VISION 2035
UK oil and gas industry

Creating the future
## Purpose

### What

A single, compelling, national vision for the UK oil and gas industry to 2035 that everyone can identify with, support and deliver

### Why

- To provide direction and instill confidence
- To inspire transformation and drive collaboration
- To create competitive advantage
- To secure investment and drive value

### Who

<table>
<thead>
<tr>
<th>Workforce</th>
<th>Investors</th>
<th>Policy makers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current and future</td>
<td>Public and private</td>
<td>National and local</td>
</tr>
</tbody>
</table>

### How

- Small, diverse, representative team led by the OGA and Oil & Gas UK
- Involvement at all levels and from every part of the industry
- Organic, bottom-up approach – strong communication & engagement

### When

- **Create**: June to September 2016
- **Refine**: October to November 2016
- **Communicate**: H1 2017

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Supporting the UK Industrial Strategy
# Core audiences

<table>
<thead>
<tr>
<th>Audience</th>
<th>What would success sound like?</th>
</tr>
</thead>
</table>
| **Workforce**   | 1. I see the potential for growth and a positive future  
2. I understand why change and transformation is needed  
3. I know how I can contribute and I’m excited to be part of it                                          |
| **Investors**   | 1. I see the potential for growth and a positive future  
2. I understand what is being done to increase competitiveness  
3. I regard the UKCS as an attractive place to invest                                                     |
| **Policy makers** | 1. I see the potential for growth and a positive future  
2. I understand what needs to be done to support this  
3. I am committed to creating the right conditions                                                         |

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**We’ve got to make it relevant**
Where we are now

Adapting to new operating conditions

**Infrastructure**
- 5,000+ wells
- 250+ subsea systems
- 3,000+ pipelines
- 250 fixed installations

**Production (boepd)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Production</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>1.4 million</td>
</tr>
<tr>
<td>2015</td>
<td>1.6 million</td>
</tr>
<tr>
<td>2016</td>
<td>1.6 million</td>
</tr>
</tbody>
</table>

**Production efficiency**

<table>
<thead>
<tr>
<th>Year</th>
<th>Efficiency</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>65%</td>
</tr>
<tr>
<td>2015</td>
<td>71%</td>
</tr>
<tr>
<td>2015 range</td>
<td>30%-90%</td>
</tr>
</tbody>
</table>

**Resources**

- **Produced**: 43bn
- **Remaining potential**: 10bn, 20bn

**Development**

- 6.3bn boe in production or under development

**Costs**

- Unit costs down by nearly 30%
- Average unit operating costs have fallen from £18 per barrel in 2014 to an estimate of £13 per barrel in 2016

**Supply chain**

- c.£30bn turnover
- 40% through exports and supporting 80% of UK oil and gas jobs

**Jobs**

- 330,000 jobs in the UK
- Delivered through or supported by upstream oil and gas activity

Source – Oil & Gas UK and EY

Source – OGA

Source – OGA and Oil & Gas UK

Source – OGA
The big opportunity

Increase the prize by half again over the next 20 years

Vision 2035 – A single compelling vision for the offshore oil and gas industry

Total value added
Increased UK supply chain turnover from capturing larger share of exports markets

MER UK
Increased gross revenues from UKCS oil and gas production

Baseline supply chain turnover from exports
Vision supply chain turnover from exports
Baseline gross production revenue
Vision gross production revenue

£148bn Additional turnover
£137bn Additional gross revenue

£148bn
£137bn
£418bn
£348bn
£281bn
£496bn

0 5 10 15 20 25 30 35
Revenue/Turnover (£billion, 2016 prices)
Immediate next steps

- **Digital**
  - New data and standardisation enables development of large field X

- **Simplification**
  - Uneconomic fields H & I decommissioned efficiently with 35% saving

- **Efficient decom**
  - Consolidated ownership and new technology enables development of small pools Y & Z

- **Use it or lose it**
  - Extending life and improving economics for platforms E, F and G

- **Consolidation**
  - Logistics & operational collaboration reduces costs and improves efficiency for all platforms

- **Transparency**
  - Open infrastructure, transparency and commercial collaboration facilitated and/or enforced by OGA, MER UK Strategy and powers

- **Extend life**
  - Extends life adding valuable economic reserves to A, B, C & D

- **Technology**
  - The go-to centre globally for mature basin solutions

- **Exports**
  - A world-class oil and gas service sector exporting to the world

- **Collaboration**
  - Collaboration between owners and users transforms operational and commercial performance of terminal

- **Jobs and skills**
  - Anchoring skills and jobs in the UK

- **Halve well costs**
  - Well costs halved leading to many more wells, reserves and new exploration discoveries
### How it might sound

**Home to a global energy industry anchored in the UK, powering the nation and exporting to the world**

<table>
<thead>
<tr>
<th>People</th>
<th>Energy security</th>
<th>Technology</th>
<th>Exports</th>
</tr>
</thead>
<tbody>
<tr>
<td>An exciting place for energy people to live and work</td>
<td>Maximising economic recovery from the UKCS</td>
<td>Becoming a global leader in mature basin solutions</td>
<td>Leveraging our expertise, innovation and technology</td>
</tr>
<tr>
<td>Securing sustained investment from a diverse range of companies</td>
<td>Being the most efficient basin in the world</td>
<td>Anchoring capability and expertise in the UK</td>
<td>Creating a sustainable energy service and technology sector...... long after the final economic reserves have been produced</td>
</tr>
<tr>
<td>Attracting the next generation of talented people</td>
<td>Having an extraordinary knowledge of our geology</td>
<td>Delivering sustained investment in technology through the cycle</td>
<td>Maintaining our position as a world-leader in subsea engineering</td>
</tr>
<tr>
<td>Enabling people to transfer between different parts of the energy sector</td>
<td>Creating a safe and sustainable low-cost operating model</td>
<td>Being a ‘test bed’ for the development and deployment of technology</td>
<td></td>
</tr>
</tbody>
</table>

**One vision – multiple dimensions**
Your ideas

• Is this the right vision?
• What does it mean to you?
• How can you help achieve it?
• What behaviours are required?
• What actions are required?
• How should it be communicated?

Help shape the vision for the future

Your feedback

We’d welcome your feedback and ideas

Please contact:

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