



Oil & Gas
Authority

Transforming the UK Continental Shelf

Journey to a more competitive basin

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Northern North Sea and West of Shetland Area Manager

UKCS summary



Oil & Gas Authority

Infrastructure

12,000+ wells
250+ subsea systems
3,000+ pipelines
250 fixed installations

Resources



Source – OGA

Costs

Unit costs down by nearly 30%

Average unit operating costs have fallen from £18 per barrel in 2014 to an estimate of £13 per barrel in 2016

Source – OGA

Production (boepd)

2014	1.4 million
2015	1.6 million
2016	1.65 million

Source – OGA and Oil & Gas UK

Development

6.3bn boe

in production
or under
development



Source – OGA

Supply chain

c.£30bn turnover

80% of UK oil and gas jobs
40% through exports

Source – Oil & Gas UK and EY

Production efficiency

2012	60%
2015	71%
2016	80% target

Source – OGA

Exploration & appraisal

2014 wells	32
2015 wells	26
2016 wells	20

Source – OGA and Oil & Gas UK

Jobs

330,000 jobs in the UK

Delivered through or supported by
upstream oil and gas activity

Source – Oil & Gas UK

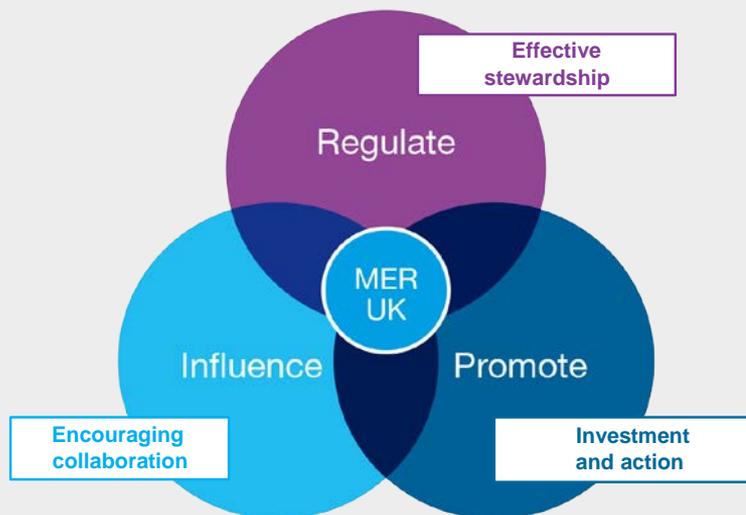
Improving and adapting to new conditions

