



**Minutes of OGA Board meeting on 19 July 2018  
21 Bloomsbury Street, London**

<b>Members</b>	<b>In attendance</b>
Frances Morris-Jones Chair	Hedvig Ljungerud (items 5 to 7) Director of Strategy
Mary Hardy Non-executive Director	Kristina Dahlstrom (items 5 to 7) Head of Strategy and Policy
Robert Armour Non-executive Director	Ian Hill (item 5) Head of Onshore Policy
Andy Samuel Chief Executive	Loraine Pace (item 6) Head of Planning and Performance
Nic Granger Chief Financial Officer	Andrew Bullimore (item 7) Policy Adviser
Emily Bourne (from item 5 onwards) Shareholder Representative Director	Kalpesh Brahmhbhatt (item 10) Company Secretary
	Gunther Newcombe (items 11 and 14) Director of Operations
	Russell Richardson Company Secretary
	Susan Gair PS to Chief Executive
	Fiona Gruber Board Secretary

**1. Welcome and introductions**

The Chair welcomed directors and guests to the meeting.

**2. Minutes and matters arising**

The board approved the minutes of the 9 July meeting and agreed to close outstanding actions on the action log.

The Chair briefly summed up the main points of the board's informal meeting in Oslo in June. The Chief Executive had updated the board on cross government discussions regarding Rhum. More broadly, he was pleased to see the large number of developments in the pipeline and that the OGA's disputes facilitation work was proving effective. He advised the board that an update on the technology agenda would be presented in November.

The Shareholder Director had updated the board on the government's shale policy which included plans to launch a public consultation before the summer recess.

The Company Secretary had asked that all directors review a list of the OGA's suppliers during 2017-18 and declare any interest with any third party.

Directors had reviewed the new board cycle and agreed to adopt it from the end of the year and to review it after a year and review the agenda quarterly.

### **3. Conflicts of interest**

No conflict of interest with any agenda item, nor as a result of new appointments, was declared by any member of the board.

### **4. CFO report**

The CFO presented the finance report and noted that action is being taken against one overdue levy payee. She reported that budget profiling has improved following the changes to the levy methodology, although some IT programme spend will be spent later in the year than anticipated.

*N.B. Emily Bourne joined the meeting late; towards the end of the SECR discussion.*

### **5. SECR guidance**

The Director of Strategy presented the draft Satisfactory Expected Commercial Return (SECR) guidance and the consultation response paper. The guidance intends to clarify the concept of a SECR, as introduced in the MER UK Strategy.

She reported that, although there had been some difficult conversations with industry during the consultation, the OGA was confident that it has addressed substantial concerns; including making clear that SECR applies to projects rather than companies as a whole and that it will be a backstop, after facilitation and use of the OGA's powers have been exhausted.

The board acknowledged that this was a difficult matter and commended the team for navigating it carefully and working closely with industry. Directors asked that the team check a couple of additional points with industry but otherwise approved the two documents for publication in the summer.

### **6. Regulatory excellence (RegX) update**

The Director of Strategy and the Head of Planning and Performance updated the board on the development of the OGA's RegX ambition, following recent discussions with staff. The ambition is to foster a culture of excellence throughout the OGA's activities, through continuous improvement in areas from leadership behaviours to the management system.

The board sought assurances that the development of the management system would not disrupt the way staff work and that the RegX vision would be consistent with the OGA's values. The Head of Planning and Performance made clear that she is collaborating closely with teams across the OGA and that the intention is to ease collaboration within and between teams.

The board thanked the team and welcomed the strong focus on driving better ways of working within the organisation.

### **7. Shareholder report**

The Shareholder Director confirmed that the advertisement for a permanent OGA Chair was being published later in the day and would remain live over the summer. Interviews would be held in late October and early November.



She further confirmed that, whilst the OGA will remain a government company, its formal classification will change to a Non-Departmental Public Body.

She thanked the OGA for its technical support and advice on the government's shale plan. Work is progressing quickly and two consultations were to be launched later that day. Future funding for any additional OGA work is being considered by Ministers.

The Shareholder Director updated the board on the ongoing cross-government work on Rhum and thanked the OGA for its significant contribution.

