

## **OIL AND GAS AUTHORITY RESPONSE TO ECONOMY, ENERGY AND TOURISM COMMITTEE REPORT ON “FUTURE PROSPECTS FOR OIL AND GAS IN SCOTLAND”**

The OGA welcomes the EET Committee’s report, which is timely given the very difficult conditions facing the upstream oil and gas industry due to the prolonged low oil price. The OGA was pleased to give evidence to the Committee and notes that the importance of the OGA’s work to regulate and support the UK oil and gas industry is reflected in the report. To further inform the Committee, the OGA is taking this opportunity to respond to those comments and recommendations made by the Committee which reference the OGA. The OGA’s responses are set out below.

### ***EET Committee Comment:***

***“25. We recognise the very challenging situation facing the oil and gas sector in Scotland brought about by the significant and sustained fall in the price of crude oil. Short term prospects, particularly for offshore workers, appear to be very difficult. However, we believe that with appropriate support from Governments, and enhanced collaboration, driven by the Oil and Gas Authority, a sustained industry can emerge from this downturn.”***

### ***OGA Response:***

The OGA’s ambition to Maximise the Economic Recovery of UK (MER UK) hydrocarbons is broad and, as such, dovetails with the work of the UK and Scottish Government departments. The OGA, which is working closely with industry and both Governments on challenges currently facing the sector, therefore particularly welcomed the Prime Minister’s recent announcement (28 January 2016) of a package of measures to further support the industry during the current downturn.

The package includes a new £250m City Region Deal package for Aberdeen and Aberdeenshire and £20m of additional funding for further seismic surveys and exploitation of seismic data. The UK Government and OGA are providing support to the industry in order to boost future exploration in the basin. OGA has provided £700,000 of UK Government funding to be invested in the development of a world class 3D visualisation facility at the Lyell Centre in Edinburgh. The funding will allow the centre, a joint venture between the British Geological Survey and Heriot Watt University, to benefit from state of the art equipment to help better interpret complex geological and engineering data. The open access facility will support the dissemination of data and analytical tools to academia and industry alike.

In addition, the facility will be used to derive maximum value from the data obtained by the successful Government-funded seismic shoot in the Rockall Trough and Mid-North Sea High (MNSH) regions last year. These ‘frontier’ regions will be the focus of the 29th Offshore Licensing Round which, subject to Strategic Environmental Assessment, will be announced later in the year.

The OGA has also committed to awarding up to £500,000 of UK Government funding to support two post-doctoral appointments in UK universities, each lasting two years.

The appointments, in the fields of geoscience or reservoir engineering, will contribute towards a long-term investment in UK academic skills in energy-related disciplines.

The OGA has also launched a £1 million competition to analyse the data acquired from UK Government-funded seismic surveys. This year's focus is on defining the exploration potential of the Rockall Trough and MNSH areas using seismic and additional public domain data. This competition will help retain skilled geoscientists, inspire the next generation and could generate potential new start-up companies.

The OGA has continuously stated the importance that key skills are retained in the sector and are very much continuing efforts to ensure people personally affected by this downturn receive assistance to retrain and transfer their skills to other sectors. The OGA continues to play an active part in the Scottish Government's Energy Jobs Task Force, Opportunity North East Board and East of England Task Force.

Alongside this, the OGA's Chief Executive Andy Samuel is a member of the new Ministerial group on oil and gas, chaired by Energy and Climate Change Secretary Amber Rudd MP. The group has been set up to reiterate the UK Government's commitment to supporting the oil and gas industry and those who work in it. The group will coordinate the UK's response to the oil price and focus on vital issues such as exports, skills and investment.

The OGA's work is focused on action which will help in the short, medium and long term – building a bridge to the future of the North Sea and ensuring sustainability for the industry.

**EET Committee Comment:**

***“35. We welcome the development of close working relations between the Oil and Gas Authority and the Health and Safety Executive. We endorse the commitment from the OGA to report all concerns about safety raised with its staff to the HSE. We recommend that this be made explicit in the Memorandum of Understanding between the two organisations at its first review in May 2016. We believe that both the OGA and the HSE should recognise the importance of communicating their respective responsibilities to workers, and acknowledge the role of trade unions and elected safety representatives in reporting safety issues.”***

**OGA Response:**

The OGA continues to collaborate closely with the HSE to ensure each organisation is able to operate effectively, has a common understanding of good regulatory practice, and regularly shares knowledge in areas of mutual interest.

The Memorandum of Understanding (MOU) between the two organisations recognises and respects the different regulatory and other legal frameworks within which each organisation operates. The OGA will always follow the relevant framework with regard to reporting concerns about health and safety and the MOU will be updated to take account of the Committee's recommendation when it is next reviewed.

**EET Committee Comment:**

***“57. We ask the Oil and Gas Authority to provide the Committee with its decommissioning strategy, plan and 10 year roadmap once finalised in the first quarter of 2016.***

***58. We encourage the Oil and Gas Authority to work with the industry and public sector partners, such as Scottish Development International, actively to identify international decommissioning opportunities for Scottish contractors.”***

**OGA Response:**

The OGA will provide the Committee with a copy of its decommissioning strategy, plan and 10 year roadmap which is now due to be finalised during the second quarter of 2016.

OGA will continue to work closely with the UK and Scottish Governments and industry to support the oil and gas sector, including supporting UK companies who wish to compete for local and global decommissioning opportunities.

**EET Committee Comment:**

***“61. We believe that it is vital for the Scottish economy that Governments, the industry and the trade unions continue to work ever more closely together in order to ensure that the objective of maximising economic recovery of oil and gas from the UKCS is fulfilled prior to the inevitable decommissioning phase of its life.***

***62. We invite the Scottish Government, the Oil and Gas Authority, Oil & Gas UK, the Health and Safety Executive and the Maritime and Coastguard Agency to respond to the issues raised in this report.”***

**OGA Response:**

The OGA will continue to work closely with the UK and Scottish Governments, the industry, and the trade unions to encourage further investment and exploration in the UKCS and to ensure that critical infrastructure and production hubs are protected and premature decommissioning is avoided. The publication of the OGA's Corporate Plan (copy attached for information) sets out the OGA's core functions, key priorities and clearly outlines how it will go about achieving its aims.

The OGA once again thanks the Committee for the opportunity to comment and looks forward to providing further evidence and information to the Committee as and when required.

MARCH 2016



Oil & Gas  
Authority

# OGA Corporate Plan 2016–2021



March 2016

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# Introduction from the Chief Executive

Our oil and gas industry provides a substantial number of jobs, delivers secure energy for our homes and businesses, and generates significant value for our economy every year, at home and through exports overseas.

The sharp decline in oil prices over the past 12 months, to a 13-year low, has magnified the issues that companies operating on the UK Continental Shelf (UKCS) have been grappling with for a number of years, highlighting the need for operational and behavioural transformation.

Rapid progress has been made to establish the Oil and Gas Authority (OGA) as an independent regulator and build its capacity and capability to help maximise economic recovery of the UK's oil and gas resources (MER UK) – our principal objective.

The Energy Bill is expected to continue its passage through Parliament over the coming months, creating the basis for the OGA to become a Government Company (GovCo) by summer 2016. At the same time, following extensive public consultation, the MER UK Strategy has been finalised and laid before Parliament.

Our Corporate Plan describes the OGA's priorities and plans, incorporating outstanding actions from our Call to Action Report and the Wood Review, in support of our ambition to be a world-leading regulator, setting the framework for a sustainable and competitive UK oil and gas industry.

It sets out key areas the OGA will regulate, influence and promote and how the MER UK Forum and Boards will harness the tripartite relationship between industry, government and the OGA to deliver tangible outcomes, including the development of the sector strategies recommended in the Wood Review.

To help set direction, our plan includes provisional targets which we will continue to refine with industry. We have consulted widely on the development of our Corporate Plan and incorporated much of the valuable feedback received. We will continue to prioritise carefully, seeking out those activities with the highest return, working with industry to update our plans and welcoming feedback from our stakeholders.

The OGA is focused on delivering a high-quality service and value-for-money to industry. We seek to be a progressive and highly-effective regulator, doing all we can to attract investment and with that jobs, helping to retain valuable skills in this country.

I am encouraged by the progress industry and the OGA made during 2015 and the recent additional support from the UK and Scottish Governments is most welcome. Continued cooperation and collaboration between industry, government and the OGA is essential, and so too is proactive and constructive dialogue with the trade unions and directly with the workforce.