Progressive regulation



Oil & Gas Authority

Role of the OGA



OGA Approach

MER UK Strategy – binding obligations & safeguards

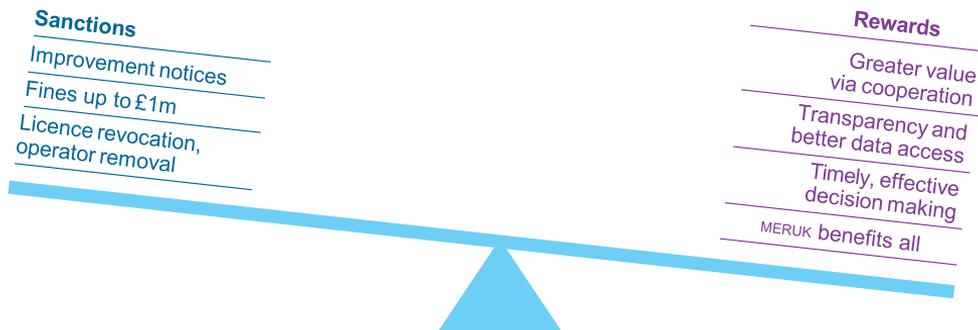
Sanctions

Information & samples

Dispute resolution

Meetings

Striking the right balance



Balanced application of new regulatory framework

Government support

£1.3bn of measures in 2015, £1bn in 2016



Supplementary charge down 30% to 10%



Petroleum revenue tax down 50% to 0%



New basin-wide investment allowance



Clarifying tax treatment of decom costs



Two £20m packages for geophysical surveys

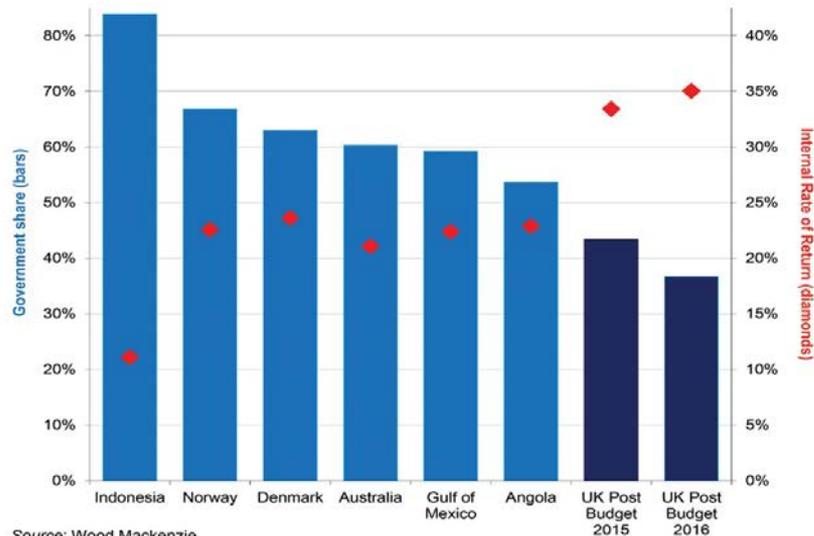
Aberdeen City Region Deal

£250m including **£180m**

Westminster and
Holyrood funding

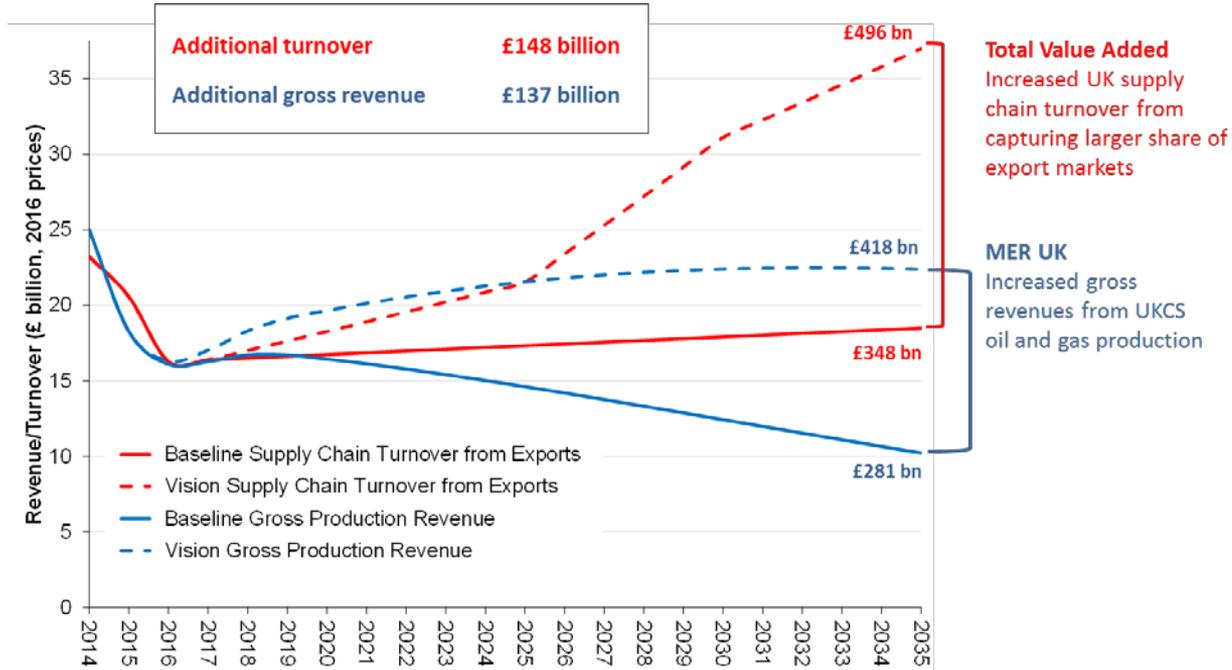
New Oil & Gas
Technology Centre

Globally competitive fiscal regime



Strong engagement and support

Vision 2035 – The Opportunity



Realise full hydrocarbon potential of the UKCS



World class competitiveness



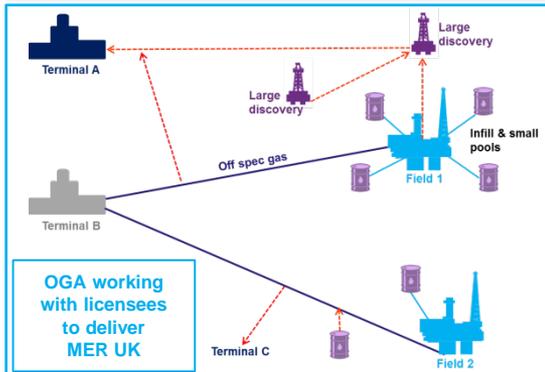
Expand service sector range, market coverage, double exports



Increase the prize by half again over the next 20 years

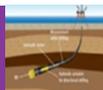
Collaboration

Regional Plans



Technology Plans

Well cost reduction



Small pools



Digital & data



Asset integrity

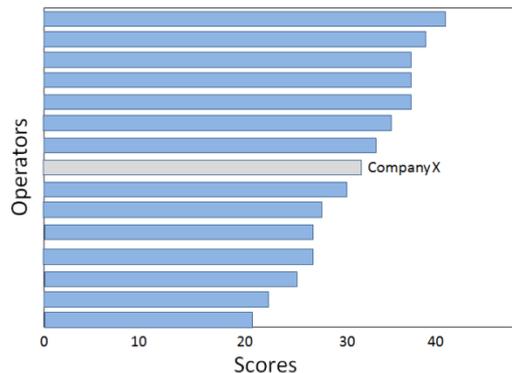


Decom



Company behaviours

Collaboration "scorecard"



Quantifying and benchmarking to help facilitate a change in culture

Celebrating success

Positive reinforcement of great work



Marginal gains yield 40% improvements



Companies collaborating to improve efficiency and maximise value

Considerable difficulties still to overcome, but good signs of progress

Positive “domino” effect

