Road to Recovery
The UK offshore oil and gas sector’s blueprint for net-zero

Deirdre Michie, CEO

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# Agenda

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OGUK is the leading representative body for the UK offshore oil and gas industry.
Oil and gas products play an important role in our daily lives.
Global energy demand outlook

Source: IEA
Global supply and demand outlook

Global oil & gas supply with no further investment
Global oil & gas supply with continued investment in existing fields
Global oil & gas demand
Oil and gas remains key in a changing UK energy landscape

Source: BEIS
Oil and gas industry is a key contributor to the UK

Industry makes a significant contribution to UK GDP

Industry has contributed over £350 billion in tax over the last 50 years

More than £1.1 billion in tax contribution in each of the last two years

Adding £15 billion to the value of the UK economy

£350 billion
Oil and gas industry is a key contributor to the UK

UKCS supply chain is vital to basin’s health

Servicing the oil and gas industry at home and around the world, as well as supporting other energy industries

The oil and gas supply chain spans a broad and diverse footprint of work

Exporting goods, services and skills around the world
Oil and gas industry is a key contributor to the UK

Industry supports 270,000 skilled jobs across the country

The industry supports jobs, many of them highly skilled, across the UK from Shetland to Southampton

OGUK’s 2019 Workforce Report showed the oil and gas sector supported almost 270,000 in 2019.

30,600 Direct jobs
121,000 Indirect jobs
117,500 Induced jobs

30,000 jobs under threat
Industry faces one of its greatest challenges

Source: EIA, Yahoo Finance, OGUK
Industry more competitive but under pressure

In 2019

Approximately 80% of assets had operating costs of $30/boe or less

compared to 2014 where

Under 60% of assets had operating costs of $30/boe or less

Source: OGA, OGUK
E&P companies will now invest less and are implementing cost reduction measures
Supply chain health is currently very fragile

- Revenues down 33%
- Margins down 50%
- Cash Flow stretched
- Debt levels higher
Protecting the UK’s energy needs, now and in the future

**Protect**
- Protect our industry’s people, operations, businesses and competitiveness
- Ensure access to appropriate government support packages

**Recover**
- Ensure viability of supply chain and jobs
- Stimulate activity
- Boost competitiveness
  - Regulatory, fiscal, financial, skills, technology

**Accelerate**
- Maximise the energy potential of the UKCS as part of a net-zero future
- Deliver updated Roadmap and Sector Deal
  - Diversify into other energies and markets
  - Improve GHG performance
Protecting our industry’s people, operations and businesses

- Furlough scheme
- Business support schemes: Ensuring fit for purpose for industry
- Equity-backed schemes
- Essential work only
- Minimum manning
- Hygiene standards
- Social distancing
- Revised operating practices

- Standard guidance
- Vulnerable people
- Questionnaires
- Temperature checks
- Testing
- Data collection
- Safe havens
- Safe passage
- Movement of people
- Movement of goods
- Waste receipt

- Cat A, B, C D flights
- Face coverings
- Protection for aircrew
- Heliport arrangements

OGUK
Helping industry recover through activity stimulation

**Industry Levers**
- Safely increase manning levels
- Recover base activity levels
- Address maintenance backlog
- Increase visibility of work
- Review decarbonisation offshore

**Regulatory Levers**
- P&A activity campaign
- Incentivise local content
- Encourage future licence rounds
- CCUS Consultation Response
- Energy White Paper & Sector Deal
Accelerate Transition
UKCS has a key role to play as part of the energy transition.
ROADMAP 2035
A BLUEPRINT FOR NET-ZERO

Supporting net zero
- On track to being a net-zero oil and gas basin by 2050
- Develop carbon capture usage and storage and other low-carbon technologies, at scale
- Underpin an increasingly diversified energy system

Helping meet UK energy needs
- Provide over half of the UK’s oil and gas needs in 2035
- Keep our people safe and look after our environment
- Work with others to ensure an integrated and diverse energy system

Developing people & skills
- Develop a diverse workforce with transferable skills, supported by an inclusive culture
- Attract 40,000 people, a quarter of whom will be working in new roles
- Be recognised as a global leader in carbon management skills

Driving technology & innovation
- Establish a net zero technology solution centre
- Create more than 100 new technology start-ups, adding £2 billion in economic value
- Add over £10 billion in economic value through technology and innovation

Growing the economy & exports
- Continue to add billions of pounds of value to the UK economy
- Increase exports from the diversified oil and gas sector to £20 billion each year
- Increase the number of supply chain firms exporting by 50%

Oil and Gas Industry Roadmap to 2035
Providing the foundation for the transition to net-zero

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<td>Reservoirs &amp; Subsurface</td>
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<td>Drilling &amp; Wells</td>
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<td>Facilities &amp; Infrastructure</td>
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*Equipping the UK with the skills, expertise and technologies to unlock key low-carbon industries*
Working together to achieve net zero

SSE & Equinor’s Dogger Bank

GE Group’s Moray East Offshore Wind

Equinor’s Hywind Floating Wind Farm

OGCI Net Zero Teesside

Pale Blue Dot’s Acorn Project
Protecting the UK’s energy needs, now and in the future

**Protect**
- Protect energy supply
- Meet as much of UK’s oil & gas needs from domestic resources

**Recover**
- Support a UK-wide economic recovery
  - Jobs
  - Businesses
  - Contribution to public services

**Accelerate**
- Support the move to net zero
  - With the UK oil and gas industry at the heart of a sustainable, fair and inclusive transition