The sustained low oil price is affecting the oil and gas industry across the world. We recognise that this is a very difficult time for companies adapting to the current operating conditions and for oil industry employees who are personally affected by the downturn. We will do everything possible to make sure this vital UK sector receives the right support, working with government and industry to address the immediate impact of the low price, while delivering further priorities that help bridge to the future.



**Dr Andy Samuel**  
Chief Executive



# 1. About the Oil and Gas Authority

## 1.1 Background

The OGA was created as one of the key recommendations of Sir Ian Wood's 2014 Review of the UKCS. It became an Executive Agency of the Department of Energy and Climate Change (DECC) on 1 April 2015 with operational independence and is on track to become a government company by summer 2016, subject to the will of Parliament. The OGA is largely funded by an industry levy introduced on 1 October 2015.

## 1.2 Role of the OGA

The OGA's role is to regulate, influence and promote the UK oil and gas industry to achieve its statutory principal objective of maximising the economic recovery of UK offshore oil and gas resources.

### Regulate

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The OGA regulates the exploration and development of the UK's offshore and onshore oil and gas resources and the UK's carbon storage, gas storage and offloading activities

### Influence

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The OGA has a critical role to influence and encourage a culture of greater cooperation and collaboration on the UKCS, improved commercial behaviours, and the creation of a lower cost, more efficient industry.

### Promote

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The OGA has an important role to promote investment in the UKCS, value creation in the UK and through exports, and the overall development and prosperity of the industry, including the wider supply chain.

## 1.3 Creating the legislative framework

The Energy Bill, introduced to the House of Lords on 9 July 2015, will formally establish the OGA as an independent regulator. The Bill will give the OGA new regulatory powers, including the ability to participate in meetings with operators, access to data, provide dispute resolution and introduce a range of sanctions such as enforcement notices and fines up to £1 million. The OGA will only deploy sanctions in circumstances where all other avenues have been attempted and the issues have not been resolved.

## 1.4 MER UK Strategy

The Infrastructure Act 2015 put into statute the principle of maximising economic recovery of the UK's oil and gas resources. DECC produced a draft MER UK Strategy in 2015, with input from the OGA Stakeholder Board and through an industry workshop. A public consultation on the draft MER UK Strategy was completed in late 2015. The final document was laid in Parliament on 28 January 2016 for scrutiny. If, after the applicable timeframe, neither house 'prays' against the strategy, the Secretary of State will bring it into force. Government's intention is to do so at the earliest possible date.

### 1.5 Becoming a government company

The Energy Bill will create the OGA as a government company, under the Companies Act 2006, limited by shares, with the DECC Secretary of State as the sole shareholder. This will provide the independence the OGA needs to fulfil its duties. The Chairman of the OGA Board, Sir Patrick Brown, and three Non-Executive Directors have already been appointed and the Chief Executive will be accountable to the Board.

### 1.6 Delivering value for money

In October 2015, following a public consultation led by DECC, an industry levy to fund the OGA was introduced. The OGA will remain focused on high-quality delivery and providing value-for-money to industry. Our intention is to reduce the cost of the OGA over time and we will refresh our budget forecast and levy requirements annually.

### 1.7 Encouraging collaboration and integrating plans

The OGA will work with industry, government and other relevant stakeholders including industry trade associations, business organisations, universities and trade unions, leveraging our position to focus collective efforts and deliver results.

To support effective implementation, the OGA will work with industry to develop accessible guidance that promotes good practice and clearly outlines obligations. Priority will be given to guidance that facilitates action and will include publications on the OGA functions outlined in the Energy Bill and technical guidance to support the delivery of MER UK.

