

Eric Marston, The Oil & Gas Authority



Oil & Gas
Authority

An overview of the OGA: Key Priorities & Focus Areas

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SNS & EIS Area Manager

EEEEGR
Decommissioning Special Interest Group
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Areas to cover today

- Building the OGA
- UKCS context
- SNS context and priorities

Theddlethorpe gas terminal

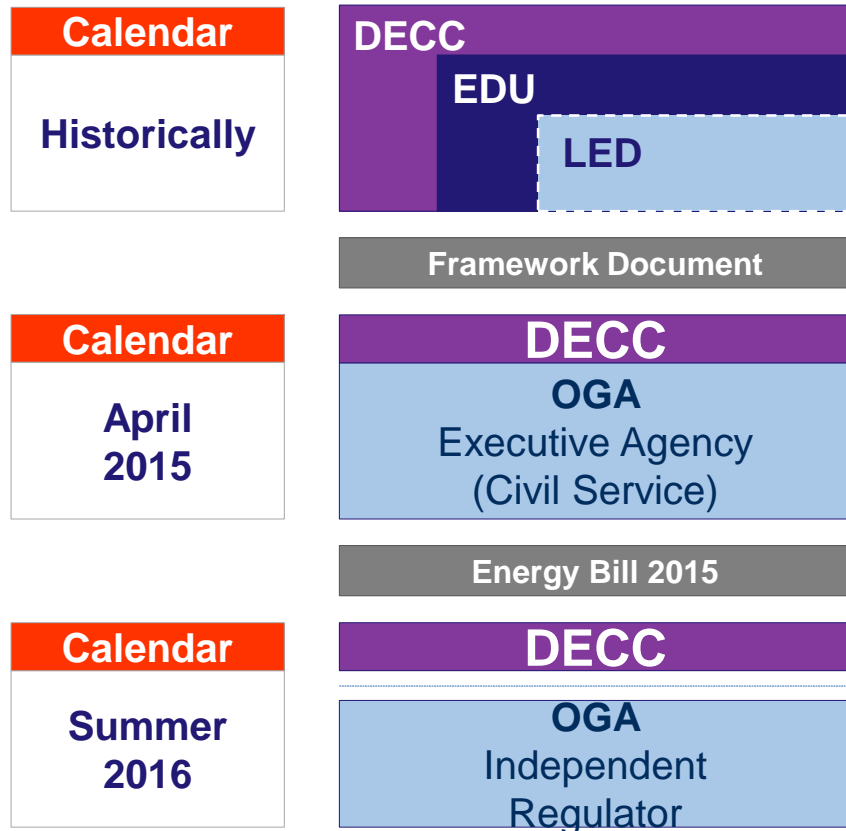


Great Yarmouth

