



Oil & Gas
Authority

Defining Decommissioning Delivery

20th October 2016



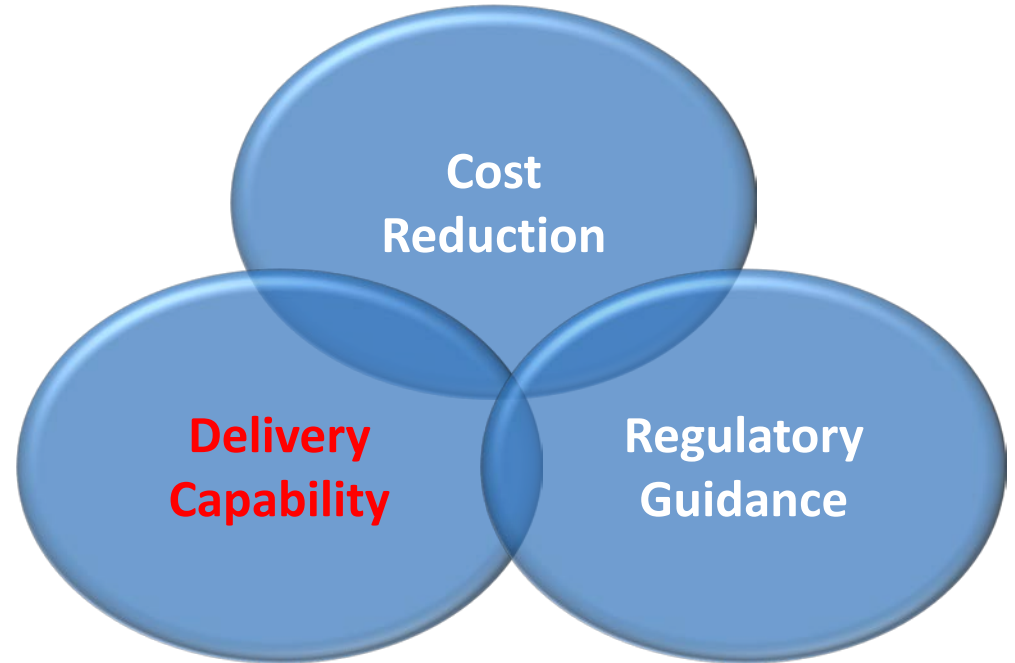
- Decommissioning Strategy
- Decommissioning Delivery Programme
- Delivery Capability
- Decommissioning Expectations



Decommissioning Strategy



Decommissioning Strategy



Published in June 2016



Strategy focus areas

- The three primary focus areas
 - Cost Certainty and Reduction
 - **Delivery Capability**
 - Scope, Guidance and Stakeholder Engagement
- These focus areas are being driven and will be delivered by the industry



