



Oil & Gas
Authority

Competitive well delivery

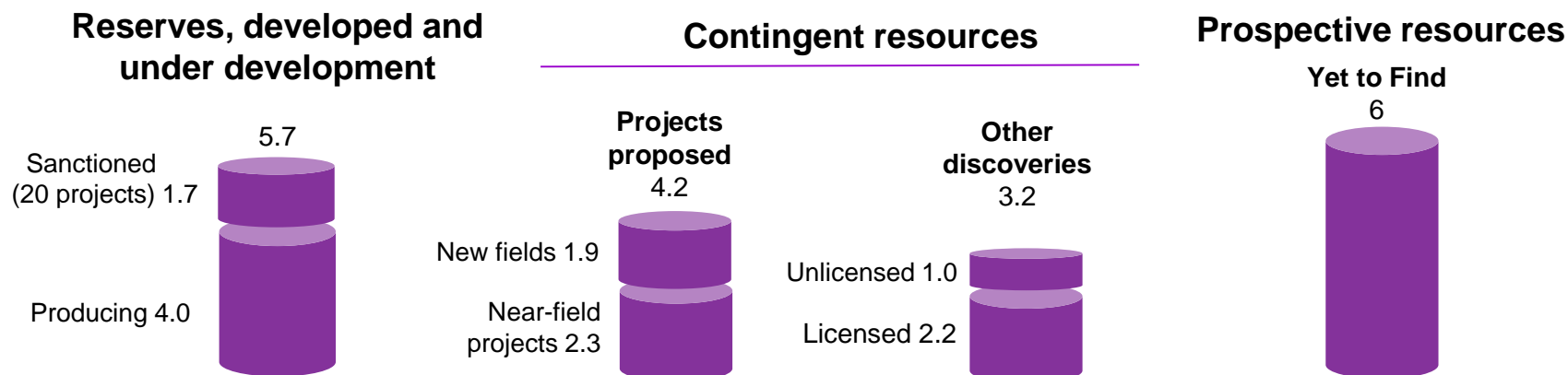
Welcome address

Dr Andy Samuel
Chief Executive

November 2017

Size of the prize

OGA UKCS Reserves and Resources Report (end of 2016, bn boe)



Opportunity

- Capex efficiency and on-time project delivery
- Increase PE

- Improve recovery and project economics

- Technical and economic challenges
- Avoid risk of stranded resources

- Urgent actions to replenish pipeline
- Today's R/P = 10 years

>2,000 new wells required

~100 dev wells
+ well interventions

~200 dev wells
~200 infill
+ well interventions

~300 appraisal wells
~300 dev wells

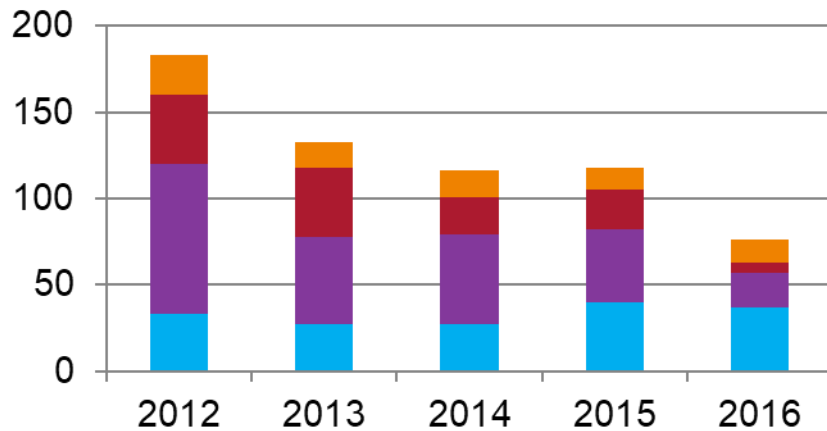
~300 discoveries
~900 exp wells

Source: OGA

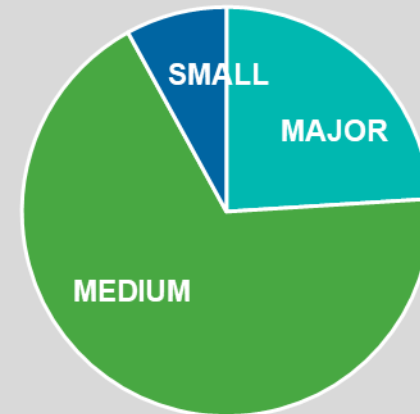
'Competitive well delivery' critical for MER UK

Drilling activity

Decline in well numbers



2016 development wells by operator size



Exploration wells	fairly stable but low
Appraisal wells	74% reduction
Infill wells	halved so risks stranded reserves
Development wells	committed but coming to end

What is needed?

Events like today

Cross-industry initiatives

Sharing of operators past experience and new best practices

Source: OGA

Priority to address activity decline and revert this trend

Thoughts on halving the cost

Contracting strategies

May have reached limit of savings - or may have irreversible negative impact on rig market

Still potential for industry to collaborate around campaigns, sharing risk and cost

EG. ALPHA & GE
Cheviot functional tender, fully integrated solution



Fit for purpose well design construction and execution best practices

Well designs optimised for cost reduction/ value e.g. high angle infill

Efficient processes, e.g. offshore cuttings treatment

Focus on reduction in NPT required

EG. APACHE FORTIES
Low-cost infill wells to target <1mboe accumulations



Transformational technologies

Good collaboration between operators to develop new technology

EG. OGTC
call for ideas



Conclusions



To fully deliver MER UK industry needs to focus on well delivery, efficiencies, and transformational technologies



OGA to issue data-rich report with suggested actions in coming months



OGA will continue to use stewardship process to work closely with operators on upcoming plans



OGUK-led wells forum vital, OGA keen to fully support





Oil & Gas
Authority

Thank you