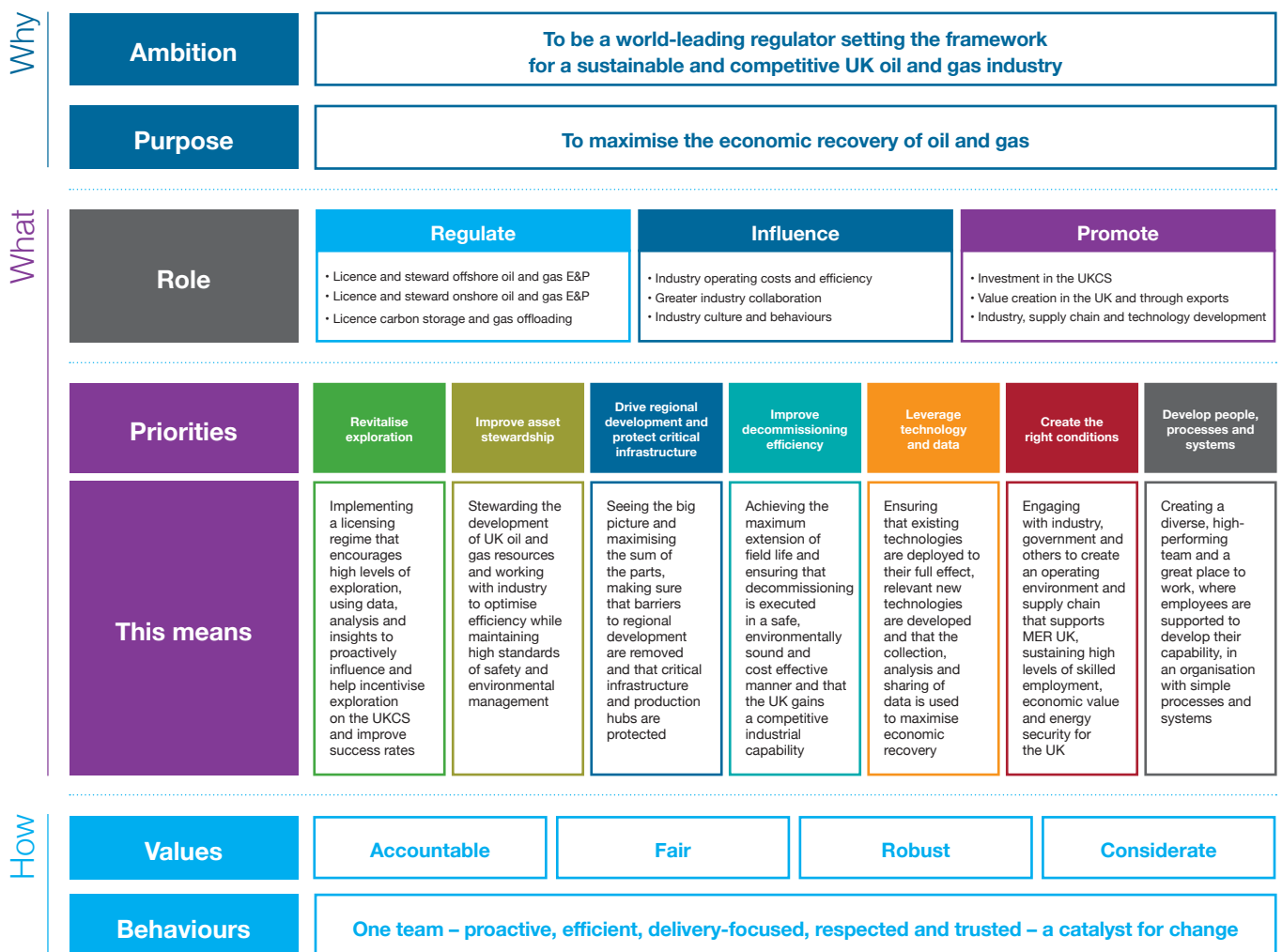
## 2. Progress highlights in 2015

- **Call to Action:** Published 'Call to Action: The Oil and Gas Commission 2015' in February 2015 in response to the significant drop in oil price. 'Call to Action: Six months on' was published on 7 September 2015, along with the 'OGA Overview'.
- **March budget:** Worked closely with HM Treasury (HMT) and industry ahead of the March budget when a well-received £1.3 billion package of measures was announced.
- **Focus on priorities:** Developed and published the opportunity matrix to bring focus to the most immediate opportunities and risks with potential to deliver an additional 3 to 4 billion barrels of oil equivalent (boe)
- **Fuel gas collaboration:** Worked with Oil & Gas UK (OGUK) to facilitate the sharing of fuel gas amongst operators in the Northern North Sea which reduced costs and improved efficiency.
- **Seismic programme:** Successfully and safely completed the £20 million UK Government-funded seismic programme in the Rockall and Mid-North Sea High with significant data package on track for release in Q1 2016.
- **Licensing rounds:** Successfully delivered and communicated the 14<sup>th</sup> onshore and 28<sup>th</sup> offshore licensing rounds.
- **New field approvals:** Sanctioned several projects including the Culzean ultra high-temperature high-pressure Field Development Plan (FDP)
- **Commercial negotiations:** Delivered positive impact early in commercial negotiations. A number of matters resolved leading to project start-ups, new developments and exploration wells.
- **Simpler landscape:** Led work with OGUK, DECC, the Department for Business, Innovation and Skills (BIS), HMT and other bodies to rationalise and integrate key fora. Seven working boards now report into the Oil and Gas Forum integrating PILOT and the Oil and Gas Industry Council.
- **Carbon storage:** Approved the UK's first carbon storage permit application for EU Commission review.
- **MER UK Strategy:** Worked closely with DECC to finalise the MER UK Strategy which was published on 28 January.
- **Scottish Energy Jobs Taskforce:** Contributed strongly to the values and principles work-stream including the 22 May 'whole system engagement' which was well received.
- **Recruitment:** Designed and recruited a high-calibre leadership team by June 2015, ahead of schedule. Recruitment of remaining posts is ongoing to a total of c.150 with ultimate cap at 179.
- **Governance:** Recruited the Chairman of the OGA Board in March 2015 and established the Board in April 2015. Three additional Non-Executive Directors joined the Board in October 2015.
- **Accommodation:** Moved into a new Aberdeen HQ in November 2015 and on track to move into new London accommodation in April 2016.
- **MER UK Awards:** Delivered inaugural MER UK Awards, as part of the OGUK Awards, recognising positive behaviours in the UKCS and reinforcing cultural change.

# 3. Our way forward

As a new regulator the OGA has worked hard to develop and communicate our ambition, purpose, priorities and values as outlined below. We have aligned our corporate plan with our seven priorities.

**Figure 1: Our way forward**



# 4. Focusing on immediate priorities

## 4.1 Context

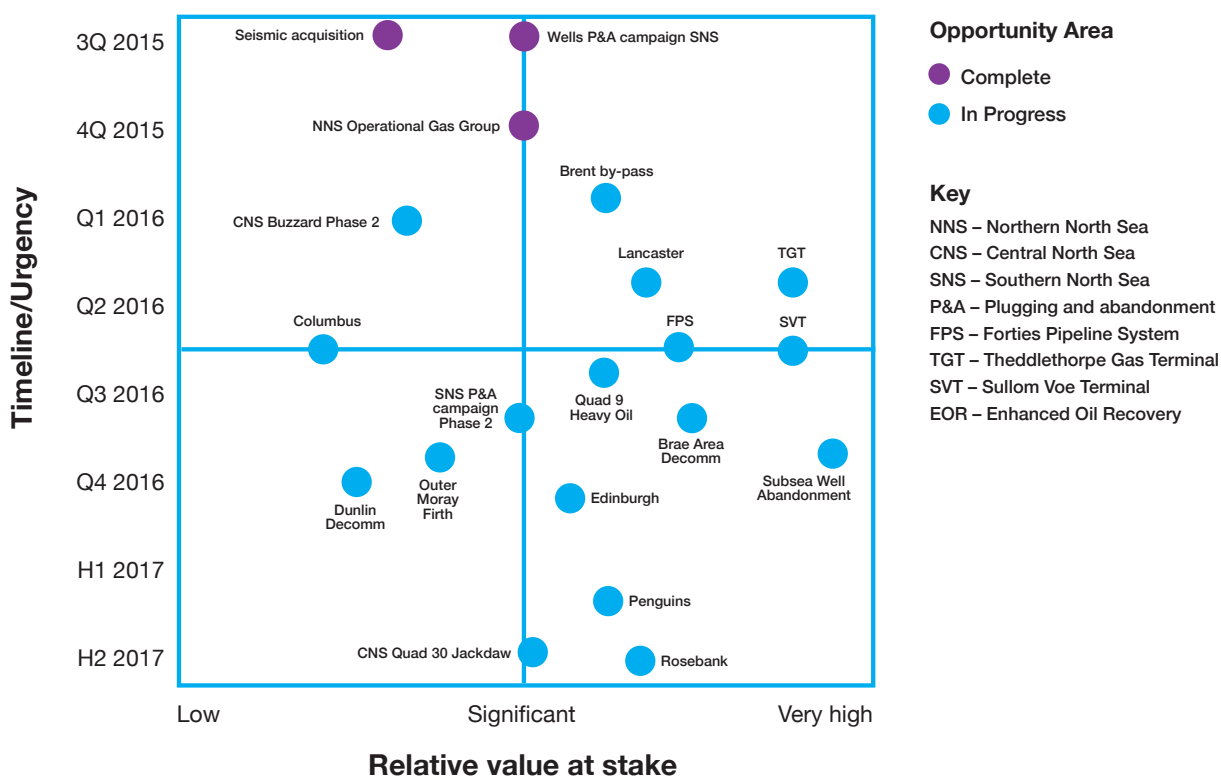
The UKCS operating environment has markedly changed since the publication of the Wood Review in February 2014, when Brent crude was trading at around \$100 per barrel. The OGA Call to Action Report, published in February 2015 following the sharp decline in the Brent price to \$60 per barrel, identified the key risks and immediate actions for industry, government and the OGA.

Good progress has been made and with Brent crude falling to a 13-year low, continued urgent focus on immediate priorities alongside longer-term plans is essential. Understandably companies are taking action to protect their businesses by managing costs and increasing efficiency. Inevitably this will lead many companies to reduce investment in the short-term and seek operational efficiencies, including reductions in staffing levels.

A cross-government contingency planning team has been formed, led by the OGA, and we will do everything possible to make sure this vital UK sector receives the right support, working with government and industry to address the immediate impact of the low price, while delivering further priorities that help bridge to the future. It is important that key skills are retained in the sector, apprenticeship and graduate schemes continue, and people personally affected by this downturn receive support to retrain and/or transfer their skills to other sectors.

Our corporate plan integrates outstanding actions from the Wood Review and Call to Action Report. It also incorporates the urgent priorities outlined in the OGA opportunity matrix first published in September 2015. As the OGA takes on more immediate priorities in response to the low oil price, we will need to re-phase longer term plans.

**Figure 2: OGA Opportunity Matrix**



### 4.2 Expectations of industry

The OGA Call to Action Report in February 2015 highlighted seven clear actions for industry which will continue to be important areas of focus. One of these actions, to establish a single forum on decommissioning, is now complete. We will continue to support operators and service companies to meet the remaining expectations and will closely monitor progress through the MER UK Forum.

<b>Protect critical infrastructure</b>	Work collaboratively and openly with the OGA and relevant operators to protect critical infrastructure.
<b>MER UK Forum and Boards</b>	Fully support the development of the Oil and Gas Day including the Fiscal Forum, MER UK Forum and Boards.
<b>People and skills</b>	Do everything possible to retain apprenticeship, trainee and graduate schemes despite the current challenges.
<b>Asset stewardship</b>	Continue to deliver significant improvements in asset stewardship, working with the OGA to regularly review progress against structured plans.
<b>Commercial behaviours</b>	Significantly modify commercial behaviours to align with MER UK.
<b>Cost and efficiency</b>	Reinvigorate and intensify efforts to improve efficiency with a target of 30% to 40%, working with the OGA to allow effective monitoring of progress.

# 5. MER UK Forum and Boards

## 5.1 Simplifying the landscape

An early priority for the OGA was to work with others to integrate and align the many working groups that exist across the industry. As part of this work, the successful PILOT programme and Oil and Gas Industry Council were combined and succeeded by the MER UK Forum which alongside the Oil and Gas Fiscal Forum forms the Oil and Gas Day.

