



Oil & Gas
Authority

Well Activity Performance

Stewardship Expectation 4

July 2019

1. Expectation

The OGA expects that operators will maximise the value of wells throughout the well lifecycle.

1.1 Focus will be in the following areas:

- Well activity performance;
- Lessons learned, used and shared.

1.2 In this context:

- ‘value’ means reducing cost per bbl produced from a well; and
- ‘well activity’ means all well-related activity across the well lifecycle, including design, construction, maintenance, intervention and P&A.

2. Reason for the Expectation

- 2.1 Wells, as the conduit of fluids and data, are fundamental to the exploitation of oil and gas. Maximising the value of wells throughout their life will support resource maturation and hence the MER UK Strategy¹.
- 2.2 Well costs account for around 50% of all development (and decommissioning) capex investment in the UKCS.
- 2.3 Approximately 30% of 2,700 active wells across the UKCS are shut-in. Coupled to this, there is a low average annual intervention and surveillance rate of approximately 14% across the UKCS^A.
- 2.4 The operator’s wells team(s) can positively influence well’s budgets by consistently delivering on time and at cost, activities that deliver planned resource volumes and/or safeguard reserves.
- 2.5 This Expectation supports the MER UK Strategy, in particular the Central Obligation (paragraph 7) and paragraphs 10, 13, 15, 18, 19, 21, 27, 28 and 29.

3. Delivering the Expectation

A: Well Activity Performance

The OGA expects that undertaking the following (non-exhaustive) measures will support on time and on budget delivery of well activities that meet the project objectives. Consideration should be given to scaling these measures dependent on the cost and complexity of the activity.

The OGA therefore expects operators to:

- A.1 Prepare a statement of requirements for all well activities, which considers value, cost and technology use, which is approved by all relevant disciplines;
- A.2 Consistently apply a stage gate process (or equivalent) for well delivery and complex intervention activity, with clear deliverables for each gate which includes evaluation of concepts at an early gate and a final (post activity) gate which reviews delivery against the objectives;
- A.3 Ensure a suitable management of change process is in place and is used where the design or workscope changes after stage gate approvals;
- A.4 Ensure appropriate team capability and competence, including the appropriate numbers, organisational structure, governance and any delegated accountabilities;

^a As at 2017 - statistics in paragraphs 2.2 and 2.3 are taken from the OGA’s Well Insight Report 2018².

- A.5 Ensure the design of the activity and any changes to the activity meets applicable standards, utilise appropriate technology³ and undergo appropriate peer review;
- A.6 Take a technical limit approach in design and execution to drive efficiency and minimise non-productive time whilst achieving the original activity objective. Benchmarks and targets should be set and measured;
- A.7 Include assurance and audit plans, including a follow-up process, which should be appropriate to the size/complexity of the activity;
- A.8 Consider (and if appropriate implement) alternative contracting models or collaborative working with the supply chain or another operator;
- A.9 Ensure that the P&A of wells⁴ with no further use is optimally managed with due consideration given to any campaign programmes managed by the operator or undertaken in collaboration with other operators and/or the supply chain.

B: Lessons learned, used and shared

The OGA expects operators to:

- B.1 Conduct post-activity reviews and document lessons learned;
- B.2 Ensure lessons learned from well activities are systematically included in work processes, including, but not limited to:
 - within the wells team(s) – by incorporating lessons whilst planning well activities; and
 - more widely – by sharing lessons within the organisation and with wider industry.

4. Demonstrating delivery

- 4.1 The OGA currently engages with licensees and operators on a number of levels and in a number of ways, and information obtained from those engagements will help inform the OGA of the extent to which a licensee or operator may be delivering this Expectation. These include, for example:

Annual Stewardship Survey

- 4.1.1 The OGA's Annual UKCS Stewardship Survey collects a range of data from licensees and operators for each production licence in the UKCS. The OGA may request additional information or reports. The OGA generally uses its powers under section 34 of the Energy Act 2016 to obtain such survey data and additional information.

Performance Benchmarking

- 4.1.2 The OGA may produce benchmarking data on a variety of metrics derived from the Stewardship Survey data and other information provided to it. These data will generally be presented to industry in aggregated form and used in Tier Reviews with companies to improve performance.

Tier Reviews

- 4.1.3 The OGA will request an operator's participation in Tier Reviews in accordance with the OGA's Stewardship Review Guidance⁵. That guidance provides further detail on the Tier Review structure, prioritisation, planning, execution and follow-up. The OGA will set the agenda for the tier review to focus on issues it considers present the greatest stewardship impact, and based on data received in the Annual UKCS Stewardship Survey, benchmarking and delivery against this Expectation.

5. References

- 1 The Maximising Economic Recovery Strategy for the UK
- 2 Wells Insight Report 2018
- 3 SE8 – Technology Deployment
- 4 [Guidance for applications for suspension of inactive wells](#)
- 5 [OGA Stewardship Review Guidance](#)
- 6 [OGUK Guidelines for the Right-Scoping of Wells, Issue 1, Feb 2019](#)
- 7 [HS 096 OP106] OGUK Guidelines on Well Abandonment cost estimation, Issue 2, Jul 2015
- 8 EI Guidance on applying inherent safety in design: Reducing process safety hazards whilst optimising CAPEX and OPEX (Aug 2014)
- 9 SE9 – Building a Culture of Collaboration
- 10 SE6 – Integrated Field Management

Contact us at:

oga.correspondence@ogauthority.co.uk


OGA Headquarters

AB1 Building
48 Huntly Street
Aberdeen
AB10 1SH

OGA London Office

4th Floor
21 Bloomsbury Street
London
WC1B 3HF

 www.linkedin.com/company/oil-and-gas-authority

 twitter.com/ogauthority