



North Sea
Transition
Authority

Joint Venture Hub Strategy

Stewardship Expectation 1

July 2019

1. Expectation

The OGA expects hub owners to have an agreed strategic vision for their hub, demonstrating how they will maximise economic recovery over its lifetime.

1.1 This Expectation focuses on the following areas:

- Delivery of a Hub Strategy agreed by the hub owners, including a long-term activity plan;
- Appropriate involvement of joint venture partners in the development of the Hub Strategy.

2. Reason for the Expectation

2.1 In general, within joint ventures there is insufficient early, pro-active engagement to develop aligned, long-term infrastructure plans. The purpose of this Expectation is to:

- facilitate the early identification of potential misalignment on infrastructure plans;
- ensure the owners of an infrastructure 'hub' have an agreed strategic vision for the hub, including for:
 - any remaining resource potential within existing producing fields;
 - potential MER UK value of any nearby prospectivity and discoveries (either operated by the joint venture or by other third parties);
 - identification of interdependencies across hub activity and the appropriate timing of strategic milestones and decision points;
 - any active marketing of hub for third-party business;
- encourage area collaboration (SE9)¹ and compliance with the MER UK Strategy².

2.2 This Expectation supports the MER UK Strategy, in particular the Central Obligation (paragraphs 7 and 14) and 10, 13, 16, 27, 28 and 29.

3. Delivering the Expectation

A: Definition of a Hub

- A.1 A hub is offshore production or processing infrastructure to which fields currently, or potentially could tie back, or an onshore terminal and its associated upstream pipeline infrastructure.
- A.2 It is important in the development of a Hub Strategy that its owners also consider nearby prospectivity and discoveries (either operated by the hub owners or by others) within reasonable tie-back distance to the hub.
- A.3 Where a number of offshore surface facilities form a field complex, a single Hub Strategy addressing the complex area is sufficient (for example, platform A, B and C which all service the same field or fields).

B: Development of the Hub Strategy

- B.1 The operator is expected to have a structured process to develop the Hub Strategy, and have engaged its joint venture partners early, and throughout the development of the Hub Strategy. See Appendix 1³ for a suggested checklist for developing a Hub Strategy.
- B.2 The operator should ensure:
- a specific role and individual within their organisation is identified as the owner and executer of the process for the delivery of this Expectation;
 - a process/procedure is established and followed for joint venture partner involvement at key steps in the development of the Hub Strategy to ensure alignment on the finalised Hub Strategy;

- formal recording in hub operating committee meeting minutes/resolutions once per annum that all joint venture partners have been involved throughout the process, and that all hub owners support the Hub Strategy and the associated long-term activity plan.
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- B.3** Developing a Hub Strategy and long-term activity plan in isolation and subsequently seeking joint venture approval of a final product is not considered acceptable behaviour.
- B.4** In addition to obtaining joint venture input, the operator should, if appropriate, liaise with key stakeholders during development of the Hub Strategy, such as:
- neighbouring joint ventures with known exploration prospects, discoveries and developments;
 - midstream and/or infrastructure operators;
 - the OGA, for any area plan considerations.
- B.5** The operator may consider the use of a third party to facilitate the development of a Hub Strategy if complex or disputed issues across the joint ventures exist.

C: Documented Hub Strategy

- C.1** Hub owners are expected to document an agreed Hub Strategy, supported by a long-term activity plan.
- C.2** The Hub Strategy should identify value creation opportunities which benefit the hub owners, and other relevant parties in the area, including:
- a). Exploration prospectivity;
 - b). Undeveloped discoveries;
 - c). Infill, workover opportunities within existing reservoirs;
 - d). Production efficiency, debottlenecking opportunities;
 - e). Life extension opportunities;
 - f). Midstream/export stakeholder influences;
 - g). Technology requirements (SE8)⁴.
- C.3** Long-term activity plans, underpinning the Hub Strategy, should include production, capex, opex and abex profiles.
- C.4** The Hub Strategy should be refreshed every two years as a minimum.
- C.5** A document template summarising the key elements of a Hub Strategy is shown in Appendix 2⁵. Operators may use this template or an alternative format of their choosing.

4. Demonstrating delivery

- 4.1** The OGA currently engages with licensees and operators on a number of levels and in a number of ways, and information obtained from those engagements will help inform the OGA of the extent to which a licensee or operator may be delivering this Expectation. These include, for example:

Annual Stewardship Survey

- 4.1.1** The OGA's Annual UKCS Stewardship Survey collects a range of data from licensees and operators for each production licence in the UKCS. The OGA may request additional information or reports. The OGA generally uses its powers under section 34 of the Energy Act 2016 to obtain such survey data and additional information.