## 5.2 MER UK Forum

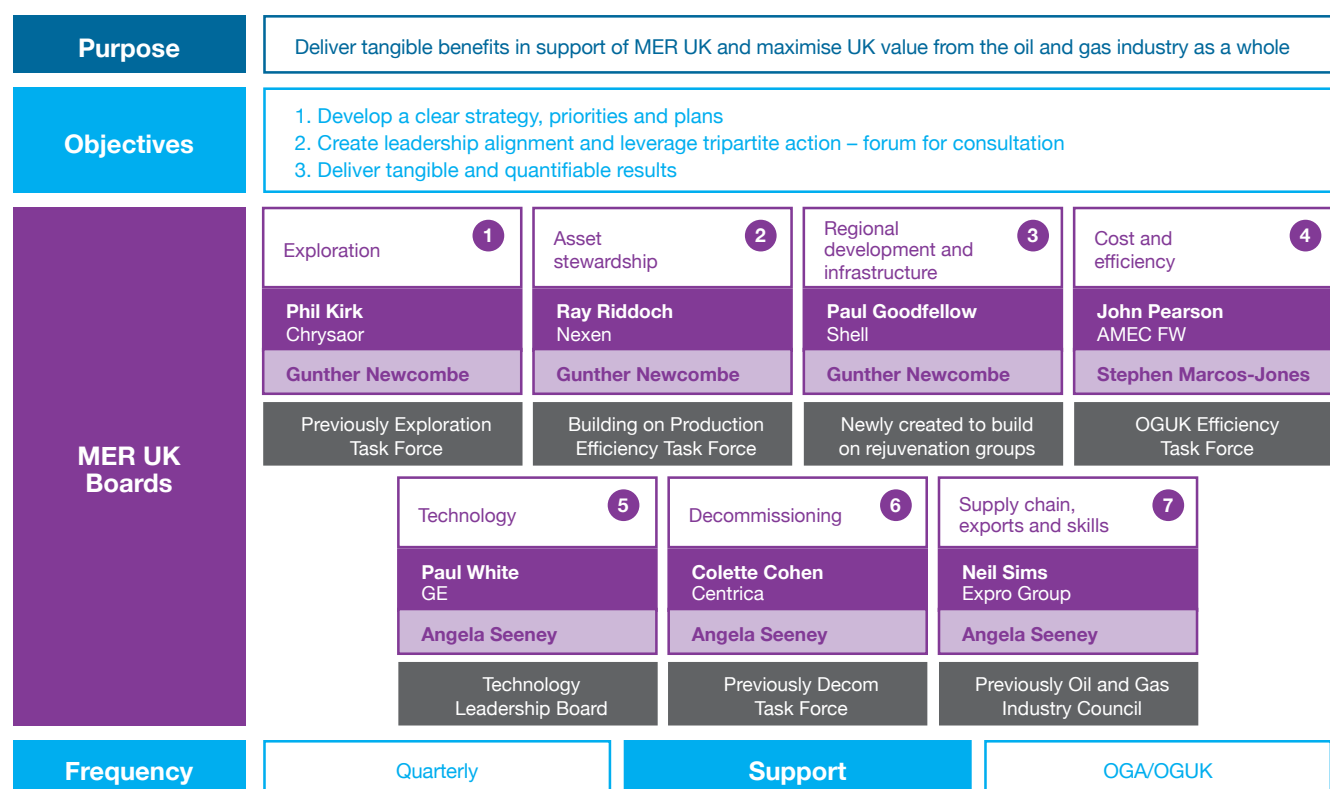
The purpose of the MER UK Forum is to support the delivery of MER UK and maximise UK value from the oil and gas industry as a whole. Bringing together government, industry and the OGA, the MER UK Forum provides strategic direction, oversight and support, helping to create alignment, accountability and tripartite action on key priorities. The OGA will produce an annual report on the work of the MER UK Forum.

## 5.3 MER UK Boards

The MER UK Forum is focused on seven core work areas and will drive delivery through seven boards, some of which already existed, such as the OGUK Efficiency Task Force (cost and efficiency) and others which are newly created, such as the Decommissioning Board. See figure 3.

Led by an industry executive with support from OGA and OGUK, each board will develop a clear strategy, focused priorities and plans, creating leadership alignment and leveraging tripartite action. The boards are expected to deliver tangible and quantifiable results, and will communicate progress to the MER UK Forum and to the wider industry. The boards are also an important vehicle for engagement and consultation, and a focal point for related working groups and initiatives, helping to create further alignment and integration.

**Figure 3: MER UK Forum and Boards**

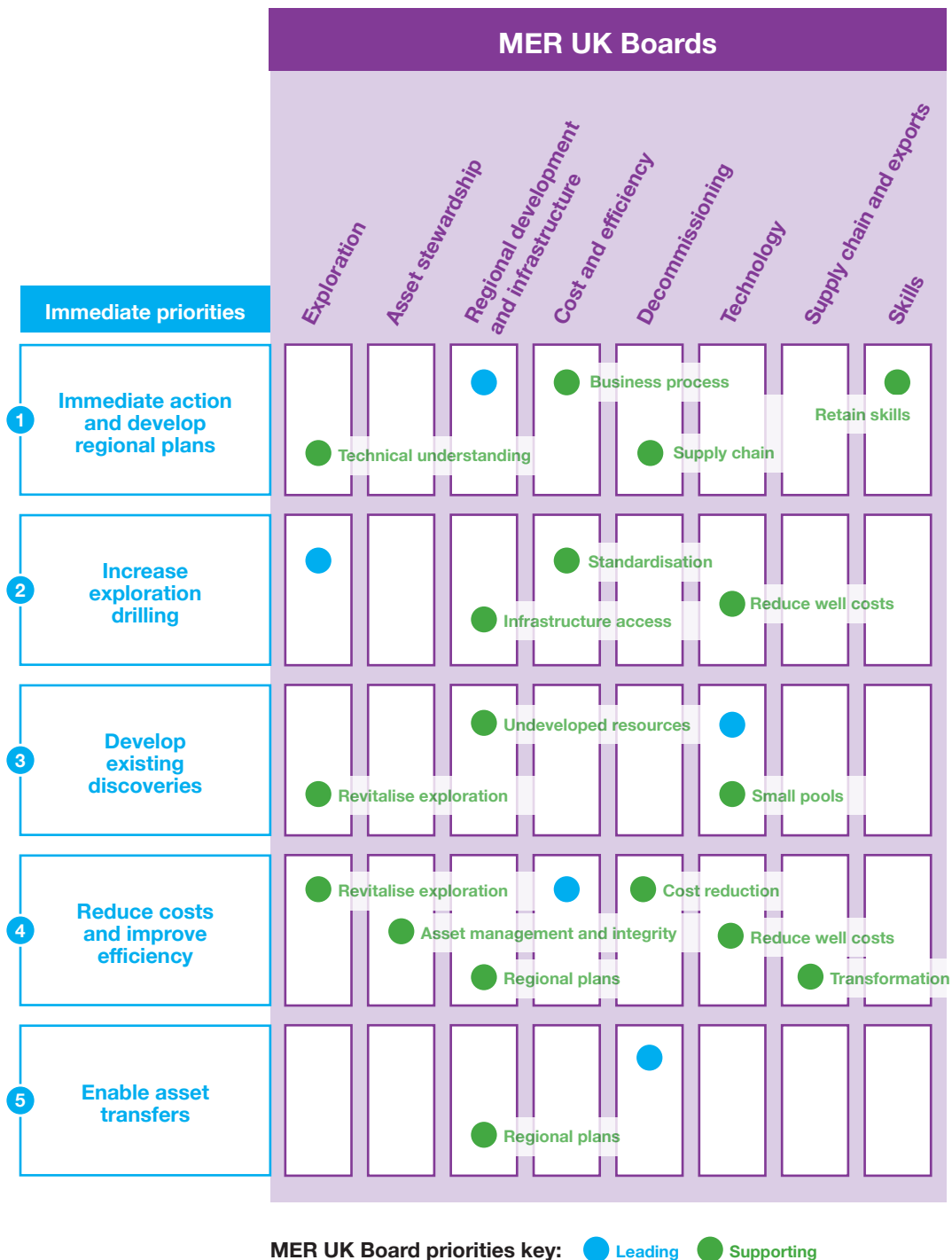


Industry Lead Support Lead

## 5.4 MER UK Boards' immediate priorities

Each MER UK Board has agreed three initial priorities and work is ongoing to make sure that interdependencies between the individual boards are understood and supported, and that duplication is avoided. The acute impact of the sustained low oil price on the UKCS operating environment requires a ruthless focus on immediate priorities to which MER UK Boards can make a vital contribution. These priorities are highlighted in figure 4.

**Figure 4: MER UK Boards' immediate priorities**



# 6. Revitalise exploration

## OGA Priority

Implementing a licensing regime that encourages high levels of exploration, using analysis and insights to proactively influence and help incentivise exploration on the UKCS.

## 6.1 Offshore exploration

More than 42.3 billion boe have been produced from the UKCS, with additional resources of 11 to 21 billion boe estimated to remain. The rate of exploration has decreased from 157 exploration and appraisal (E&A) wells in 1990 to 26 wells in 2015. While the exploration drilling level remains low (13 wells) there have been some encouraging and notable discoveries in 2015. Working with industry and government to revitalise exploration is a priority for the OGA and we will work with industry to determine seismic locations for the additional £20m funding for new seismic surveys that the Prime Minister announced at the beginning of 2016.

