

Decommissioning Status Update

Decom Xchange



**Jim Christie – OGA Head of Decommissioning
November 2016**



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The Tripartite

UKCS Industry

- Been around decades
- Story of success
- Changing



Government

- Long standing
- Robust
- Globally recognised

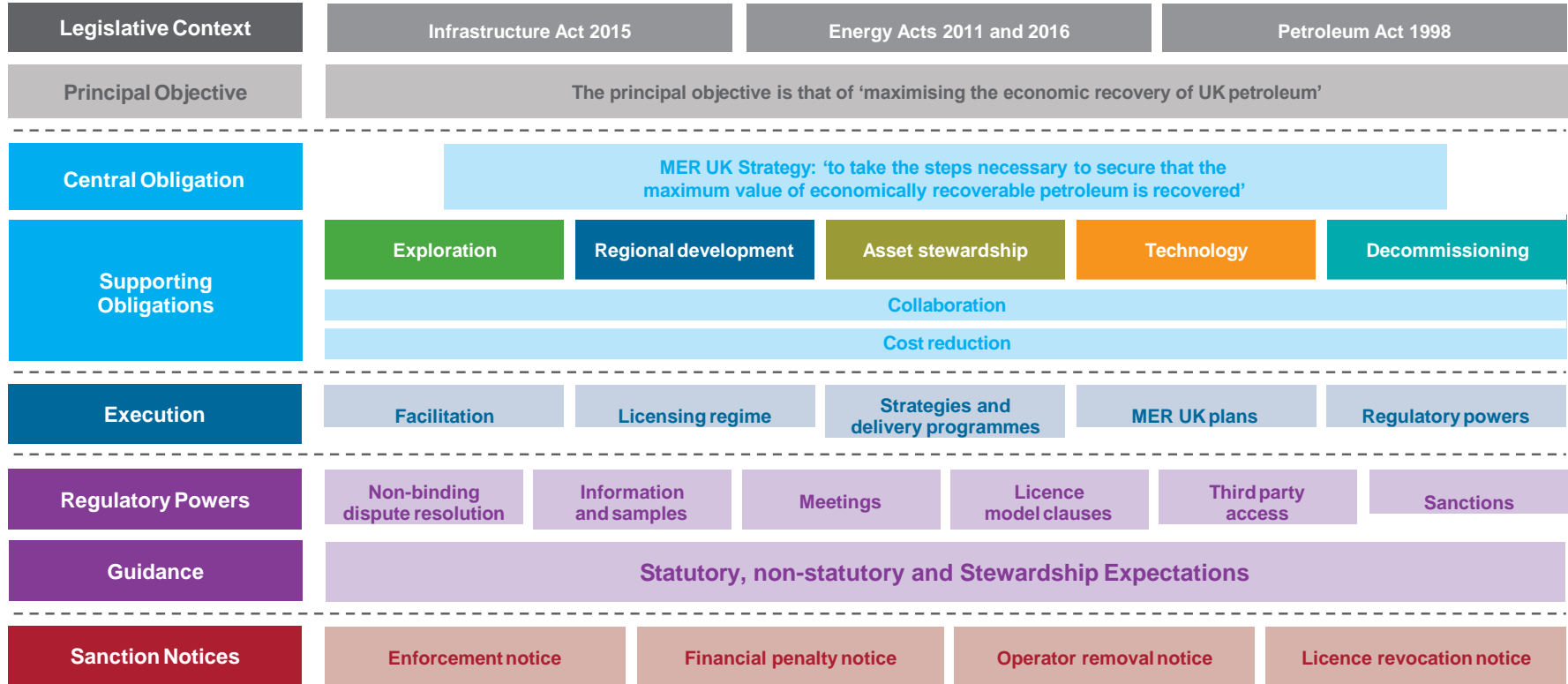


The OGA

- New kid on the block
- Almost joined up
- Showing promise?

