

Oil and Gas Authority (OGA)

**Department for Business, Energy and Industrial
Strategy**

**Non-qualifying regulatory provision assurance
statement: confirmed**

The Regulatory Policy Committee (RPC) is content that, on the basis of the summary information provided, none of the measures or activities covered in the summary document should be considered as a qualifying regulatory provision for the purposes of the business impact target. This statement does not provide a detailed view of any specific activity in the regulator's summary document. Nor does it comment on any activities not included in the summary. Some activities might, however, have been the subject of separate assessments of qualifying regulatory provisions.

Comments on the non-qualifying regulatory provision summary

This NQRP summary assurance statement was submitted to the RPC prior to the confirmation of administrative exclusions to qualifying regulatory provisions announced by the Government on 20 June 2018. The RPC welcomes the regulator's helpful formatting of their submission to differentiate between different types of measures. The regulator has also provided additional information to substantiate its exemptions, and particularly those concerning i) the need for industry to familiarise with new guidance documents and ii) possible reporting/monitoring obligations or expectations which may arise from the new guidance. The RPC considers the OGA's submission, including its provision of supplementary information, as an example of best practice.

Regulatory Policy Committee

Regulator: The Oil and Gas Authority

Business Impact Target Reporting Period Covered: 8 June 2017 to 20 June 2018

Excluded Category*	Summary of measure(s), including any impact data where available**
De minimis (measures with an EANDCB below +/- £5 million)	<p>1. OGA Asset Stewardship Expectations Stewardship Review Guidance</p> <p>The OGA published guidance to aid industry understand the OGA’s tiered stewardship review process, a key element of the Asset Stewardship Strategy. Industry collaboration has been sought via a Delivery Programme to implement the Asset Stewardship Strategy. The tiered stewardship reviews are a performance management process for measuring, monitoring and reviewing effective stewardship on assets in the UKCS. There are expected to be policy costs to oil and gas businesses for implementing the tiered reviews and associated familiarisation costs for understanding the Stewardship Review guidance, these are estimated to be within the £5 million EANDCB De-minimis threshold.</p> <p>2. Stewardship Expectation Implementation Guides</p> <p>Following extensive consultation across the oil and gas industry, the OGA has developed 10 Stewardship Expectations. These are intended to provide further clarity on the MER UK Strategy obligations with the aim of encouraging enhanced stewardship and improved performance across the oil and gas lifecycle. There are expected to be policy costs to oil and gas businesses for implementing the Asset Stewardship expectations and associated familiarisation costs for understanding the guidance, these are estimated to be within the £5 million EANDCB De-minimis threshold. The OGA data shows that there are currently 77 oil and gas operators who will be responsible for familiarising themselves with the guidance.</p> <p>3. Guidance on Information and Samples Plans (ISPs)</p> <p>The OGA published guidance explaining the provisions made in Chapter 3 of the Energy Act 2016 in relation to the requirement to prepare, and agree with the OGA information and Samples Plans in connection to licensed events. The guidance describes the OGA’s expectations about what should be included in plans and the obligations placed on responsible persons in connection to producing plans.</p> <p>4. Guidance on the role of Information and Samples Coordinators (ISCs)</p> <p>The OGA published guidance explaining the provisions made in Chapter 3 of the Energy Act 2016 in relation to the requirement to appoint an information and samples coordinator and to notify the OGA. The guidance describes what the</p>

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	<p>OGA expects from its interactions with an information coordinator and the obligations on relevant persons relating to information and samples coordinators.</p> <p>Policy costs are associated with the implementation of ISPs during licence events. Based on OGA data, there is expected to be 350 number of licence events per year. There are expected to be familiarisation costs to 135 oil and gas businesses for reading and understanding the ISPs and ISCs guidance. Total costs are estimated to be within the £5 million EANDCB De-minimis threshold.</p> <p>OTHER GUIDANCE DOCUMENTS – FAMILIARISATION COSTS</p> <p>There is expected to be familiarisation costs associated with the following 4 guidance documents. The total annual cost to industry to familiarise themselves with the new and updated guidance is expected to be within the £5 million EANDCB De-minimis threshold.</p> <p>5. Guidance on the development and use of Area Plans</p> <p>The OGA published guidance to aid the industry’s understanding of their responsibilities for developing Area Plans and help improve collaboration across the UKCS. Area Plans are an existing requirement for oil and gas operators, however there will be familiarisation costs associated with understanding the guidance. The OGA data shows that there are currently 77 oil and gas operators who will be responsible for familiarising themselves with the guidance.</p> <p>6. Guidance on the management of offshore licence work programme commitments</p> <p>The OGA published guidance on the management of offshore licence work programme commitments. This gives industry direction on the approach the OGA will usually take in considering and agreeing with a licensee an alternative work programme, in accordance with paragraphs 11 and 12 of the MERUK Strategy. This document provides general guidance as to the existing approach the OGA will take in relation to the Obligations, Safeguards and commitments of the Strategy and Licence. The OGA data shows that there are currently 77 oil and gas operators who will be responsible for familiarising themselves with the guidance.</p> <p>7. Supply Chain Action Plans Guidance</p> <p>The OGA published guidance to aid operators derive added value from UKCS projects through more effective relationships with their supporting supply chain. The guidance will help operators develop effective action plans in</p>