KPI	Target	Timing	Who
Number of E&A wells	50 per annum*	Q1 2021	Industry with OGA support

\* target to be reviewed by the Exploration Board

OGA activity plan			
Promote and incentivise	Work with industry and government to promote and incentivise exploration in frontier and mature areas of the UKCS	Q2 2016	P/B
Sector strategy	Work with the Exploration Board and industry to develop an exploration strategy	H1 2016	R/B
Seismic data	Publish UK Government-funded seismic data package and acquire 2016 seismic programme. Manage £1m competition to maximise seismic data as part of the 2016 programme and implement £700,000 3D Visualisation Centre	H1 2016	R
Exploration Board	Establish and sustain the MER UK Exploration Board with clear priorities	H1 2016	I/B
Offshore licensing	Following consultation with the MER UK Exploration Board, implement a flexible licensing strategy and launch the 29th Offshore Licensing Round, subject to strategic environmental assessment	Q2 2016	R/B
	Ensure licence management is efficient and fit-for-purpose for all licence holders including Promote licences	Q2 2016	R
Well analysis	Share lessons learnt with industry and introduce process of rigorous post-drill evaluation with operators	H1 2016	R/I
Prospect inventory	Undertake pre-drill technical evaluation and work with companies on their prospect inventories to help stimulate drilling campaigns	H1 2016	R
Regional studies	Promote regional studies, working with industry and academia, to improve geological understanding of UKCS frontier and mature areas	Q2 2016	P
Geological maps	Provide high-quality geological maps such as play fairway maps integrating with neighbouring countries including Norway	Q4 2018	R/P
Yet-to-find (YTF)	Deliver significantly improved regional prospectivity and YTF analysis	Q4 2018	R/P

Key: Regulate (R), Influence (I), Promote (P), MER UK Board (B)

## 6.2 Onshore exploration and development

The OGA currently performs a number of onshore regulatory functions such as licensing, appraising hydraulic fracturing plans and providing drilling consents. Shale policy will continue to be a matter for government. The OGA will continue to work with industry and other regulators to ensure regulatory controls and guidance are in place to assess shale resource potential, particularly for the extended testing and development phases and to build on valuable non-shale activity.

KPI	Target	Timing	Who
Onshore licensing activity	Regulate the drilling, fracking and testing of next shale well	Q4 2016	OGA

OGA activity plan			
<b>Onshore licensing</b>	Issue 14 <sup>th</sup> Round conventional and shale-related licences	Q2 2016	R
<b>Shale resource potential</b>	Work with the British Geological Survey (BGS) to publish assessments of shale resource potential: Wessex Basin data	Q3 2016	R/I
<b>Shale geotechnical data</b>	Collect and publish shale-related geotechnical data	Q4 2017	I/P
<b>Hydraulic fracturing</b>	Issue guidance for hydraulic fracturing activity and apply to shale well drilling, fracturing and testing	Q2 2016	R

**Key:** Regulate (R), Influence (I), Promote (P), MER UK Board (B)

# 7. Improve asset stewardship

## OGA Priority

Stewarding the development of UK oil and gas resources across the lifecycle, working with industry to optimise efficiency while maintaining high standards of safety and environmental management.

Following a 10-year decline in average levels, production efficiency on the UKCS fell to around 60% in 2013, lower than many comparable basins around the world. While it increased in 2014 and 2015, further improvements in production efficiency and overall asset stewardship are essential to maximise economic recovery. The OGA will encourage enhanced stewardship not only in producing assets but also across the lifecycle, adopting a data-driven approach to inform engagement with operators, share best practice, and increase efficiency and value.

KPI	Target	Timing	Who
Production efficiency	80%*	Q4 2016	Industry with OGA support
OPEX reduction	30%*	Q4 2018	Industry
Enhanced oil recovery (million barrels of oil equivalent (mmboe))	250 mmboe*	Q4 2020	Industry with OGA support

\* targets to be reviewed by the Asset Stewardship Board

OGA activity plan			
<b>Sector strategy</b>	Work with industry to develop an asset stewardship strategy and framework	Q2 2016	P/B
<b>MER UK Board</b>	Establish and sustain the MER UK Asset Stewardship Board with clear priorities	H1 2016	I/B
	Consider ways to improve asset integrity and project management	Q3 2016	I/B
<b>Improve field information</b>	Update FDP and Cessation of Production (COP) documentation, streamline approval processes and introduce annual review process for approved FDPs to ensure commitments are being fulfilled and value maximised	H1 2016	R
<b>Enhanced Oil Recovery (EOR)</b>	Issue an OGA EOR strategy to industry	H1 2016	R/I
	Deliver strategy to facilitate sanctioning of up to 250 mmboe of additional reserves through polymer, low salinity water-flood activity and other secondary recovery opportunities	Q1 2021	R/I
<b>Cost and efficiency</b>	Support operators to understand key cost drivers in order to develop industry-wide solutions to safely reduce OPEX by 30%	Q4 2018	I
<b>Performance</b>	Implement operator scorecard process and ensure performance is improved through effective transfer of lessons learnt	Q1 2016	R
<b>Late-life asset management</b>	Begin working with operators to ensure the future use of upstream and midstream infrastructure is considered fully prior to COP	H1 2016	R/I
<b>Contracting strategies</b>	Work with operators to ensure contracting strategies are robust and fair	Q3 2016	R

**Key:** Regulate (R), Influence (I), Promote (P), MER UK Board (B)

# 8. Drive regional development and protect critical infrastructure

## OGA Priority

Seeing the big picture and maximising the sum of the parts, helping to make sure that barriers to regional development are removed and critical infrastructure and production hubs are protected.

## 8.1 Regional development

Maximising recovery from clusters of fields, as well as individual fields, coupled with optimal usage of infrastructure will maximise economic recovery and value. The OGA is using stewardship data, including information from the annual industry survey, to prepare regional development plans so that it can work with operators to create hub strategies that optimise the use of infrastructure and maximise value by integrating exploration, development, production, late-life planning and decommissioning. The plans will be created with input from the Regional Development and Infrastructure Board and other key stakeholders.

Regional development plans and our ongoing work with HMT to implement the Driving Investment Plan 2014 will help ensure the 'right assets are in the right hands'. Creating a level playing field for asset transfer will help leverage the diversity of operators and investors in the UKCS to extend field life and optimise infrastructure.

KPI	Target	Timing	Who
Reserves sanctioned	Target to be defined*. Activity is to review and deliver optimisation opportunities such as best infrastructure hosts, consolidation and help resolve commercial blockages	Q4 2018	OGA with industry support
Critical hubs	Extend life of key hubs: SVT, FPS, CATS, St Fergus, SNS Terminals**	Q4 2020	Industry with OGA support

\* target to be defined by the Regional Development and Infrastructure Board

\*\* Sullom Voe Terminal (SVT), Forties Pipeline System (FPS), Central Area Transmission System (CATS), Southern North Sea (SNS)

OGA activity plan			
Regional strategies	Rigorously assess key production hubs and develop a business strategy and plan for key regions	Q4 2016	R
	Evaluate potential to transform the SNS into an energy hub	Q4 2016	R
MER UK Board	Establish and sustain the MER UK Regional Development and Infrastructure Board with clear priorities	H1 2016	I/B
	Undertake a regional assessment of West of Shetland gas export options and pilot improved collaboration in Central North Sea Fulmar area	H1 2016	I/B
	Work with the Infrastructure Task Group to improve infrastructure access and optimise usage	H1 2016	I/B
Undeveloped discoveries	Work with the Technology Board Small Pools Task Group to progress undeveloped discoveries	H1 2016	I/B

Key: Regulate (R), Influence (I), Promote (P), MER UK Board (B)

## 8.2 Third party access to infrastructure

The OGA recognises the issues associated with third party access to infrastructure both from a commercial perspective and from an engineering and operational perspective. The OGA will continue to work with industry to facilitate access to infrastructure and to support and guide industry in the optimal use of existing infrastructure. The OGA will act to both maximise the utilisation of existing infrastructure and thereafter support the rationalisation of infrastructure where it is no longer economic. Timely access to UKCS infrastructure on fair and reasonable terms is an essential part of maximising economic recovery, without which exploration and production companies will not undertake exploration to discover and develop small- to medium-sized fields.

