

# Collaborative Behaviours Case Study: Arran Development

## Background

- Period: Q2-Q3 2018
- Headline description: Commercial negotiations to bring Arran development to FID within timeline before licence expiry despite partners exits and operator change.
- Companies/Organisations involved: Shell, Dyas, Dana, Zennor. Frequent dialogue with OGA

## Critical behaviours (tick all that apply)

Reasonable  Aligned  Strategic  Learning  Change  Respect  Accommodating  Openness

## Description – how were critical behaviours exhibited?

In March 2018 the majority Arran equity owner with a 47% share indicated potential difficulties with sanction. Throughout May, the other JV partners started discussing defensive deepening options, and mandates were obtained. Right in the middle of this process the Arran operator announced its intention to withdraw from the licence.

To be able to deliver the FID by the licence expiry deadline end September 2018, this required strong alignment between the remaining JV partners and a willingness to form entirely new relationships in order to deliver the objective. The strategy was to keep momentum on Arran by a) seizing opportunities to simplify work processes and commercial solutions, b) holding regular discussions and meetings to drive progress (challenges and issues were raised quickly and solved), and c) communicating roles and responsibilities of each of the stakeholders concerned, including those leaving the JV. Critical to success was early communication and implementation of internal processes for mandating negotiations, due-diligence in context of new partners to the JV and a firm stance on minimal of no change.

Shell stepped in as substitute operator to keep the project on track, and was ultimately appointed as the new operator upon crystallisation of all the new license interests. All parties pulled together to keep the momentum on Arran and throughout the entire process there was and still is an open and good dialogue between the JV and OGA. The exiting partner respectfully stepped aside and allowed the 'new' JV to be established.

## Outcomes – impact of collaboration

Arran FID was taken by end of September 2018 in line with timeline for licence expiry, and first oil date maintained. This was achieved despite 67% of the equity having changed hands in a multi-licence reconfiguration, as well as the operatorship had changed in this same period.