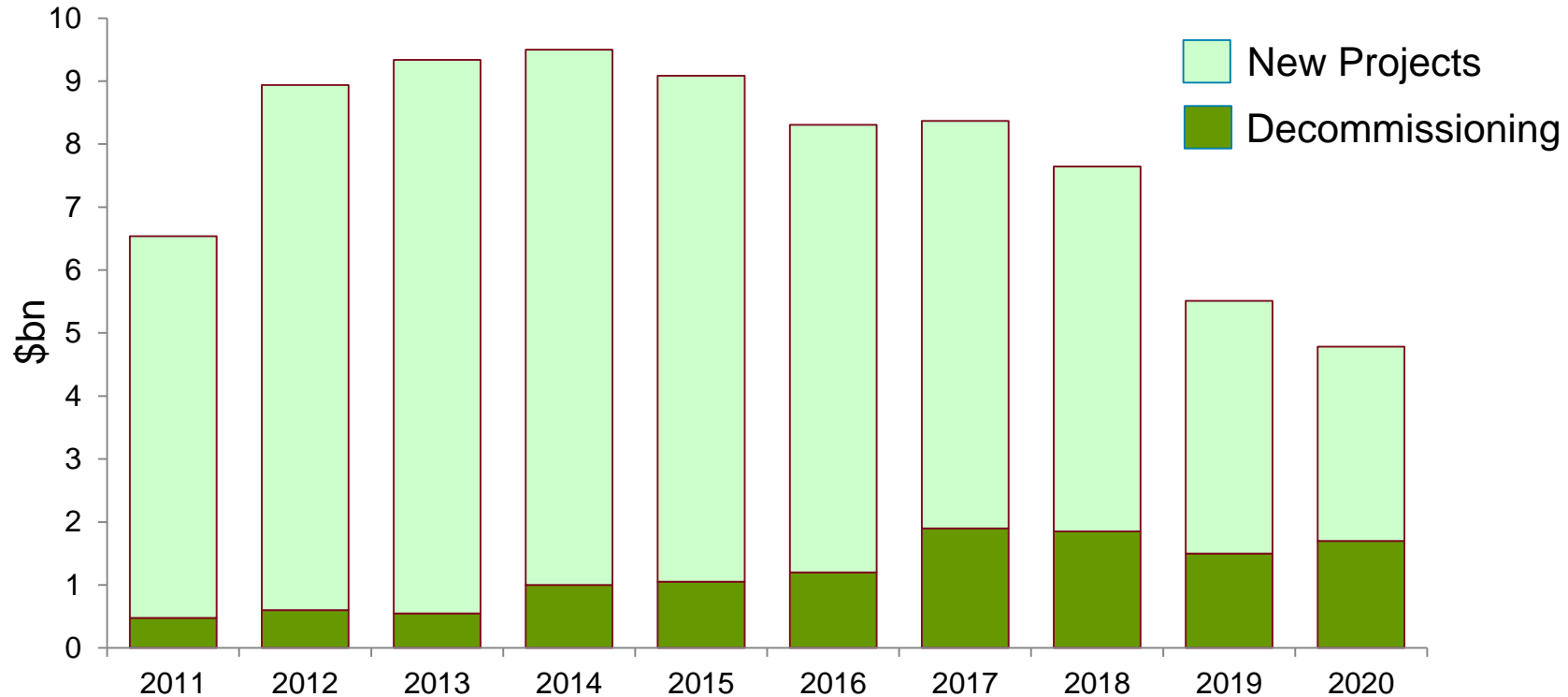


OGA regulatory framework





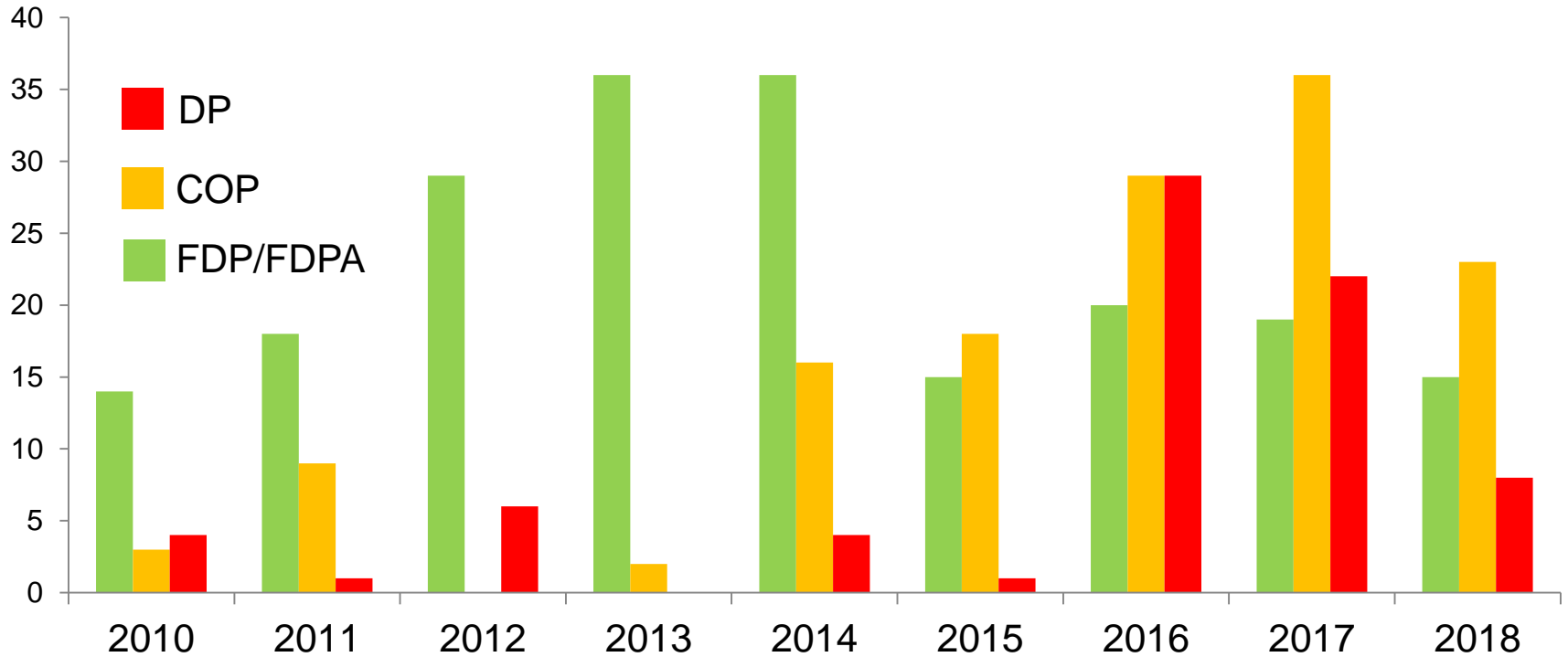
Project and decommissioning spend



Data source activity survey projects & Insights decommissioning



Activity analysis



Data source OGA



Decommissioning strategy



Decommissioning Strategy



Cost certainty and reduction

Driving targeted cost efficiency programmes including innovative