

SUPPLEMENT to SHORT VERSION

Industry Behavioural Guidelines for Creating Quality Area Plans

Version 1, May 2018

Feedback from Existing Area Plan Groups

Tools & Resources

1. (of 4): Area Plan Essentials: *Create the Right Environment*

Feedback:

Observations from existing Area Plan participants:
<p>Participants in the West Sole Catchment Area Plan (WSCA) highlight the importance of behaviours as <i>“the greatest enabler of all”</i>. They also highlight the need to understand the motives of each party at the start of the process, otherwise it <i>“will hamper progress – it is better to know at the outset if one or more parties may not be fully committed”</i>. This view is shared by the participants in the Vorlich Host Selection part of the Central North Sea Area Plan: <i>“It was important to flush out the pre-conceived ideas on technical solutions and identify the blockers.”</i></p> <p>Quad 9 participants found they needed to re-set their approach to the Area Plan. The key to unlocking the process was there <i>“being alignment of some form ... [we all] needed to agree the need to work on the Area Plan”</i>. This learning came from experience: <i>“previous work in the area focussed on singular outcomes, so it couldn’t bring along those parties that didn’t agree”</i>. They also emphasise the need to <i>“understand each other’s position, where the big gaps are, where we see things differently, or have different intents”</i> and not to <i>“challenge at an early stage”</i>. They built <i>“ground rules on behaviours”</i> explicitly into the updated project Terms of Reference.</p>

Tools and Resources:

Tool/Resource	Where to find it	What it is
MER UK Strategy	https://www.ogauthority.co.uk/regulatory-framework/mer-uk-strategy/	Regulatory Framework
CBQT framework	https://www.ogauthority.co.uk/media/3596/420432-oga-cbqt-assessment-guidance-note_17.pdf	Collaborative Behaviour Quantification Tool, explanation and scoring
Detailed list of potential blockers and challenges to behaviours	Appendix D.2	Key challenges organised by relevant Critical Collaborative Behaviour (CBQT)
Commercial Code of Practice (CCOP)	https://oilandgasuk.co.uk/commercial-code-of-practice-2/	Voluntary industry code of conduct

2. (of 4): Area Plan Essentials: *Secure the Right People at the Right Time*

Feedback:

Observations from existing Area Plan participants:
<p>Participants in Quad 9 agree on the significance of the <i>“individual representatives of the company ...need the mandate to discuss openly”</i> (as in Behavioural Guideline 2.c), although no one is currently expected to make decisions in the Quad 9 Area Plan meetings. They emphasise that while <i>“MD meetings can be useful”</i> they <i>“don’t solve everything because of the level of detail when you get to considering practical implementation”</i> and that there needs to be an appropriate reason and planning before escalating to MDs. Vorlich Host Selection participants echo this from the experience of the MDs meeting for the initial, wider Central North Sea Area Plan kick-off, where there was <i>“confusion about what they were there for”</i>. Participants in the West Sole Catchment Area Plan (WSCA), meanwhile, highlight that <i>“everyone enjoyed the level of support needed from next level of senior management”</i>.</p> <p>Examples of supply chain involvement in area planning are limited, but in the Vorlich Host Selection Behavioural Guideline 2.e was evident. Here <i>“supply chain was the key value difference between two host offers”</i>, with one host bid including an innovative time-bound offer for the flowline cost.</p>

Participants in the **Vorlich Host Selection** felt the OGA were very helpful in how they approached the licensing issues to set up the work for success: *“when one partner was concerned ... could the licence deadline be made [with change of circumstances], OGA extended the licence with some unusual conditions (e.g. deadlines for choosing host, sanctioning project) – those deadlines were useful in setting the pace of the work that followed”*. Both **Quad 9** and **WSCA** believe the OGA’s presence helped establish the importance of area planning with all participants. These examples highlight the importance of Behavioural Guideline 2.g.

