

The Chief Executive confirmed that the amended pay and reward business case has been submitted to HM Treasury, with a decision expected in advance of vesting.

Following the departure of the Head of Technology, Supply Chain and Data, the Head of HR and Change will additionally take on the Supply Chain portfolio and responsibility for data and information is expected to move to the new Corporate Directorate.

A broader reorganisation of the OGA is underway which will enhance roles in the extended leadership team. It is due to be implemented on 1 November 2016.

Finance report

The Chief Financial Officer updated the Board on the OGA's financial position, noting the continuing need in the current system to adjust the numbers to reflect late payments.

Following discussions with the National Audit Office, the Chief Financial Officer expects the bulk of the 2016-17 audit to be conducted in February 2017, thus reducing the audit workload in June 2017.

External guidance on anti-competitive and collaborative behaviour

The General Counsel presented his draft paper, noting that it had been shared in parallel with the Competition and Markets Authority. The Board commended the clarity and high quality of the paper and noted that internal guidance, including an impact assessment, would be brought for its consideration in December.



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Update on sanctions procedures

The Board noted the summary of industry feedback on sanctions procedures and agreed with its conclusions. The Board asked the Chief Financial Officer to ensure that either financial provision for the cost of external legal advice was made in future budgets or a contingent liability note made in the accounts.

Future meetings

The Board will be updated on the 2015 and 2016 seismic programmes at the October meeting. In November, the agenda will include a legal issues forward look, onshore update and the draft 2017-18 budget.

AOB

The Board discussed attendance at the MER UK Award ceremony in November and will confirm attendance with the communications team.

Chairman

21 October 2016

Date