She noted that the government had published the Brexit white paper and that Ministers are discussing the sector deal. The board agreed that it might be helpful for the OGA Chair and Chief Executive to meet BEIS colleagues to underline the real ambition of the sector deal.

Good progress has been made with the information disclosure regulations, which are expected to come into force after the summer recess. The board noted that this, along with the SECR guidance, was a major milestone: achieving the final piece of the Wood Review.

#### **8. Flaring and venting policy**

The Director of Strategy presented a refreshed flaring and venting policy, which has been critically assessed in the context of the OGA's functions and the energy transition. The regime had not been reviewed since the Energy Act established MER UK as the OGA's principal objective and the OGA had become a government company.

The board approved the policy, agreeing that it focused only on the areas within the OGA's remit, was proportionate and represented good practice in the context of MER UK.

#### **9. Chief Executive report**

The Chief Executive reported a positive MER UK steering group meeting earlier that week, with the task force Chairs focused and engaging well and a potential joint communication opportunity with the TLB on technology stewardship expectations mooted. He received some very good feedback on the decommissioning lessons learned portal and has asked the task forces to suggest some realistic KPIs for the OGA Corporate Plan. He is concerned that lower unit operating costs may not be sustained and that the supply chain has lost capacity.

Following the recent feedback given by industry to the OGA, the OGA gave its feedback to industry. The OGA offered to run regulation teach-ins for those middle managers with knowledge gaps about the regulatory context.

The Chief Executive briefed the board on the current situation regarding the recent earthquakes in Surrey and confirmed that the OGA and the BGS were doing everything they could to determine the cause.

The board noted that the number of OGA vacancies seemed high and asked that the Director of HR and Supply Chain update the board on the situation when he presents in September.

#### **10. Disputes and sanctions update**

The Head of Disputes and Sanctions updated the board on the case register, noting the good outcomes from facilitation. The board welcomed the additional detail on case residency on the register.

He was pleased that his growing team received a good internal audit outcome and is addressing the auditors' recommendations.

#### **11. Exploration and appraisal well liability management**

The Director of Operations briefed the board on the OGA's cross-directorate project to review and cleanse exploration and appraisal (E&A) well data and better understand well liabilities. The OGA is ready to issue clearer well operation guidance in the summer, further discuss it with industry, and then implement a more structured approach to addressing suspended E&A well liabilities - including seeking opportunities to co-ordinate decommissioning - and reviewing licensee financial capability.

The board thanked the teams for the great progress they had made and welcomed the drive to tackle liabilities. The board agreed that the OGA would benefit from attending the BEIS group on overall decommissioning policy.

#### **12. Onshore: financial resilience assessments**

The Chief Executive informed the board that BEIS had formally asked the OGA to undertake future financial resilience assessments for future Hydraulic Fracturing Consent applications. The OGA can use its Section 45A powers under the Petroleum Act 1998 to request such financial information. This matter was a subset of the proposal agreed by the board in May, following an earlier discussion in January.

The board questioned whether there was a potential conflict for the Shareholder Director and agreed that she should participate in the discussion, but not the decision.

The board agreed that the OGA could take responsibility for this work. The OGA will issue guidance on the standards expected and consult on it, but cannot do more without agreement on how the work will be funded. The assessments will not be the OGA's opinion, but a judgement based on evidence. The board asked that this matter is included on the OGA and BEIS risk registers.

#### **13. Area plans strategic update**

The Director of Operations reported that the OGA, with its regional insights, has proved to be well placed to catalyse area plans and then develop joint ownership with industry. The area teams have found that area plans can vary greatly in size and scope but - whether visionary or asset specific - they can create regional value, extend or develop hubs, capture stranded resources, remove barriers, and deliver Vision 2035.

The teams have found that a solution in one area may not be the same for others, and some plans have been too ambitious and have had to be broken down into manageable pieces. Some area plans have been defined by themes, rather than simply by geographical area.



Oil & Gas  
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Company number: 09666504

**14. Future meetings**

The Board Secretary circulated copies of the new board schedule and asked directors to let her know within the next week if any date was unsuitable.

There was no other business.

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Chair

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Date

