

London and South of England Lunch and Learn: 5 Years since the Wood Review, what has changed in the UKCS?



Lunch and Learn, London

Aldgate Tower, 2 Leaman Street, London E1 8QN

Tuesday 14th May 2019

Gunther Newcombe, Director of Operations – Oil & Gas Authority

A very interesting and informative Lunch & Learn was hosted by Ince Gordon Dadds and chaired by Keith Broughton. Gunther Newcombe returned to the SUT London & South of England branch to present, then discuss the role of the OGA and the recent trends in the UKCS offshore sector.

The historical context being that, in 2013 and despite Brent Crude prices around \$100/bbl, the UKCS offshore sector was in crisis. The Wood Review was commissioned by the UK Government to understand the challenges and make recommendations. As a result, the OGA was set up with the remit to Regulate, Influence and Promote.

Mr Newcombe's presentation focussed mostly on the Influence and Promote areas. However, in terms of Regulation, three fiscal measures were described as having positive results – reduced overall tax burden, assessment of wider benefits (not just direct tax revenue) and agreement of a fair return on investment.

Methods of influence and promote have in the majority used “carrots” but also occasionally “sticks”. Methods such as benchmarking and sharing of best practice, collaboration, area developments plans, open access to the National Data Repository, setting of stewardship expectations, and communication of technology best-practice and investment in new technology have contributed to success in the sector. Production decline has halted, and in fact a small increase has been seen. Production Efficiency has increased and OPEX has reduced. However, Exploration and Appraisal has reduced, posing a threat to the future, so the OGA are enhancing the focus on High Risk / High Volume reserves.

Further looking to the future, Mr Newcombe described the OGA's emphasis on facilitation, only intervening by exercising their powers as a last resort. The energy transition including gas-to-wire, offshore electrification, Carbon transport & storage, and wind power is very much on the OGA's agenda, as is digital transformation.

Reflecting the OGA's open-door mantra, Mr Newcombe engaged with delegates in an extensive Q&A session. Topics covered included demonstration of value, receptiveness to new ideas, collaboration v's competition, area plans, operator's technology plans, promotion of the UK supply chain overseas, UK government carbon capture plans, small pools and even - who pays OGA's wages. All delegates were grateful for the candid and friendly manner in which this took place, and left content and informed. And well fed and watered, thanks to another fine spread laid on by Ince Gordon Dadds.