



Oil & Gas
Authority

Stewardship Expectations

SE-01 Joint Venture Hub Strategy
Implementation Guide

March 2017

1. Objectives

The objectives of this Stewardship Expectation are to:

- Ensure hub strategies are in place which articulate a strategic vision for a hub and how that hub will maximise economic recovery over its life time
- Encourage agreement of a hub strategy by the relevant joint venture, leading to improved alignment and delivery success for the joint venture's subsequent activity plans
- Facilitate a view within a joint venture of the long term strategy and plans for its hub, including the potential of nearby prospectivity and discoveries (either operated by the joint venture or by others) beyond its immediate producing fields and facilities
- Encourage area collaboration

WHAT IS A HUB?

A hub is:

- The natural grouping of hydrocarbon fields that produce into a common set of infrastructure (such as wells, pipelines and gathering facilities) and the common infrastructure processing such hydrocarbons; or
- An onshore terminal and its associated upstream export pipeline infrastructure

It is important in the development of a hub strategy that its joint venture owners consider nearby prospectivity and discoveries (either operated by the joint venture or by others) within reasonable tieback distance to the hub infrastructure. Where a number of offshore surface facilities form a field complex, a single hub strategy addressing the hub area is sufficient (for example, platform A, B and C which all service the same field or fields).

WHEN IS A HUB STRATEGY REQUIRED?

The OGA expects a hub strategy to be prepared for any asset that either:

- Has an approved Field Development Plan (FDP); **and**
- Comprises of floating or fixed surface infrastructure, e.g. a Floating Production Storage Offtake (FPSO) or a platform, for processing hydrocarbons from a field and/or its surrounding satellite fields to an export specification acceptable for transportation onshore via an export pipeline or offtake tanker

or an asset which comprises:

- An onshore terminal and associated upstream export pipeline infrastructure

HOW FREQUENTLY SHOULD A HUB STRATEGY BE UPDATED?

The OGA expects a hub strategy to be updated at least once every two years, however it may be necessary to update more frequently.

The OGA expects that a hub strategy will be developed by the infrastructure operator and agreed by the infrastructure co-venturers.

The hub joint venture is not required to make the hub strategy publicly available.

2. Contents of a hub strategy

The hub strategy should include the following elements :

- 2.1 Hub and area description
- 2.2 Strategic vision for the hub
- 2.3 Strategic options considered
- 2.4 Strategic option chosen and strategic delivery elements
- 2.5 Risks and opportunities
- 2.6 Activity plan

2.1 HUB AND AREA DESCRIPTION

2.1.1

Summary of the hub and surrounding area (preferably with simple diagram) to include descriptions of its:

- a. Subsurface
- b. Wells
- c. Infrastructure (including constraints)
- d. Undeveloped discoveries (including consideration of nearby discoveries operated by others based on publicly available industry data/ information)
- e. Exploration prospectivity (including consideration towards nearby prospectivity operated by others based on publicly available industry data/ information)

2.1.2**A summary of the following resources and reserves within the hub area:**

- a. Prospective resources
- b. Contingent resources
- c. Reserves

Note: publicly available data/information on third party resources and reserves should be included, where relevant.

2.1.3

Details of the performance of the hub measured against the most recent Asset Stewardship Survey submissions and/or joint venture programmes and budgets (including production target, production efficiency, operating cost, capital investment).

2.1.4

A description of the joint venture and commercial framework applicable to the hub

2.1.5

A summary of the hub's licensing framework

2.2 STRATEGIC VISION FOR THE HUB

A high-level summary of the joint venture's strategic vision for the hub and its surrounding area.

2.3 STRATEGIC OPTIONS CONSIDERED

A brief summary of the strategic options that were considered for the hub strategy and, for those not selected to proceed, a brief summary why they were not selected.

2.4 STRATEGIC OPTION CHOSEN AND STRATEGIC DELIVERY ELEMENTS

A summary of the hub strategy chosen and the rationale for its selection, together with detail on the underpinning elements required for delivery of the hub strategy, including where appropriate:

- a. Base management (management of existing reserves)
- b. Incremental investment (developments, subsurface, wells, plant and export investment delivering additional incremental reserves)
- c. Exploration and appraisal (near field and wider area)

- c. Collaboration and alignment (including, identification of wider multi joint venture area collaboration required to deliver the strategic option, if any)
- d. Engagement with nearby third party operators on potential tie back opportunities
- e. Ageing and life extension of the hub infrastructure (including pipelines and flowlines)
- f. Cessation of production and decommissioning

2.5 RISKS AND OPPORTUNITIES

A hub 'risk and opportunity' register and matrix that:

- a. Identifies the key risks and opportunities with their potential negative or positive impact on the hub strategy and associated activity plan
- b. Sets out an action plan for mitigating the risks and securing the opportunities identified in the register

2.6 ACTIVITY PLAN

2.6.1

A high level plan of activity covering the life of the field and/or infrastructure, comprising the following areas and including milestones and key decisions:

- a. Base management (management of existing reserves, including ageing and life extension of infrastructure)
- b. Incremental investment
- c. Exploration and appraisal (new resources and reserves, both near field and within the hub vicinity, including third party resources and reserves)
- d. Third party business opportunities (including tie backs)
- e. Commercial/joint venture (joint venture agreement activity)
- f. Decommissioning

2.6.2

A summary of the parameters that frame and underpin the activity plan should also be included, such as:

- a. Production
- b. Capital investment
- c. Operating expenditure
- d. Abandonment/decommissioning expenditure

3. Submission to the OGA

A hub strategy does not require to be submitted to the OGA unless the OGA requests submission.

In the event that the OGA requests an operator to submit a hub strategy on behalf of the relevant joint venture, the OGA will seek confirmation from the operator that the hub strategy has been agreed with its co-venturers.

4. OGA Analysis

Upon receipt, the OGA will review and/or use a hub strategy for the following purposes:

- a. Identifying gaps, overlaps and/or conflicts between adjacent and/or interconnected hub strategies and/or conflicts with any OGA area plans
- b. Acquiring a wider view of the UKCS to identify insight and opportunity
- c. Identifying key risks and opportunities for hubs connected by critical pipeline infrastructure and terminals
- d. Understanding the strategic alignment of the joint venture on long term plans for the hub
- e. To assist in prioritising Stewardship Reviews at Tier 1, 2 and 3



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