and regional approaches with extensive and effective knowledge sharing and best practice adoption

Delivery capability

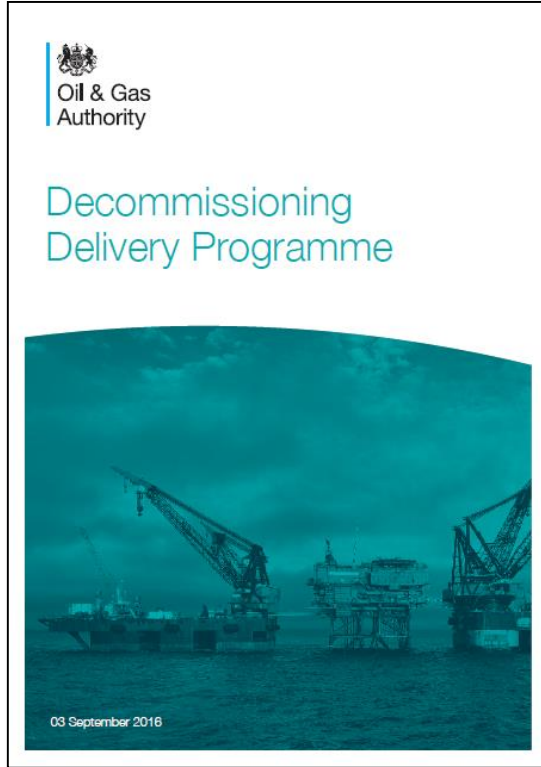
Developing an efficient & exportable low cost & profitable delivery capability supported by a competent and efficient supply chain, a selection of business execution models all designed to allocate risk, align industry participants & drive down costs