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	<p>respect of all new projects. There is expected to be familiarisation cost associated with this new guidance for 77 oil and gas operators.</p> <p>UPDATED GUIDANCE DOCUMENT</p> <p>1. Meetings Statutory Notice</p> <p>The OGA revised the Notice setting out the powers given to the OGA by the Energy Act 2016 for industry to inform the OGA in advance of meetings and provide it with relevant documentation. There is expected to be a familiarisation cost to industry for reading the updated notice. 77 oil and gas operators will be responsible for understanding the changes and sending meeting invites to the OGA.</p> <p>ANNUAL REPORT AND ACCOUNTS</p> <p>The OGA published its annual report and accounts 2016-17 (for the year ended 31 March 2017) on the 20 July 2017. The OGA also published its Overview document which gives a high-level overview of the OGA and its background, responsibilities, and priorities.</p> <p>STRATEGIES</p> <p>The OGA published one strategy document in support of the MER UK Strategy. The document does not set any mandatory activities for the industry but is intended to support companies achieve MER UK.¹ This is in line with the Wood Review Recommendations, where the OGA was advised to develop and implement important sector strategies.</p> <p>1. Southern North Sea (SNS) Tight Gas Strategy</p> <p>The OGA published its Southern North Sea Tight Gas Strategy building on existing successes by giving a structure and framework to find and disseminate best practice in the SNS area. The Tight Gas Strategy has been compiled with the help, input and advice of several individuals and industry organisations. As best practice, licence holders and operators are encouraged to engage with the OGA to bring to focus any tight gas developments. This will be carried out through</p>

¹ The MER UK Strategy is accompanied by an Impact Assessment (IA) https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/506649/20160308_-_MER_UK_Strategy_-_Impact_Assessment_-_Signed_by_Minister.pdf

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	<p>the tiered stewardship reviews, which have been costed under the OGA Asset Stewardship Expectations and are within the £5 million EANDCB De-minimis threshold.</p> <p>PUBLICATIONS AND REPORTS</p> <p>The OGA published the flowing publications and reports. These documents are for information only and do not set any mandatory activities for industry.</p> <p>1. Polymer Enhanced Oil Recovery Report</p> <p>The OGA published a set of key industry lessons learnt to help inform other operators in the UKCS who are considering polymer Enhanced Oil Recovery (EOR) as part of their future field development plans. The aim of the report is to help companies considering polymer EOR project to move quickly up the learning curve and to understand the value that these projects can add to their assets.</p> <p>2. Southern North Sea Tight Gas Stimulation Document</p> <p>The purpose of this document is to help industry efficiently conduct the stimulation of tight gas reservoirs in the UK Southern North Sea (SNS). The document is intended to give relevant information aimed at existing and new entrant SNS operators who may benefit from an overview of stimulation techniques and new technologies.</p> <p>3. Southern North Sea Salting Study</p> <p>The OGA published a study to quantify the impact of salt deposition on production losses and the effectiveness of current treatment options and methods of mitigation.</p> <p>4. UKCS Production Efficiency in 2016</p> <p>The aim of this report is to analyse the production efficiency performance of the UKCS by comparing actual production in 2016 to the theoretical economic maximum potential of the fields and associated infrastructure, and to make comparisons with previous years. The analysis in this report will allow industry to benchmark its performance over time in a clear consistent and quantifiable way. Tracking Production Efficiency in this way allows the OGA to compare relevant performance over time aiding the OGA's asset stewardship tiered review process and ensuring that the production</p>