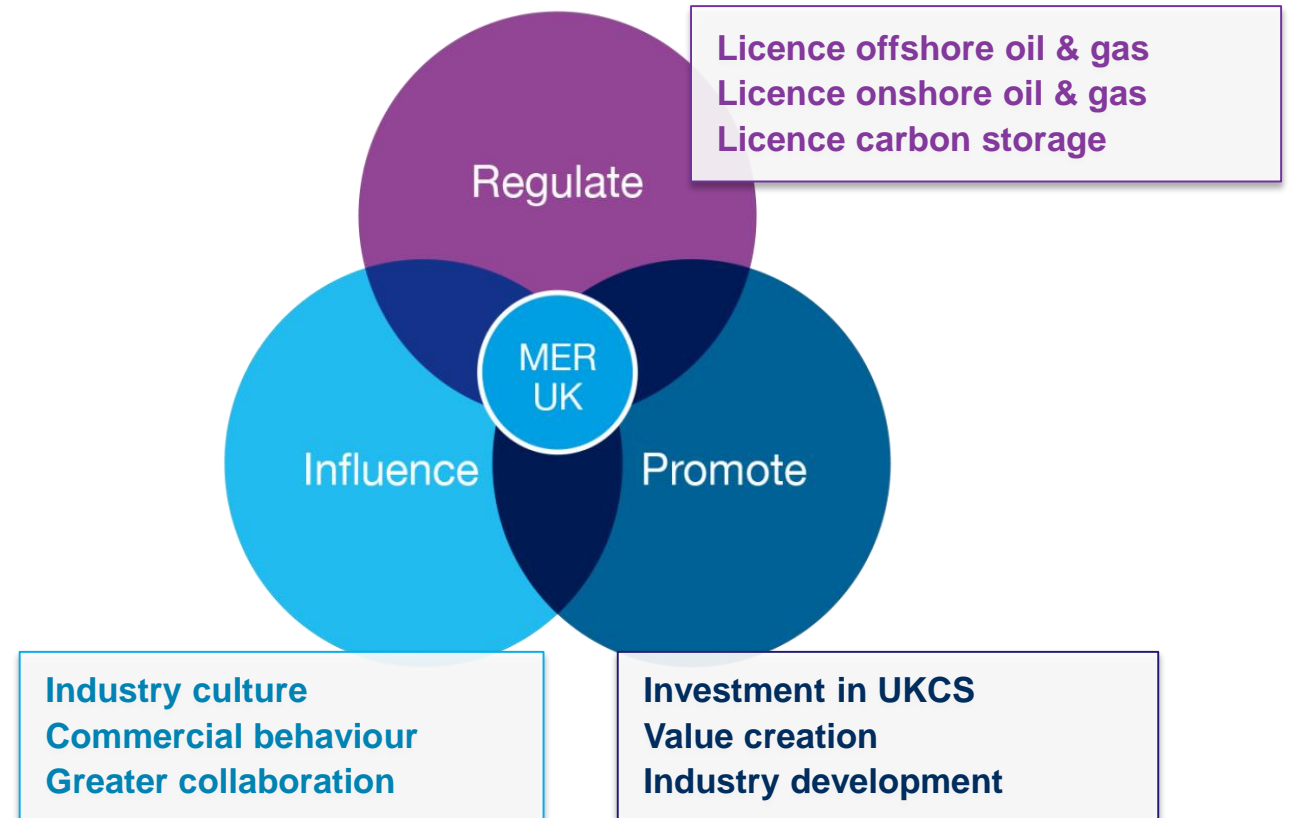


Building the OGA

Evolution of the OGA

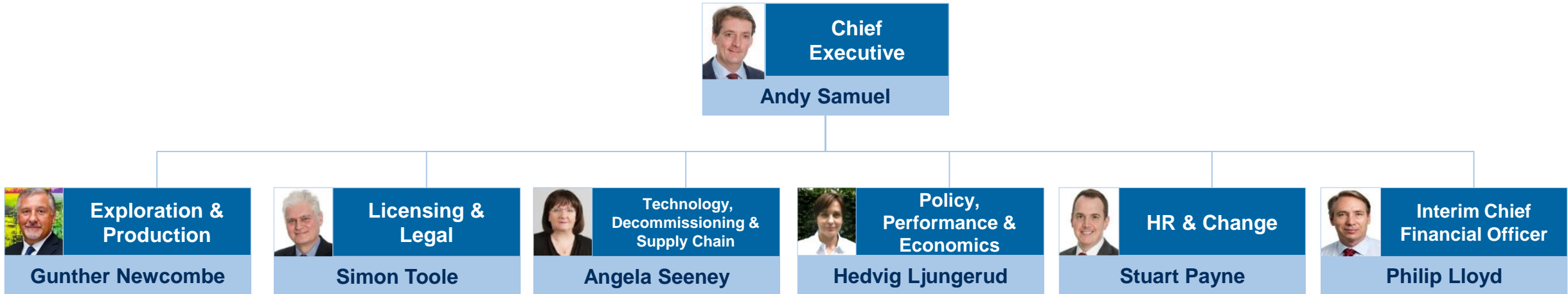


About the OGA



Low oil price environment creates difficulties and opportunities

Experienced leadership



Organisation

- Building on existing strengths
- Rapidly increased capability
- Remaining cost-conscious
- Headcount limit avoid 'mission creep'

Governance

- Board formed
- Chair: Sir Patrick Brown
- Accountable to DECC Secretary of State