KPI	Target	Timing	Who
Preliminary decision on terms for infrastructure access within four months	90%	Q4 2016	OGA

OGA activity plan			
<b>Late-life asset guidance</b>	Describe more fully in guidance our approach to emerging late-life issues such as cost sharing and gas blending	Q4 2016	R
<b>Theedlethorpe Gas Terminal</b>	Facilitate exploration and production companies to identify and sanction a solution to maintain economic production from those fields feeding into the Theedlethorpe terminal	Q2 2016	I
<b>Sullom Voe Terminal</b>	Facilitate agreement between Sullom Voe owners and users of a workable commercial framework for the continued and efficient operation of the terminal to enable continued economic production from its user fields	Q2 2016	I
<b>Infrastructure access powers</b>	Be more active in the use of facilitation and where required use our powers to make determinations where MER UK is threatened – this may require an update to Infrastructure Code of Practice (ICOP)	H1 2016	R
<b>Guidance on infrastructure utilisation</b>	Guide industry on preferred infrastructure access options such that utilisation of existing infrastructure may be optimised in line with OGA regional plans	Q4 2016	R/B

**Key:** Regulate (R), Influence (I), Promote (P), MER UK Board (B)

## 8.3 Carbon storage

The OGA regulates offshore carbon storage, approving and issuing permits and providing technical, commercial and financial assurance on carbon storage projects to the UK Government. The OGA will work with industry and other relevant stakeholders to identify synergies and promote opportunities where development of carbon storage can contribute to MER UK.

OGA activity plan			
<b>EU Commission</b>	Start collaborating with the EU Commission in the application and storage permit review process	H1 2016	R
<b>Permit and regulatory process</b>	Communicate clearly and issue guidance where appropriate on the carbon storage permit and regulatory process to assist operators	H1 2016	R

**Key:** Regulate (R), Influence (I), Promote (P), MER UK Board (B)

# 9. Improve decommissioning efficiency

## OGA Priority

Achieving the maximum extension of field life and ensuring that decommissioning is executed in a safe, environmentally sound and cost effective manner and that the UK gains competitive advantage.

Decommissioning, the retirement from service of infrastructure and wells, is a relatively new discipline in the UKCS and an opportunity for the UK to establish a highly competitive and capable new sector. Current requirements and solutions applied in the UKCS can be costly, and the OGA, industry and government recognise the need for significant cost reductions.

Decommissioning costs of £41 billion for the period 2015 to 2041 have been estimated by Her Majesty's Revenue and Customs (HMRC) with the latest industry update being £46 billion, and the DECC/OGA field-by-field analysis estimating 2015 to 2050 average costs at £47 billion. Reductions in excess of £15 billion could be achieved through implementation of an effective decommissioning management and execution strategy.

The OGA will work with industry and DECC to develop new, fit-for-purpose technical, commercial, regional and operational solutions to reduce costs and develop internationally competitive capabilities while ensuring health, safety and environmental compliance. A stable and sustainable decommissioning framework, based on early stage planning will be developed, stimulating innovation and market solutions, improving late-life management and facilitating asset transfers, avoiding stranded assets due to premature decommissioning. This will help remove 'peaks and troughs' in activity, provide a consistent view of demand and enable supply chain planning and development. The OGA will align this effort with HMT plans.

KPI	Target	Timing	Who
Decommissioning costs	>35% reduction vs 2015 base case*	2020	Industry with OGA support
Policy positions	Maintain or improve	2018	Industry with DECC advice and OGA input as required
Supply chain market	Develop demand-led supply positions	2016 to 2021	Industry with OGA support

\* target to be reviewed by the Decommissioning Board

OGA activity plan			
<b>Sector strategy</b>	Work with industry and DECC to develop a UKCS decommissioning strategy and publish corresponding plans	H1 2016	R// P/B
<b>MER UK Board</b>	Establish and sustain the MER UK Decommissioning Board and set clear priorities and workstreams	H1 2016	I/P/B
<b>Road map and benchmarking</b>	Prepare detailed demand-led plans to 2025 and outline plans to 2050 including benchmarking and cost estimates	H2 2016	R// P/B
<b>Investment and cost efficiency</b>	Start working with industry and DECC to progressively improve cost engineering and programme estimates, and cost efficiency plans	H1 2016	R// P/B
<b>Supply chain and technology</b>	Share demand-led vision for low-cost, competitive services market with MER UK Supply Chain and Exports and Technology Boards and ensure effective collaboration	Q4 2016	I/P/B
<b>Policy and stakeholder plans</b>	Start supporting OGUK and Decom North Sea (DNS), with DECC, to: a) maintain or improve policy positions, avoid increased regulatory burden, and prepare for 2018 OSPAR conference; and b) develop UKCS stakeholder plans	H1 2016	I/P
<b>Decommissioning plans and funding</b>	Introduce early stage decommissioning planning as part of enhanced asset stewardship approach to help reduce costs and risks	Q4 2016	R/I
<b>Promote and share knowledge</b>	Support OGUK and DNS to promote UKCS capability and share best practices	Q3 2016	R// P/B

**Key:** Regulate (R), Influence (I), Promote (P), MER UK Board (B)

# 10. Leverage technology and data

## OGA Priority

Ensuring that existing technologies are deployed to their full effect, relevant new technologies are developed and that the collection, analysis and sharing of data is used to maximise economic recovery.

## 10.1 Technology

The development and deployment of new and existing technologies will significantly improve UKCS cost efficiency and competitiveness, enhancing performance and value across the oil and gas lifecycle from exploration to decommissioning, for operators and contractors alike, as well as maximising economic recovery. Delivering these benefits will also strengthen the sustainability of the UKCS and its position as a global centre of expertise for offshore oil and gas, attracting investment and enhancing exports.

Initial technology priorities are focused on wells, existing undeveloped discoveries, asset integrity and inspection developments and decommissioning. The OGA will work closely with industry, government and stakeholders, through the Technology Leadership Board (TLB) and the other MER UK Boards, to help adopt, adapt and develop technologies, improve value propositions and commercialisation, and encourage collaboration and campaigns.

To accelerate the development and deployment of these new solutions will require sustained public and private investment, coupled with effective opportunity and programme management. The OGA will proactively support the Oil and Gas Technology Centre (OGTC) plans, as part of the Aberdeen City Region Deal and One North East (ONE), as well as the development of industry capability and exports. We will also support other initiatives across the UK that aim to deliver a positive impact such as the New Anglia Local Enterprise Partnership.

KPI	Target	Timing	Who
Cost reduction from technology	30% to 50% cost reduction*	Q1 2021	Industry with OGA support
Additional value and barrels from technology	Target to be defined*	Q1 2021	Industry with OGA support

\* target to be defined by the TLB

OGA activity plan			
<b>Sector strategy</b>	Work with the TLB and industry to develop a UKCS technology strategy and plan	H1 2016	R/I/ P/B
<b>MER UK Board</b>	Start integrating the TLB into MER UK Forum, develop priorities, work task groups, links to other boards and develop tripartite funding model	H1 2016	R/I/ P/B
<b>Planning</b>	Start supporting the development and delivery of priority technology plans, enhancing collaboration, governance and progress monitoring	Q2 2016	R/I/B
<b>Investment</b>	Start securing priority business cases and tripartite funding over next five to 10 years for industry and innovative programmes	Q2 2016	I/P/B
<b>OGTC support</b>	Start providing demand-led input to plan, gain industry support and agree programme	Q4 2016	I/P/B
<b>Benchmarking</b>	With stakeholders establish technology benchmarking metrics, survey and system for new and mature technologies to identify and share best practice	Q3 2016	I/P
<b>Deploy existing technologies</b>	Identify four or more investments enabled by existing technology, gain commitment to deploy from industry, refresh plans annually	Q1 2021	I/P
<b>New technologies and models</b>	With industry and OGTC implement four or more joint industry programmes/campaigns for TLB priorities, that support a pipeline of high-value, demand-led options, and refresh plans annually	Q1 2021	I/P

**Key:** Regulate (R), Influence (I), Promote (P), MER UK Board (B)

## 10.2 Data and data management

The improvement and development of effective data and information management systems, in partnership with industry and in support of the OGA's strategic objectives, is vital to improve commercial, operational and technical performance and prospects. It also informs key plans and decisions across complex assets, lifecycles and regions providing a unified, central source of dependable information and knowledge as well as source data.

The OGA will leverage DECC legacy systems and existing industry resources to transform the collection, storage, analysis, sharing and publication of UKCS data across the full exploration, production and decommissioning lifecycle. This will be developed, during the next five years, to effectively support the OGA's role to regulate, influence and promote MER UK.