Performance Benchmarking

- 4.1.2** The OGA may produce benchmarking data on a variety of metrics derived from the Stewardship Survey data and other information provided to it. These data will generally be presented to industry in aggregated form and used in Tier Reviews with companies to improve performance.

Tier Reviews

- 4.1.3 The OGA will request an operator's participation in Tier Reviews in accordance with the OGA's Stewardship Review Guidance⁶. That guidance provides further detail on the Tier Review structure, prioritisation, planning, execution and follow-up. The OGA will set the agenda for the Tier Review to focus on issues it considers present the greatest stewardship impact, and based on data received in the Annual UKCS Stewardship Survey, benchmarking and delivery against this Expectation.

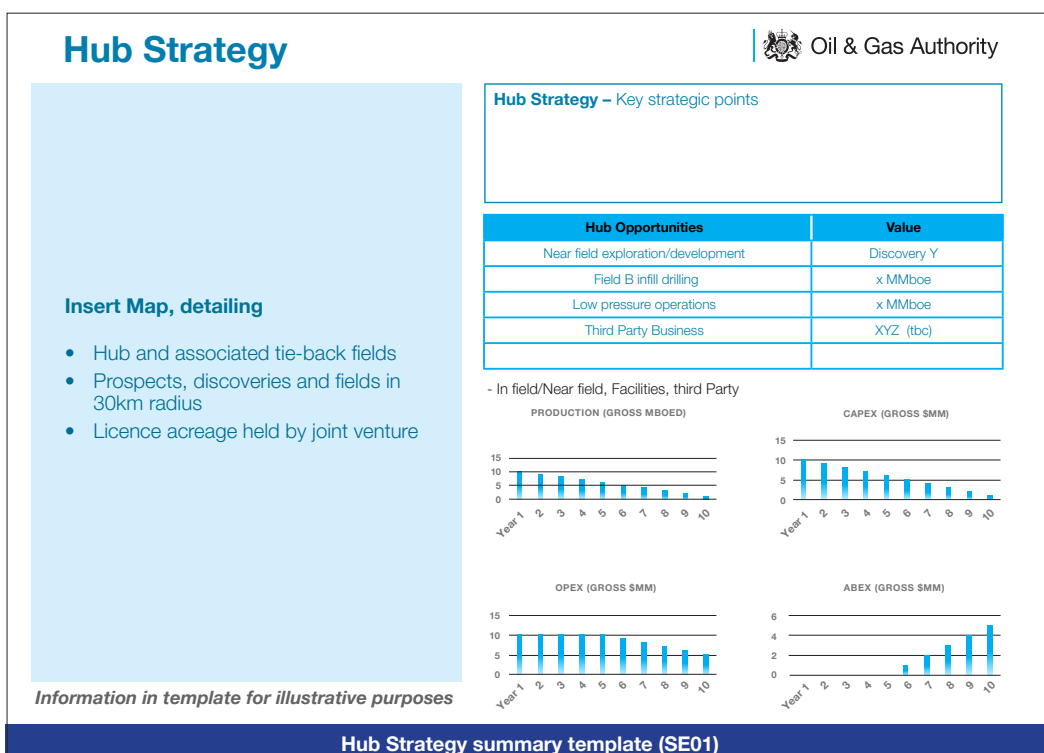
5. References

- 1 SE9: Build a Culture of Collaboration
- 2 The Maximising Economic Recovery Strategy for the UK
- 3 Hub Strategy and Long-term Activity Plan Self Assessment Checklist (Appendix 1)
- 4 SE8: Technology Deployment
- 5 Hub Strategy - example single slide summary template (Appendix 2)
- 6 Stewardship Review Guidance

Appendix 1: Hub Strategy and Long-term Activity Plan Checklist

- Hub Strategy development process in place
- Specific role identified for Hub Strategy development accountability
- Joint venture Partners involved in
 - Initial framing of Hub Strategy
 - Development and agreement of options
 - Shaping of underpinning long-term activity plan and profiles
- OGA engaged for any Area Plan considerations
- Neighbouring stakeholders approached regarding prospectivity, discovery tie-back potential, midstream/export infrastructure influences
- Hub Strategy has examined:
 - Exploration prospectivity
 - Undeveloped discoveries
 - Infill, workover opportunities
 - Production efficiency, debottlenecking opportunities
 - Life extension opportunities
 - Midstream/export stakeholder influences
 - Technology requirements (SE8)
- Long term activity plan and associated production, capex, opex and abex (where applicable) profiles (agreed by joint venture)
- Hub Joint Venture Operating Committee minute/resolution once per annum that all joint venture partners have been involved throughout the Hub Strategy process, and that all partners support the Hub Strategy and the associated long-term activity plan
- Hub Strategy refreshed every two years

Appendix 2: Hub Strategy - example summary template



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