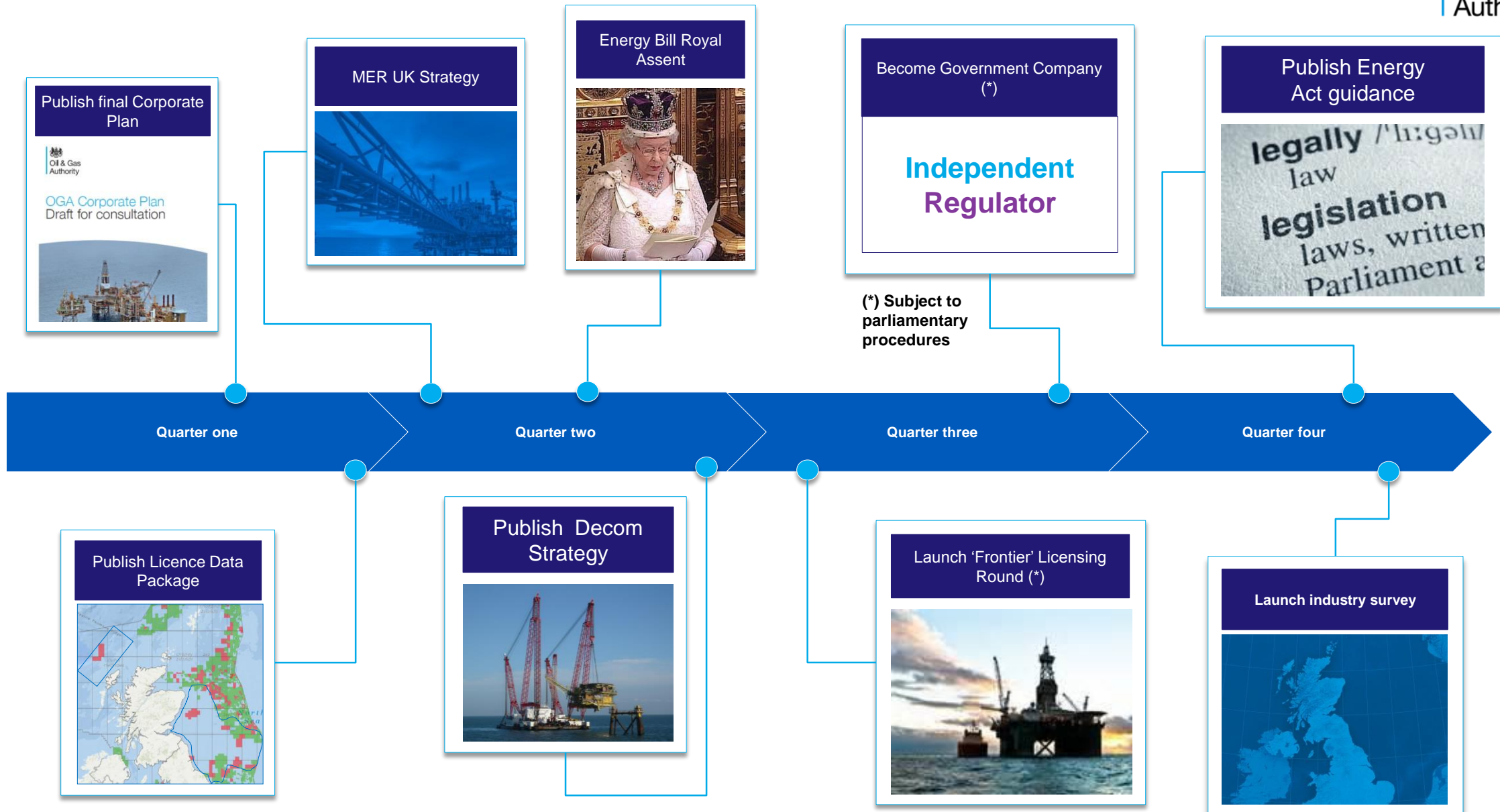
SNS Leadership

- Eric Marston
SNS Area Manager
- Bill Cattanach
Head of Supply Chain



New organisation effective from 1 July 2015

Progress in 2016



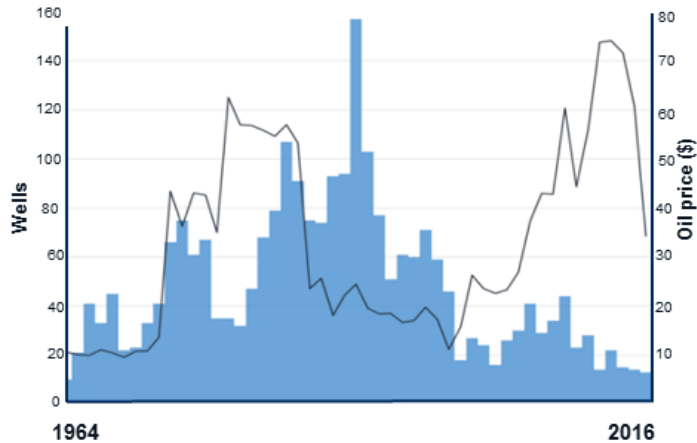
(*) Subject to parliamentary procedures

(*) Subject to SEA

UKCS context

Exploration

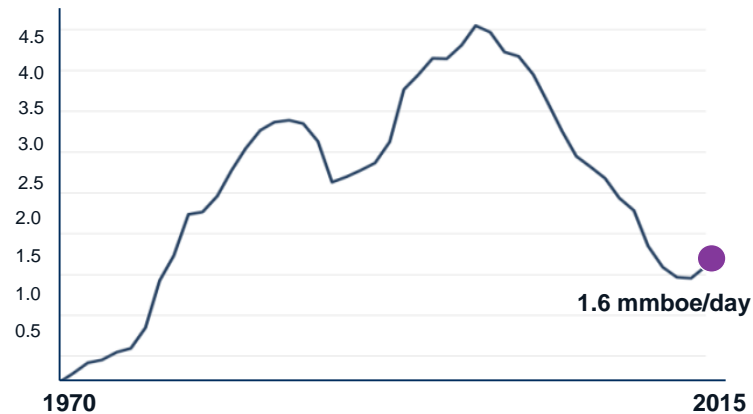
Exploration wells