OGA activity plan			
<b>Regulations</b>	Finalise all regulations and guidance for information and samples as described in the Energy Bill	Q2 2017	R
	Build and launch related information management platforms and governance (with industry consultation and support)	Q2 2017	R
<b>Compliance</b>	For new data regulations, related instructions and notices to licensees, develop and implement a scheme to monitor compliance	Q1 2017	R
<b>Information management forum</b>	Establish the Data Management Forum to provide industry subject matter expert support and initial consultation, set and deliver three clear priorities and related work task groups	H1 2016	I/R
<b>Strategy</b>	Develop a UKCS data and data management strategy and plan	Q2 2016	R/I/P
<b>Petroleum data portal</b>	Start enhancing functionality, progressively building capability. With British Geological Survey, Common Data Access (CDA) and others, complete first simple, unified interface. Complete CDA review and related negotiations to incorporate capability	H1 2016	R/P
<b>Data management</b>	Develop OGA and industry accountabilities for management of key data and surveys, making quality data readily available and easy to use	Q4 2017	R
<b>Data programme</b>	Engage with industry to develop and deliver a data improvement, services and applications programme	H1 2016	R
<b>Wells register</b>	Consolidate existing well databases to create a definitive, complete OGA register of all UKCS wells	H2 2017	R
<b>Other key registers</b>	Review condition of existing registers and plan improvements, or create new registers, eg, field, infrastructure, licensing and pipelines	Q1 2017	R
<b>Production data and field reports</b>	Review reporting formats and processes, implement changes to improve quality, completeness and currency of published data	Q3 2016	R/I

**Key:** Regulate (R), Influence (I), Promote (P), MER UK Board (B)

# 11. Create the right conditions

## OGA Priority

Engaging with industry, government and others to create an operating environment and supply chain that supports MER UK, sustaining high levels of skilled employment, economic value and energy security for the UK.

The OGA will regulate, influence and promote the UK oil and gas industry in a way that seeks to create the right conditions for operators, service companies and investors to maximise economic recovery from the UKCS.

- **Licensing regime:** We will create a predictable and clearly defined licensing regime, minimising the administrative burden on industry and making sure that decisions are made in a fair and transparent way based on sound economic and commercial analysis.
- **New powers:** We will use the new regulatory powers in the Energy Bill, such as those relating to dispute resolution and sanctions, prudently to improve UKCS operating performance in line with MER UK.
- **Commercial behaviours:** We will use our influence to encourage cooperative commercial behaviours, greater collaboration and new ways of working that change the culture of the UKCS in a positive and sustainable way.
- **Fiscal regime:** We will continue to provide analysis and advice to HMT on the fiscal regime and support the delivery of its Driving Investment Plan, while working closely with industry to encourage improvements in cost and efficiency.
- **Domestic policy and guidance:** We will lead the development of policy and guidance on a range of offshore and onshore operational practices, proactively developing clear policies on our positions and processes while continuing to provide high-level oil and gas policy advice to DECC.
- **EU and international policy:** We will monitor relevant EU and international policy developments and work with government and industry to ensure oil and gas impacts are fully understood and considered.
- **Investor relations:** We will support government departments to promote investment in the UKCS through a compelling investment proposition and efficiently engage with a range of investors.
- **Communication and stakeholder engagement:** We will continue to clearly and widely communicate our priorities, plans and progress, engaging and listening to a broad range of stakeholders in industry, government and civil society. Specifically we will work with other regulators and government departments to coordinate activities and avoid duplication.
- **Supply chain and exports:** We will support the BIS, UK Trade and Investment, Scottish Enterprise and trade associations to influence the development of supply chain opportunities, capitalising on the inherent strength of the sector to support the UKCS and grow exports.
- **Skills:** We will continue to work with the UK and Scottish Governments to help make sure that people personally affected by the current downturn receive assistance to retrain and transfer their skills to other sectors, and that the right skills are retained for the future.

## 11.1 Sanctions and dispute resolution

The Energy Bill will give the OGA new regulatory powers, including a range of sanctions such as enforcement notices and fines of up to £1 million. We will work closely with industry to encourage collaboration and facilitate action, using sanctions only when necessary.

The OGA will establish a process to consider industry disputes in alignment with industry good practice, our strategy and MER UK principles and ensure their timely and efficient resolution. We will provide industry with a trusted, accessible and rapid means of resolving disputes within and between licence groups thereby avoiding expense and delay to activity.

We will also promote within the industry a culture where destructive or unnecessary disputes are identified early and resolved (with the aid of OGA facilitation if needed) but without recourse to the formal powers of the OGA or the courts.

KPI	Target	Timing	Who
Preliminary decision on informal dispute resolution issued within the timescale set out in guidance	90%	Q1 2021	OGA

OGA activity plan			
<b>Dispute resolution process</b>	Issue guidance within six months of Energy Bill enactment	Q4 2016	R
<b>Sanctions process</b>	Issue guidance within six months of Energy Bill enactment	Q4 2016	R
<b>Financial penalties</b>	Develop guidance for consultation as to the matters to which the OGA will have regard when determining the amount of any financial penalty by a financial penalty notice	Q3 2016	R
<b>Meeting obligations</b>	Develop a simple process and guidance to help companies efficiently meet their obligations under the acts or licences	Q3 2016	R
<b>Separation</b>	Include a clear mechanism in the process for the separation of the investigative and decision-making functions within the OGA	Q3 2016	R

**Key:** Regulate (R), Influence (I), Promote (P), MER UK Board (B)

## 11.2 Commercial behaviours

The Wood Review recommended improvements in commercial behaviours and increasing collaboration to maximise economic recovery.

KPI	Target	Timing	Who
Dispute resolution cases	Year-on-year decline	Q4 2020	Industry with OGA support
External perception of commercial behaviour	UKCS recognised as a cooperative place to do business	Q4 2020	Industry with OGA support

OGA activity plan			
<b>Standard contracts</b>	With industry support the use of standard contracts	Q1 2017	R
<b>Commercial Code of Conduct</b>	Incorporate industry commercial codes into consideration of non-binding dispute resolution	Q4 2016	R/I
<b>Competition law</b>	Improve understanding of actual versus imagined constraints of competition law	Q2 2016	I

**Key:** Regulate (R), Influence (I), Promote (P), MER UK Board (B)

## 11.3 Economics and fiscal

The OGA will continue to work with HMT to provide economic and commercial expertise and evidence-based advice in support of fiscal policy that contributes to MER UK in line with the HMT Driving Investment Plan 2014. We will seek industry input to make sure that we have full access to information and are directing our efforts toward the most important issues.

KPI	Target	Timing	Who
Driving Investment Plan	Complete work with HMT focusing on exploration, infrastructure access and barriers to new entrants for late-life assets	Q4 2016	HMT with OGA support and evidence from industry

## 11.4 Promote investment and new sources of capital

We support diverse and new sources of long-term capital funding, including infrastructure assets, late-life assets and companies specialising in decommissioning.

OGA activity plan			
<b>Engagement and investment opportunities</b>	Develop investor engagement programme working with other relevant government departments and start work to efficiently connect divestors with investors	Q2 2016	I/P
<b>Barriers to investment</b>	Work with industry and government to identify and mitigate top two barriers to investment	Q4 2017	I/P

**Key:** Regulate (R), Influence (I), Promote (P), MER UK Board (B)

## 11.5 Supply chain and exports

UKCS operations are served by a world-class UK supply chain, with skilled jobs and £30–40 billion turnover, circa 40% of which is generated through exports, making a significant contribution to the UK's balance of trade. While the OGA does not regulate the service sector, a strong supply chain is essential to maximise economic recovery and establish a competitive UK decommissioning industry. Therefore the OGA will continue to work with industry, government and trade associations to support a strong supply chain industry, which can compete globally while anchoring activities and developing expertise in the UK.