Scope, guidance and stakeholder engagement

Working with BEIS and other relevant parties to identify and evaluate opportunities to further optimise and define parameters for decommissioning scope and improve industry engagement



Delivery Programme



Builds on the Strategy

Focus over the next two years

Sets out a number of key deliverables


Clear action plan and timetable for delivery

Reviewed on an annual basis

Decommissioning Delivery Capability

- The shared goal of the MER UK Decommissioning Board membership is to minimize the cost of decommissioning in an appropriate manner
- The Decommissioning Delivery Capability theme is concerned with how best the industry structures itself, and designs and implements supporting commercial and contractual models to deliver the decommissioning work scope.
- The vision is to develop a safe, competitive and globally recognised capability to deliver transformational decommissioning solutions, driving cost reduction and maximizing economic recovery

Project Execution Plans



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MER UK Decommissioning Board

Delivery Capability Project

PROJECT EXECUTION PLAN

November 2016

MER UK Decommissioning Board Goal

The shared goal of the MER UK Decommissioning Board membership is to minimize the cost of decommissioning in an appropriate manner

Prepared	Reviewed	Approved	Comments
John Tobolson	Sub-Team Leads	Project Lead	



**DELIVERY CAPABILITY PROJECT
PROJECT EXECUTION PLAN**

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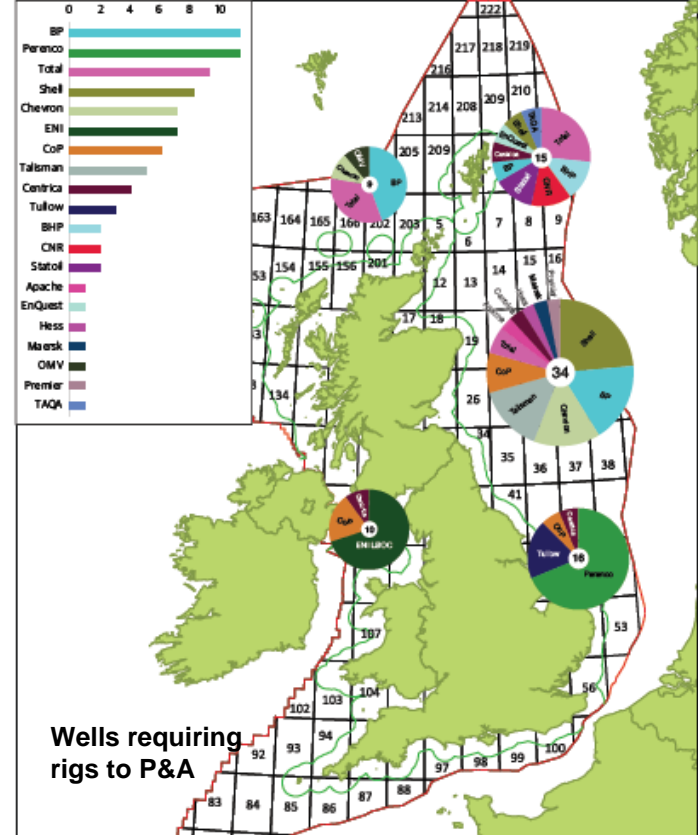
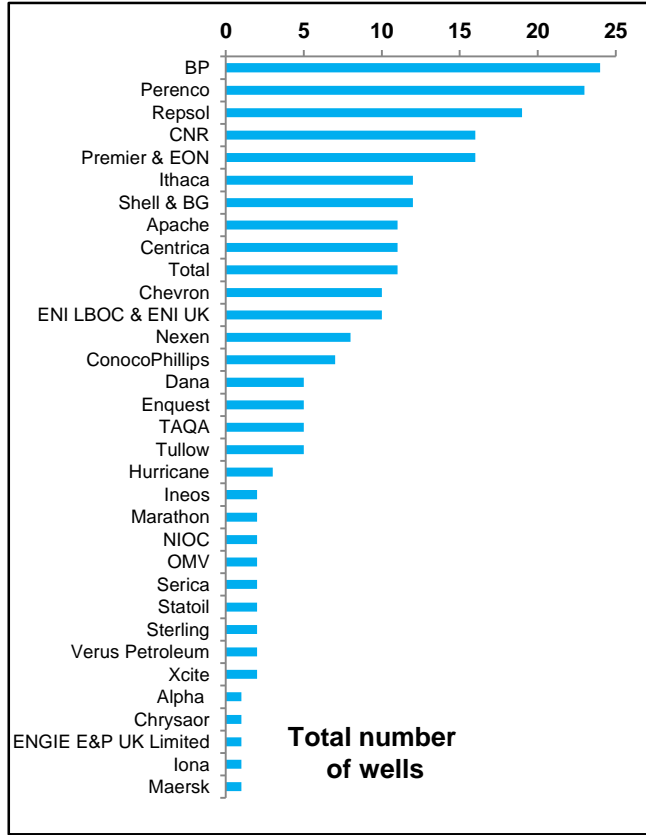
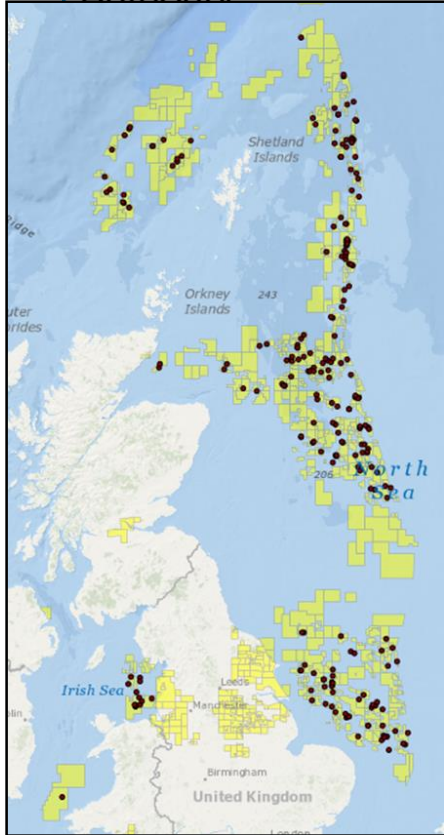
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- Team is in place
- Work has commenced
- First deliverables due in 2016