Notable progress in 2015
> 60% success with 150 mboe discovered

Production

Daily production



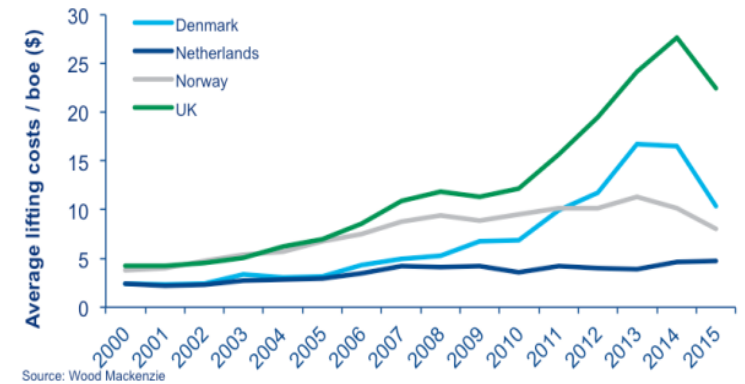
Production up by 9% with new fields & PE



43bn boe recovered
Up to 20bn boe remaining

Costs

Average lifting cost per barrel (\$)



Source: Wood Mackenzie



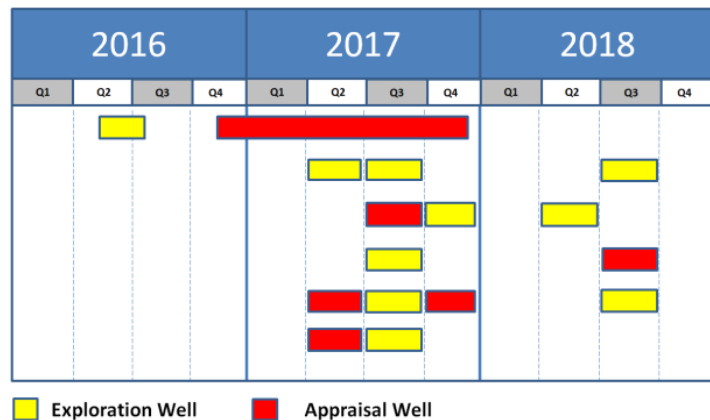
Operating efficiency improvements
Sustainable transformation next

