Build a Culture of Collaboration

Stewardship Expectation 9

July 2019
1. Expectation

The OGA expects that relevant persons will collaborate to maximise the value of economically recoverable petroleum and to reduce costs.

1.1 This will include demonstrating:

- Senior leadership's commitment to a culture of collaboration;
- Proactive involvement in collaborative initiatives and cultural change;
- Organisational engagement on collaborative behaviours through training, including raising awareness of this Expectation;
- Collaborative engagement beyond immediate requirements to recognise common interest;
- Regular assessment of opportunities to learn from and share with others, and a willingness to communicate these learnings; and
- Review and improvement of processes that assess the impact of collaboration.

2. Reason for the Expectation

2.1 To assist industry to fulfil its obligations to collaborate:

a). under section 9A of the Petroleum Act 1998 (as amended); and

b). as a ‘required action and behaviour’ in the MER UK Strategy, subject always to the safeguards in the MER UK Strategy, including in relation to competition law.

2.2 To:

- maximise the value of economically recoverable petroleum and/or reduce costs;
- encourage relevant persons to develop a culture of collaboration within their organisation;
- promote greater collaboration;
- improve strategic regional alignment to deliver enhanced value; and
- improve relationship with supply chain to improve capability and deliver cost efficiencies.

2.3 This Expectation supports the MER UK Strategy, in particular the Central Obligation (paragraphs 7 and 28) and paragraph 29.

3. Delivering the Expectation

A: Collaboration within a Joint Venture (JV)

A.1 At least every two years, each JV is expected to conduct and document an assessment of collaborative behaviour using a recognised collaborative behaviour assessment tool. This assessment should be:

- completed under the auspices of the relevant operating committee; and
- undertaken with appropriate representatives of the JV and utilising a qualified and objective facilitator.

A.2 JV members are expected to share case histories to promote collaboration (including, where appropriate, using the online collaborative behaviours case studies template).

A.3 An action plan to improve alignment, areas of poor collaboration and to build on positive aspects should be agreed and implemented.
B: Collaboration assessment with the OGA

B.1 At the request of the OGA, an operator (or licensee) is expected to participate in a collaborative self-assessment, using the OGA’s Collaborative Behaviour Quantification Tool (CBQT) and any supporting guidance issued by the OGA from time to time.

B.2 The collaboration assessment should in particular:
- Involve a diverse cross section of the organisation;
- Assess interactions with other operators, JVs, infrastructure owners, supply chain and regulators; and
- Use relevant and recent case histories examples to outline positive behaviours and areas for potential improvement and to substantiate scoring applied.

B.3 The operator or licensee should then be prepared to undertake an open and honest review of the assessment with the OGA.

B.4 The OGA may then issue an action plan with clear accountabilities and timings to the operator for discussion and implementation.

B.5 Typically, the OGA will not request an operator or licensee to participate in a collaboration assessment with the OGA more than once every two years.

C: Industry collaboration in the development of Area Plans

C.1 Area Plans are a shared view amongst industry participants as to how to maximise the value of economically recoverable petroleum in a particular geographical area of the UKCS, generally based on analysis of shared data.

C.2 Area Plans may be initiated by the OGA or by industry, and should be developed collaboratively by relevant industry parties.

C.3 The OGA expects relevant industry parties to comply with the OGA’s ‘Guidance on the Development and Use of Area plans’ and ‘Industry Behavioural Guidelines for Creating Quality Area Plans’ when developing Area Plans.

D: Industry collaboration with Supply Chain

D.1 Collaboration between operators and the supply chain has been recognised as critical to transforming the business performance in the UKCS. The Deloitte UKCS Upstream Supply Chain Collaboration Survey, conducted with OGUK, is based on the input of both operators and suppliers and published in an anonymised and aggregated form in December each year.

D.2 For the supply chain to have the confidence to invest in skills, equipment and technology (ensuring ongoing competitiveness) it requires visibility of future projects and activity. The OGA created the Oil & Gas Pathfinder portal to provide a real-time view of future oil and gas projects and decommissioning programmes on the UK Continental Shelf (UKCS).

D.3 Supply Chain Action Plans (SCAPs) were introduced, in part, to promote collaboration between the operators and all levels of the supply chain, to drive additional value into project delivery.

D.4 The OGA expects that operators will:
- participate in the Deloitte UKCS Upstream Supply Chain Collaboration Survey
- participate in documenting both sanctioned and unsanctioned (market engagement-ready) projects and decommissioning programmes on the Oil & Gas Pathfinder portal
- complete a SCAP for all new projects and decommissioning programmes
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 Guidance. 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.

4.2 If an action plan has been put in place as a consequence of a collaboration assessment with the OGA, the OGA will track the operator’s implementation of that plan to closure.

4.3 Area Plans will be developed and managed by the industry although the OGA will facilitate this process if appropriate. However, if the OGA considers that there may be insufficient pace of progress and/or lack of alignment amongst parties, the OGA may intervene using its regulatory powers e.g. implementation of a MER UK plan.

4.4 The OGA will track the quality of an operator’s SCAPs and its participation on Oil & Gas Pathfinder portal.

4.5 Further, where a collaborative assessment with the OGA is undertaken, an operator’s collaboration with the supply chain will be assessed, including its scores in the Deloitte UKCS Upstream Supply Chain Collaboration Survey, its SCAPs and its participation on Oil & Gas Pathfinder portal (if appropriate).
5. References

1. ‘MER UK Strategy’: The Maximising Economic Recovery Strategy for the UK
2. Competition and Collaboration paper
3. Collaborative Behaviour Quantification Tool: Assessment Guidance Note (incl. Appendix A, B, C)
7. Collaborative Behaviours Case Studies Template: https://www.ogauthority.co.uk/about-us/mer-uk-forum-task-forces/cultural-change/
9. Industry Behavioural Guidelines for Creating Quality Area Plans v1, May 2018 (written by industry, for industry with the support of OGA and OGUK): https://www.ogauthority.co.uk/about-us/mer-uk-forum-task-forces/cultural-change/
10. Deloitte UKCS Upstream Supply Chain Collaboration Survey, conducted with OGUK
11. Oil & Gas Pathfinder: https://www.ogauthority.co.uk/supply-chain/oil-gas-pathfinder-previously-project-pathfinder/
13. MER UK plans refers to the plans described as ‘OGA plans’ and set out in paragraphs 23 to 25 of the MER UK Strategy. See also paragraphs 33 and 36 and Figure 2 of the Guidance on the Development and Use of Area Plans (No. 8 above).