KPI	Target	Timing	Who
Cost Efficiency	Improvements of 30% to 40% from supply chain*	Q1 2021	Industry with OGA monitoring and support

\* target to be defined by Supply Chain and Exports and Cost and Efficiency Boards

OGA activity plan			
<b>Sector strategy</b>	Work with industry, government and trade associations to develop a UKCS supply chain and exports strategy and plan	Q2 2016	I/P/B
<b>MER UK Board</b>	Establish and sustain the Supply Chain and Exports Board with clear priorities to build and promote capabilities	H1 2016	I/P/B
<b>New commercial approaches</b>	Work with industry to develop new alliance and campaign models to improve project and services management from tendering to execution	H2 2016	I/P/B
<b>Cost, efficiency and standardisation</b>	Support the efforts of OGUK efficiency task force including adherence to the Industry Behaviours Charter	H1 2016	I/P/B
<b>Exports</b>	Work with UK Trade and Investment, Scottish Enterprise and OGUK to promote the UK supply chain to exploration and production companies	H1 2016	I/P/B

**Key:** Regulate (R), Influence (I), Promote (P), MER UK Board (B)

# 12. Develop the right people, processes and systems

## OGA Priority

Creating a diverse, high-performing team and a great place to work, where employees are supported to develop their capability, in an organisation with simple processes and systems.

### 12.1 People and culture

The OGA will develop a strong employer brand, creating attractive and affordable reward frameworks that deliver the capability and capacity that the OGA needs, and enable the recruitment and retention of a diverse workforce while maintaining a focus on value for money.

OGA activity plan			
<b>Build effective HR processes and systems for GovCo</b>	Simple and efficient processes in place in consultation with staff and trade unions in time for GovCo 'go live' date	Q2 2016	R
<b>Manage transfer of staff from DECC into GovCo via TUPE transfer process</b>	All OGA staff to transfer into the GovCo, following consultation with both staff and trade unions at the point GovCo commences	Q3 2016	R

**Key:** Regulate (R), Influence (I), Promote (P), MER UK Board (B)

### 12.2 Governance and business support

Becoming an independent government company in 2016 is an important part of our establishment as an independent regulator. We will meet the corporate and legal requirements of a government company, building upon those we have already put in place as an executive agency.

OGA activity plan			
<b>Government company requirements</b>	Define and implement the corporate and legal requirements for becoming a government company	Q2 2016	R
<b>Governance framework</b>	Design and implement a robust governance framework including relevant policies	Q2 2016	R
<b>Standalone processes and systems</b>	Implement systems and processes for financial control and reporting, regulatory decision making, HR, finance systems, procurement and risk management	Q2 2016	R

**Key:** Regulate (R), Influence (I), Promote (P), MER UK Board (B)

# 13. Income, expenditure and funding projection

The majority of our expenditure relates to staff costs. The plan shows staff growth in 2015/16 up to 150, and further staff beyond a total of 160 will be added only if essential (never greater than our headcount cap of 179). For the purpose of this plan, an estimate of headcount (168) has been used to illustrate predicted cost.

Over the plan period 'back-office' costs remain broadly flat, with increase taking place in industry facing and supporting activities. The OGA is developing a reporting framework for cost by priority areas and will ensure that our headcount and levy funding are utilised efficiently in support of MER UK.

The OGA is very aware of the current difficulties facing the industry. These challenges combined with historically low levels of investment in the regulator require a fully competent, well-resourced regulator. However, our intention is to reduce the cost of the OGA over time. Industry has an important role to play in this regard – for example the quicker industry can meet our expectations, as outlined in our Call to Action Report and reiterated in Paragraph 4.2 of this plan, the more quickly the OGA can reduce its costs.

Table 3 provides a breakdown of programme expenditure (specialist third party expertise and services) which primarily relates to seismic surveys, exploration studies, regional hub evaluations, field support studies as well as funds to support the transformation of access to and improvements in the quality of data and data management to support MER UK. This expenditure on data improvements reflects the historic under-investment with £3 million in 2016/17 and £2.5 million for the remainder of the five-year planning window. In order to ensure that programme expenditure is optimised, the OGA will make good use of the MER UK Boards.

Capital was allocated in 15/16 for the fit-out of our Aberdeen HQ and new London office. The London fit-out will complete in early 2016. Beginning in late 15/16 and continuing into 16/17 we will overhaul and develop our industry facing IT infrastructure. Other IT expenditure over the period of this plan relates to desk-top equipment. Capital expenditure is initially funded by DECC and then recovered from the levy via related depreciation charge.

Total costs of the OGA are funded via a combination of fees and charges, government funding and the levy. Government funding for 16/17 is confirmed, support for future years will be reviewed annually.

As set out in the Government Response to the levy consultation, the annual levy for 2015/16 was apportioned between pre-production (11%) and in-production (89%) licence holders based on an assessment of the costs that the OGA incurs in relation to each group. This apportionment, which will apply in 16/17, will be monitored and, where necessary, updated as part of an annual consultation process. Regulations setting out the details of the levy and the exact levy rate on each category of licence holder will be laid in Parliament annually in advance of invoices being issued.

**Table 1 – Expenditure summary**

Costs in £000's	2015/16	2016/17	2017/18	2018/19	2019/20
Administration (operating) costs	£13,915	£18,693	£18,730	£19,031	£19,313
Programme costs	£2,923	£5,500	£5,132	£5,255	£5,381
Seismic surveys	£20,000	£20,000	–	–	–
Capital costs	£2,004	£946	£500	£299	£170
Depreciation	£92	£428	£649	£704	£559
<b>Total expenditure</b>	<b>£38,934</b>	<b>£45,567</b>	<b>£25,012</b>	<b>£25,290</b>	<b>£25,423</b>

**Funded by**

Fees and charges	£965	£965	£965	£965	£965
Government funding	£28,020	£23,000	£3,000	£3,000	£3,000
Levy	£9,949	£21,602	£21,047	£21,325	£21,458

**Table 2 – Expenditure by category**

Costs in £000's	2015/16	2016/17	2017/18	2018/19	2019/20
Pay	£9,576	£13,540	£13,732	£13,935	£14,142
Other staff costs	£903	£856	£640	£690	£690
IT revenue costs	£1,019	£1,213	£1,243	£1,272	£1,303
IT depreciation	£50	£246	£458	£501	£344
Accommodation revenue costs	£998	£1,472	£1,426	£1,465	£1,480
Accommodation depreciation	£42	£183	£191	£203	£215
Programme costs	£2,923	£5,500	£5,132	£5,255	£5,381
Seismic Surveys	£20,000	£20,000	–	–	–
Communications, publications and expert advice	£365	£890	£911	£932	£954
Governance costs	£426	£472	£523	£474	£475
Managed service costs	£100	£250	£256	£262	£268
Transition and setup costs	£527	–	–	–	–
<b>Total administration, programme and depreciation costs</b>	<b>£36,930</b>	<b>£44,621</b>	<b>£24,512</b>	<b>£24,991</b>	<b>£25,253</b>

**of which**

Administration	£14,007	£19,121	£19,380	£19,736	£19,872
Programme costs	£22,923	£25,500	£5,132	£5,255	£5,381

**Capital costs**

IT	£204	£896	£380	£179	£50
Accommodation	£1,800	£50	£120	£120	£120
<b>Total capital</b>	<b>£2,004</b>	<b>£946</b>	<b>£500</b>	<b>£299</b>	<b>£170</b>

<b>Total funding requirement</b>	<b>£38,934</b>	<b>£45,567</b>	<b>£25,012</b>	<b>£25,290</b>	<b>£25,423</b>
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**Table 3 – Breakdown of programme expenditure**

Costs in £000's	2015/16	2016/17	2017/18	2018/19	2019/20
Exploration studies					
Improve quality and availability of geotechnical data	£750	£1,000	£1,000	£1,000	£1,000
Produce regional North Sea geological maps to improve technical understanding					
Improve definition of UKCS YTF and PI					
Regional hub evaluations					
Undertake prioritised regional business and economic evaluations	£750	£1,000	£1,000	£1,000	£1,000
Extend late-life by maximising resource and minimising cost					
Potential to unlock value of discovered and undiscovered resources					
Field support studies					
Discovery screening studies	£200	£400	£400	£400	£400
Technical studies to underpin field FDP & FPPA process					
Technical studies related to late life/ COP decision making					
Competitiveness assessments	£248	£300	£300	£300	£300
Enhanced data management					
Developing or improving and integrating data management applications, tools, registers, models and platforms including Petroleum Portal	£750	£1,500	£1,500	£1,500	£1,500
Enhancing project management and support for development programs, regulations, consultancy and process development	£100	£220	£272	£305	£306
Developing and delivering the OGA Website and corporate platforms	£125	£580	£260	£250	£475
Enhancing data surveys, modelling, benchmarking and reporting services, and the capture & storage of data sets	–	£500	£400	£500	£400
Seismic surveys	£20,000	£20,000	–	–	–
Total programme expenditure	£22,923	£25,500	£5,132	£5,255	£5,381



