



Wednesday, May 13, 2020

MSP Paul Wheelhouse
Minister for Energy, Connectivity and the Islands
The Scottish Government
St. Andrew's House
Regent Road
Edinburgh
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CC:

Linsey Wilson
Juliet Cramb-Low
Damon Hewlett
Michael Kermack
Drew Milne

Dear Minister Wheelhouse,

Thank you for your time, and that of your colleagues in meeting with us on April 30th. We very much appreciated the opportunity to introduce the work of our Members and the importance of maintaining the viability of the industry in the long term, both for the delivery of our energy needs, and in developing activities such as carbon capture, usage and storage.

In highlighting the impact of the COVID-19 pandemic on industry, we briefly discussed the support measures available to businesses, and the question of whether sector specific support measures may be appropriate. We would like to take the opportunity to put forward a number of suggestions, compiled in consultation with our Members;

1. The OGA should ensure that licensees remain committed to work programs, without postponement or interruption. Licenses awarded in recent years will have work programs that include the purchase of geophysical data, reprocessing of data or the collection of new data. These commitments should be honoured.
2. Access to liquidity to cover fixed costs for a period of reduced revenues as a result of the COVID-19 pandemic and infection control measures.
3. Access to liquidity to carry out scheduled operations, in which clients request deferred payment or push for activities related to operational challenges presented by the COVID-19 pandemic.
4. Access to liquidity by providing guarantees that enable acceptable priced loan financing for projects that will in turn be repaid through future sales of data.

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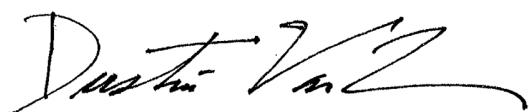
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5. Consideration of further OGA funded exploration projects within frontier regions, and additional reprocessing projects.
6. Wage compensation as a targeted tool and an alternative to furloughing personnel from roles which may not return immediately due to reduced activity levels following the severe decline in oil price and commensurate drop in spending on exploration. This would help to retain competence and manpower in the industry. Personnel could be involved in reprocessing projects, research and development and ongoing maintenance of assets.
7. Incentivisation of research and development projects, including CCUS and other elements aligned with MER strategy and Net Zero goals.

If these could be brought to the attention of relevant stakeholders as part of the Strategic Leadership Group, we would be very grateful. We have also written to the OGA directly, to highlight these same points. Our goal is to ensure that projects can continue, that competence and skillsets are not lost due to losses of personnel or protracted periods of furlough, and that the long-term viability of the industry is protected. We believe this is essential in order to maintain productive rates of discovery, maintenance of existing work programs for development and recovery and in securing expertise for the further development of measures to aid the energy transition and carbon reduction targets.

Sincerely,



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