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	<p>optimisation asset stewardship expectation is met. The OGA has received feedback from operators requesting more benchmarking products.</p> <p>5. Technology Delivery Programme</p> <p>The OGA published a report on its technology delivery programme focusing on the actions being taken forward in 2017 – 2018. The delivery programme defines in more detail how the three core areas of focus (set priorities, promote innovation and oversee industry efforts) set out in the OGA’s Technology Strategy will be delivered jointly between the OGA and industry.</p> <p>6. Analysis of UKCS Operating Costs in 2016</p> <p>The OGA published a report on the costs of working in the UK Continental Shelf in 2016.</p> <p>7. UKCS Decommissioning Cost Estimate Report 2017</p> <p>The UKCS Decommissioning 2017 Cost Estimate Report gives a current cost estimate for offshore oil and gas decommissioning in the UK Continental Shelf (UKCS). The report was produced to give greater certainty of the cost of decommissioning all the UK’s current and future offshore facilities, pipelines, development wells, suspended open water exploration wells and appraisal wells and onshore terminals.</p> <p>8. Recovery Factor Benchmarking Report</p> <p>This report presents an estimate of the current expected recovery factor for UKCS oil fields and highlights the ongoing work the OGA is undertaking with industry to show how recovery can be increased.</p> <p>9. Projections of UK Oil and Gas Production and Expenditure Report</p> <p>The OGA published its long-term projection for production between 2016 and 2050.</p> <p>10. Technology Insights Report</p> <p>This report gives an insight into company’s technology portfolios and their strategies to access technologies to further MER UK.</p> <p>11. UK Oil and Gas Reserves and Resources - End 2016</p>

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	<p>The OGA published its estimates for the remaining UK recoverable petroleum reserves and resources as at the end of 2016. The report includes added information on the UK’s contingent resource levels in producing fields, which presents a significant opportunity for the continued development of the UK’s petroleum resources.</p> <p>PUBLICITY EVENTS</p> <p>The OGA has presented its work at various workshops and conferences including:</p> <ul style="list-style-type: none"> • Offshore Europe, Oil and Gas UK Exploration Conference, TotalDECOM 2018 Conference, AECC Technology Forum, International Regulators Forum, ECITB Oil and Gas Project Management Conference, Competitive Well Delivery Conference, Offshore Decommissioning Conference and PROSPEX. <p>None of the material produced creates a new regulatory standard that businesses will be expected to follow and attendance at educational and promotional events is not compulsory.</p> <p>CONSULTATION DOCUMENTS</p> <p>The OGA issued 3 consultation documents on the following areas:</p> <p>1. Consultation on the proposed regulations for the Retention and Disclosure of Information and Samples</p> <p>The OGA sought industry’s views between 30 June 2017 and 28 August 2017 on proposals for two sets of regulations relating to the retention by industry and the public disclosure by the OGA, of petroleum related information and samples.</p> <p>The proposals support MER UK by:</p> <ul style="list-style-type: none"> • ensuring that a vital national asset of information and samples is preserved for use • setting out identifiable retention obligations and • minimising the burden on industry by setting out when the requirements placed on industry end. <p>2. Consultation on an increase to the OGA Levy to fund the UK Oil and Gas National Data Repository</p> <p>The OGA consulted industry between 10 November 2017 and 8 December 2017 seeking views on the establishment of a National Data Repository (NDR) which would be funded by an increase in the annual levy. The establishment of a UK NDR as an important in ensuring ready access to prompt and transparent data to facilitate MER UK. An NDR will preserve, regulate, and give greater access to the country’s collection of high quality petroleum-related information.</p>

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	<p>The levy will not impose new costs on industry. It is intended that the increase in the levy will be offset by the removal of a similar cost reflecting the aggregate of the fees currently paid to CDA by its members to satisfy reporting and retention requirements for license data. The net result is therefore intended of be cost neutral.</p> <p>3. Consultation on the approach to determining a “satisfactory expected commercial return” in the MER UK Strategy</p> <p>The OGA consulted between 13 December 2017, closing 1 March 2018, seeking industry views on the OGA’s proposals for the approach to deciding whether there is a “satisfactory expected commercial return” on an investment or activity as per the safeguard defined in the MER UK Strategy.</p>
	<p>The OGA approved:</p> <ul style="list-style-type: none"> • 5 Field Development Plans / Addendum (FDP / FDPA) cases for offshore oil and gas fields. The FDP approvals allow operators to carry out new field developments to recover hydrocarbons. • During the reporting period there were 9 sanctions, disputes or infrastructure access cases resolved without formal intervention. 6 sanctions, disputes or infrastructure access cases processes started. There were no formal sanctions taken. • 1467 Field consents (including production, venting, and flaring) were issued. • 302 Pipeline works authorisations and associated consents were issued. • 172 offshore license events including relinquishment, transfer and termination took place. • 23 onshore licences events including relinquishment, transfer and termination took place. <p>The casework listed in this section does not represent a change in burden of regulation placed on business.</p>

**This column will be updated with the other exemption categories once the Business Impact Target has been announced. Complete the summary box as ‘Following consideration of the exclusion category there are no measures for the reporting period that qualify for the exclusion.’ where this is appropriate.