Well abandonment initiative



Possible 2017 projects

- Residual and long term liability management
- Optimising subsea scope to achieve compliance, safety, HSE and cost
- Dismantling capability in the UK
- Creating the UK decommissioning factory
- Effective cost benchmarking



Asset stewardship expectations

10 Asset Stewardship Expectations

JV Hub Strategy

E&A Work Programme

Optimum use of Subsurface Data

Licence Activity, Decision Points & Milestones

Robust Project Delivery

Production Optimisation

Information Management

Technology Plan

Collaboration

Planning for Decommissioning

Link to supporting obligations of MER
UK Strategy and/or Energy Act

Set out minimum expectations of what
good looks like

Expectations have a one-page
overview and short guidance

Issued in Q4 2016 with
implementation during 2017

Decommissioning expectation

- Preparation plan for decommissioning in place at least 6 years prior to COP
- Decommissioning execution & contracting strategies in place at least 3 years before COP

The **Preparation Plan for Decommissioning** should include the following elements:

- Planning or indicative timing for the major elements of decommissioning
- Decommissioning basis of estimate
- Management plan for opportunities and risks
- Decommissioning funding arrangements and security
- Regulatory engagement plan

The OGA may require an operator to submit or share its plan on request and to meet to discuss its contents.

The **Execution and Contracting Strategies** should include the following elements:

- Decision making process describing which alternative strategies have been examined and how the selected options were evaluated and graded
- Execution and contracting options selected, under consideration, or scheduled to be considered
- Identified risks and opportunities including how they will be managed or mitigated
- Collaboration initiatives and activities, including potential/previously undertaken or planned campaigns, that have been undertaken, or are planned, to optimise execution and cost reduction

Key messages

Our success in decommissioning will have a significant impact on the entire asset and field life cycle

The Strategy and Programme have been developed in conjunction with the industry and can only be delivered together

The Decommissioning Board is currently re-assessing its effectiveness following one year of progress to ensure the correct focus and attention

Decommissioning will require the innovation that resides in this room