In **WSCA**, in particular, previous industry-initiated efforts to collaborate on an area development plan delivered limited success. In 2017, the OGA took a direct role in supporting the environment needed for area participants to reach a shared view of the optimal way to achieve MER UK. The OGA enabled progress by:

- Initiating the West Sole Area Plan;
- Providing an overview perspective;
- Instructing data analysis to quantify the value of the area;
- Raising awareness of interdependencies/opportunities for participants to work together;
- Helping to galvanise participants around a common objective;
- Managing license extensions to enable alignment of investment decisions;
- Providing a staff resource to participate directly in core Area Plan work.

Tools and Resources:

Tool/Resource	Where to find it	What it is
OGA Guidance on the development of Area Plans	https://www.ogauthority.co.uk/media/3987/area-plans-external-guidance.pdf	Guidance to aid industry’s understanding of Area Plans.
Ideal attributes for participants	Appendix D.4	Description of experience and skillset to seek in participants. Intended as a starting point.

3. (of 4) Area Plan Essentials: *Clarify the Boundaries for Collaboration*

Feedback:

Observations from existing Area Plan participants:

Different Area Plans have addressed the issues around scope and data sharing in very different ways, reflecting the needs of their own circumstances and area decisions.

In the early stages of their new approach, **Quad 9** are focussing on creating a *“cross licence development timeline of the main activities”*, not using specific economic hurdles, but working *“in terms of high or low materiality, to put a ‘shape’ to the plan”*. For them, it’s about creating a *“space for right information to share without lots of checking through lawyers first”*. They recognise they *“may well run into roadblocks”* further on in the process, but want to *“build momentum”* on information sharing. In the particular circumstances of **Quad 9**, sharing detailed production profiles and timings was not thought to be especially helpful and could be very difficult to do.

Facing an imminent decision, **Vorlich Host Selection** participants *“worked well together on the joint economic model and the basis for decision making criteria”*. They felt agreeing that up front in the process *“smoothed the path to decision”*. They were, however, *“careful to put barriers”* around data sharing and *“engaged with OGA on competition early on”*.

The **West Sole Catchment Area** used a combination of confidentiality agreements and open book economics which was felt to be appropriate. The infrastructure host used a third party to run the numbers on the technical aspects, feeling it *“helped to mitigate some of the suspicion they were over egging it”*. This was

integrated with a workshop where all the models were “open for geoscience and petroleum engineers” to interrogate, but not take away. This worked partly because “the group viewed that it wasn’t making decisions for the area (this remained within JVs) but rather was working to enable collaboration within the area”.

Tools and Resources:

Tool/Resource	Where to find it	What it is
OGA Competition & Collaboration	https://www.ogauthority.co.uk/media/2952/oga_competitioncollaboration_ukcontshelf_16.pdf	OGA publication

4. (of 4) Area Plan Essentials: Agree an Appropriate Decision Process

Feedback:

Observations from existing Area Plan participants:

Participants in the **West Sole Catchment Area** emphasise the vital role played by their Group Lead in actively building trust and momentum:

- initiating meetings and phone calls with participants ahead of steering meetings;
- role-modelling and engendering a focus on dialogue (vs slide packs) during meetings;
- making time to understand different viewpoints and thereby to facilitate alignment;
- setting a clear structure and timeline for all meetings and all follow up;
- coordinating ongoing engagements with the OGA.

Citing “*personality*” as key to any Group Lead enabling collective progress, participants reflect the need to balance a “*dogged*” approach to planning and execution with a “*personable and open style*” to achieve alignment. Participants also recognise the significant commitment needed from any Group Lead to perform this role effectively. In terms of process, participants identify the criticality of embracing technical and commercial solutions “*flexible enough that parties can join or leave, ensuring that an Area Plan is not dependent upon everything coming to fruition*”.

The participants in **Quad 9** place collective focus during meetings on “*creating and updating a cross-licence development timeline of core activities*” to act as a roadmap for decision making.

Tools and Resources:

Tool/Resource	Where to find it	What it is
Decision Dialogue Process	Online alongside these Guidelines	Guidance on how to conduct a complex decision-making process
Decision Quality Assessment	Online alongside these Guidelines	Description of how to assess decision quality
Description of Facilitative Leadership	Online alongside these Guidelines	Guidelines for project lead role to make process effective
Decision Roadmap Guidance	Online alongside these Guidelines	Guide to effective decision roadmaps – what to include / exclude and how to keep live.