

## Minute note - Cross Party Group on Oil and Gas

Held on Wednesday 2 September, 18:00-19:30

Committee Room 6, the Scottish Parliament, Edinburgh, EH99 1SP

In attendance:

### **MSPs:**

Lewis Macdonald **[Chair]**

Dennis Robertson

Christian Allard

Richard Baker

Mark McDonald

Alison McInnes

Maureen Watt

### **Non MSPs:**

Adam Wilson, Wood MacKenzie

Alan Motion, Met Office

Ally Rae, BP

Andrew McCallum, Oil and Gas Authority

Andy Samuel, Oil and Gas Authority

Brian Donaldson, Semco Maritime

Chris Morrill, Nexen

James Bream, AGCC

James Hamilton, OPITO

Jenny Stanning, Oil & Gas UK

Kristian Whitaker, Pinsent Masons LLP

Linsey Wilson, Scottish Government

Louisa Macdonell, Scottish Enterprise

Lynn Carter, Scottish Enterprise

Malcolm Dickson, Wood MacKenzie

Martine Nolan, Xodus Group

Meg Wright, Engineering Development Trust

Michael-John de la Haye, PLMR Scotland

Mike Backus, Nexen

Neil Anderson, Ledingham Chalmers LLP

Neil Michie, Oil & Gas UK

Norman McLennan, Sasol

Roger Salomone, ExxonMobil

Sam McMillan

Shirley Allen, Pinsent Masons LLP

Tony Marsh, Application Recruitment

Tracey Exton, Application Recruitment

Trisha O'Reilly, Oil & Gas UK

Quintin Oliver, PLMR Scotland

### Apologies

### **MSPs:**

Nanette Milne

Tavish Scott

Jackie Baillie

Rhoda Grant

### **Non-MSPs:**

Alastair Ross, Pinsent Masons LLP

Bill Cattanach, OGA

Carol Barbone, BG Group

Jonathan Milne, Maersk Oil

Matt Taylor, BG Group

Nigel Jenkins, Decom North Sea

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**Dr Lewis Macdonald MSP** (LM) welcomed MSPs and non-MSP members to the Cross Party Group and opened the meeting with round-table introductions. Following this, LM introduced the two speakers, **Dr Andy Samuel** (AS), Chief Executive of the Oil and Gas Authority [OGA], and **Mike Backus**, VP of Operations at Nexen.

AS began by giving an overview of the current state of the UK offshore oil and gas industry. AS outlined the role the OGA was undertaking as the new industry regulator, and gave a brief synopsis of how the OGA came to fruition, the industry levy that would fund their activities, and its defining principle – MER UK.

AS then stressed the need for aligned action going forward, citing their Call to Action document that was published in February. AS indicated that an update would be published at Offshore Europe the following

week. Dr Samuel then stated that what the industry needed was to work smarter - failing to properly address this could result in a domino effect of stranded assets through premature decommissioning of platforms on the UKCS.

**ACTION – Neil Michie (NM) to circulate to group the Oil and Gas Authority’s Report - ‘Call to Action: Six Months on’**

AS then went onto talk about cost, and the need for the UK industry to compete in a low dollar world. AS highlighted the cost efficiency work that Oil & Gas UK had launched recently.

**ACTION – Neil Michie (NM) to circulate to group information regarding Oil & Gas UK’s Cost Efficiency Taskforce**

The need to increase exploration on the UKCS was then touched upon, with AS highlighting the recent announcement by the UK government to grant £20 million for seismic activity. AS then outlined the need to drive investment in the basin; the need to manage decommissioning correctly at the appropriate time; how the OGA is proposing to support the supply chain; and the importance of developing and retaining skills in the industry.

Mike Backus (MB) then gave a short introduction to Nexen, including an overview of their work on the UKCS and their organisational culture.

MB then outlined the cost efficiency work they have been undertaking, using the concept of ‘marginal gains’, as popularised by Dave Brailsford, British Cycling’s Performance Director. The principle – that breaking down everything you could think of that goes into riding a bike, and then improved it by 1%, will result in a significant increase in efficiency when you put them all together – is one that Nexen have borrowed in their organisational activities.

MB then gave specific examples of where Nexen have been able to improve operational efficiency – such as greater planning to reduce duplication of training ‘green hats’ offshore; improving wrench time; and examining their well head maintenance regime. MB stated that by defining a clear set of objectives, and with workforce engagement and buy-in, this had resulted in a step change for Nexen with sustainable and deliverable results.

Questions were then taken from the floor, covering topics such as the challenges of cultural transformation in the industry; the role of safety in the cost efficiency agenda; the OGA’s role in promoting safety; how the OGA will promote the supply chain going forward; communication to workforce when implementing change; and decommissioning.

Neil Michie (NM) then confirmed that the date for the next cross party group was:

- Wednesday 11<sup>th</sup> November, 18:00-19:30

LM thanked all attendees for their input, before formally closing the meeting.