Difficult environment with low oil price but turnaround evident

SNS context

Exploration

SNS E&A Drilling



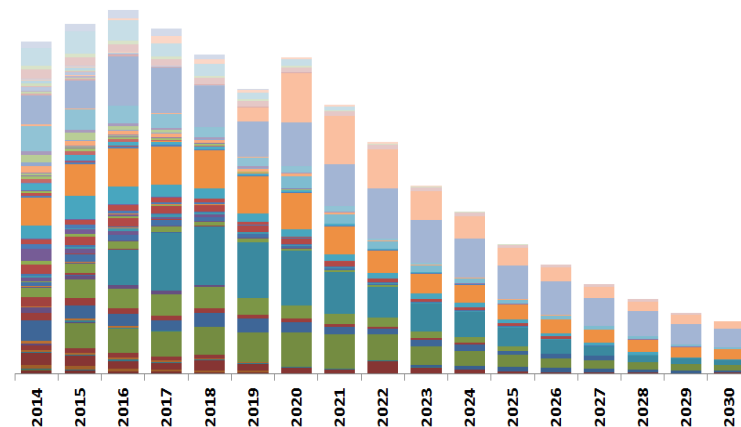
Increase in firm and contingent E&A well commitments in 2017



OGA monitoring & working closely with license holders

Production

Daily production



Decline management balanced by further investment within SNS

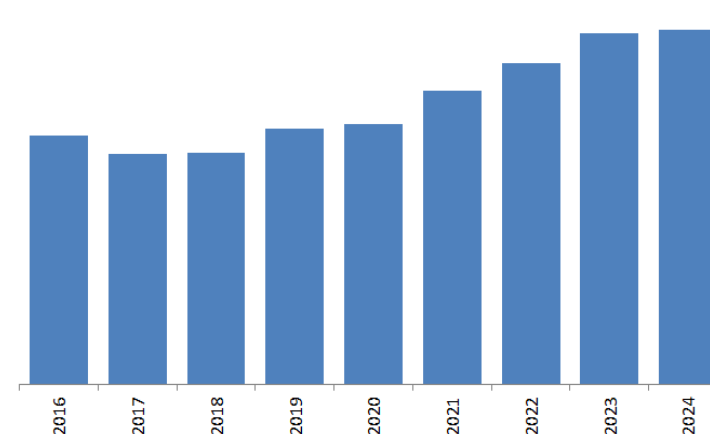


\$1.4 bn sanctioned investment

\$2 bn unsanctioned investment

Costs

Average lifting costs



Significant effort to drive cost efficiency into operations



SNS remains a challenging environment at current gas prices

OGA focus: promote new developments and marginal pools

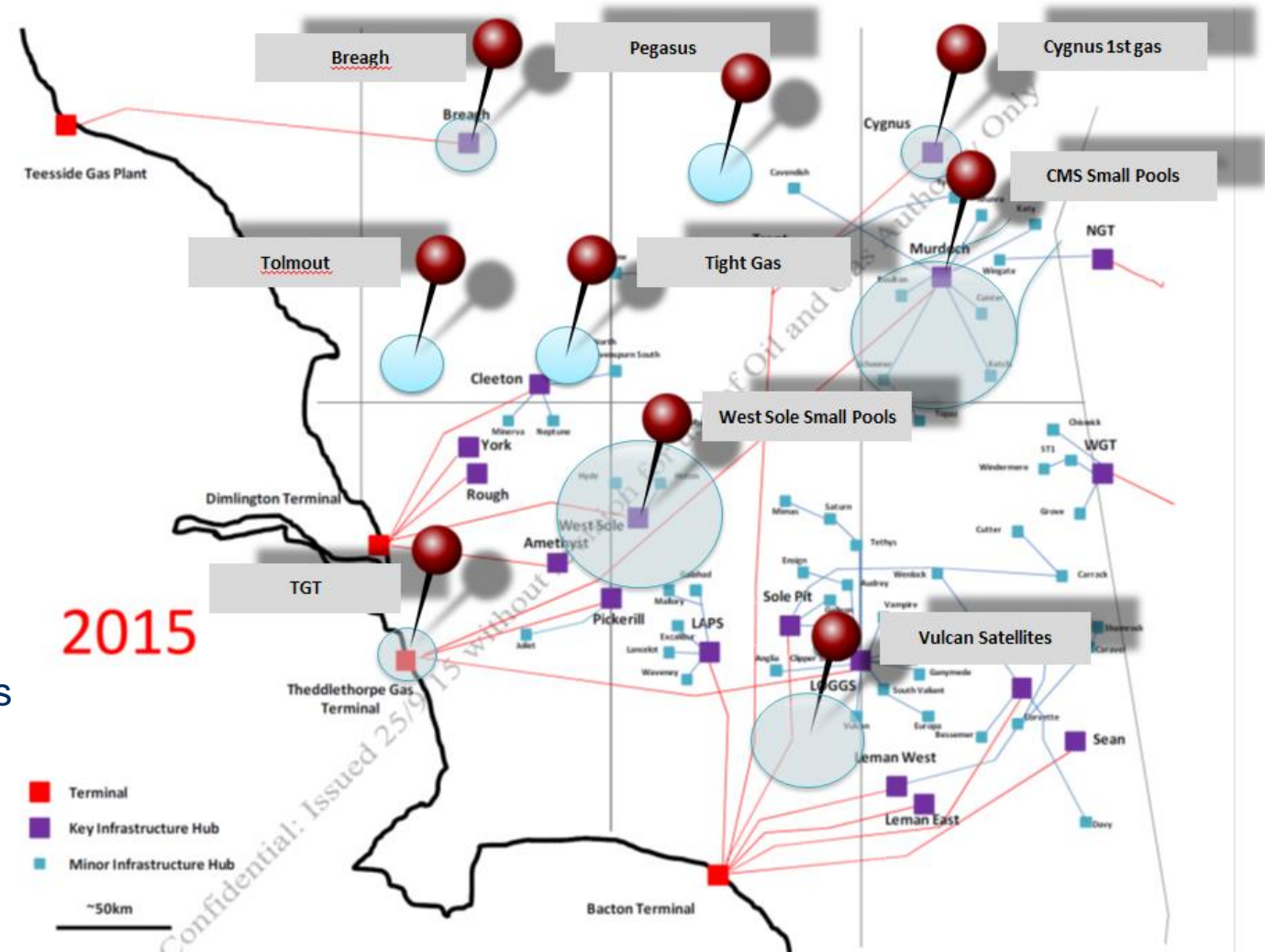
SNS strategic priorities

Significant potential remains

- 3.7 tcf remaining from current assets
- 2.9 tcf from further drilling in current fields
- 2.1 tcf discovered undeveloped new fields

SNS focus

- Promote exploration and appraisal activity
- Deliver major developments and projects
- Protect critical infrastructure
- Support marginal and small pool developments
- Tight gas collaboration across the basin
- SNS Energy Hub: GTW opportunities
- Efficient decommissioning



Creating a future for the Southern North Sea

New developments



ENGIE

centrica

bayerngas
UK Ltd.



Cygnus gas project

- Operated by Engie
- Sixth largest SNS gas field
- Largest SNS discovery in 25 years
- Sanctioned August 2012
- Will meet demand of c.1.5 million homes
- 80% contracts awarded to UK-based companies
- 4,000 direct and indirect jobs during construction
- 150 additional operational jobs

Creating a future for the Southern North Sea

SNS tight gas and small pools

Tight gas

- **3.7 tcf** tight gas opportunity
- Significant opportunity for collaboration
- Current drilling costs a barrier to development
- Technology levers

Small pools

- **1.8 tcf** small pool opportunity
- Promoted by industry; (Centrica and Enquest)
- Economies of scale through cluster development
- Consolidation and alignment of licences

Technology levers



Creating alignment



Significant potential remains

Energy hub

Working with EEEGR

- Commitment and support
- Recognise excellent work
- Importance of energy sector
- Promoting the right behaviours

Skillsfor
Energy
EAST OF ENGLAND

NEWANGLIA
Local Enterprise Partnership
for Norfolk and Suffolk

Unlocking potential

- Leveraging cross industry opportunities
- Collaboration between operators & supply chain
- Business transformation
- Unlock future work projects

Cross industry opportunities



Promoting the right behaviours

**Strong
leadership**

Be the
Change



Significant potential remains