Delivery Programme



Decommissioning Delivery Programme

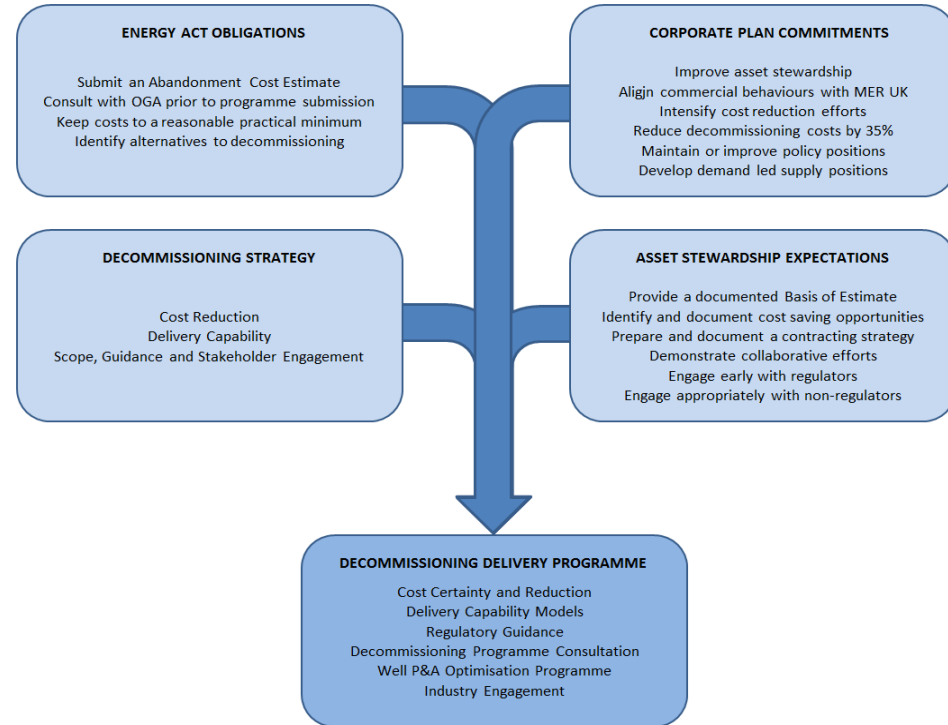


- This was published in September 2016
- Builds on the strategy
- Shorter term focus than strategy
- More granular and identifies specific deliverables
- Will be regularly updated



Delivery Programme Inputs

- Delivery programme pulls together several inputs
 - Energy Act 2016 obligations
 - OGA Corporate Plan commitments
 - Decommissioning Strategy themes
 - Asset stewardship expectations
- Results in six output elements



Delivery Programme Elements

- The Delivery Programme has six key elements:
 - Cost Certainty and Reduction
 - **Delivery Capability Models**
 - Regulatory Guidance
 - Decommissioning Programme Consultation
 - Well P&A Optimisation Programme
 - Industry Engagement

All being worked through the Decommissioning Board and the OGA

Delivery Programme Structure

- Each element describes the following attributes
 - Inputs
 - Activities
 - Responsibilities
 - Deliverables
 - Schedule

Inputs

Examples of different execution and business models from other sectors

Expert experience from oil and gas industry

Expert experience from non-oil and gas industry

Activities

Hold framing workshops for each MER UK Decommissioning Board work stream area

Define gaps in supply chain capability and capacity across the full WBS

Identify potential transformative execution and business models to be examined further

Prepare report on potential impacts to market structure and size, based on transformative models

Responsibilities

MER UK Decommissioning Board work stream to drive and co-ordinate activities

MER UK Decommissioning Board to provide assurance and guidance to the work stream

Expert participants from the oil and gas industry and from other industries to provide insights and experiences from alternative execution and business models

The OGA to jointly drive the Board work stream

Deliverables

Documentation of the current late life and decommissioning supply chain capabilities

Definition of one or more transformative execution models for decommissioning

Definition of one or more business models to support optimised execution models

Identification of potential pilot opportunities to demonstrate and prove execution and business models

Creation of one or more organisational structures to manage the pilot opportunities

Schedule

See Section 4.2

Delivery Capability Objectives

- To design, define and deliver a safe, competitive, and globally recognised industry expertise and capability.
- Deliver transformational decommissioning solutions to drive cost reduction, promote investment and maximise economic recovery.
- Provide guidance and potentially requirements, on implementing effective organisational structures, and contractual arrangements, suited to deliver optimal decommissioning projects.

Delivery Capability Inputs

Inputs

Examples of different execution and business models from other sectors

Expert experience from oil and gas industry

Expert experience from non-oil and gas industry



- Industry has to look outwards
- Others know better
- Others have done better

Delivery Capability Activities

Activities

Hold framing workshops for each MER UK
Decommissioning Board work stream area

Define gaps in supply chain capability and capacity
across the full WBS

Identify potential transformative execution and
business models to be examined further

Prepare report on potential impacts to market
structure and size, based on transformative models



- This does not mean invention, but identification and transfer
- Looking for collaborative models, not new adversarial models

Delivery Capability Responsibilities

Responsibilities

MER UK Decommissioning Board work stream to drive and co-ordinate activities

MER UK Decommissioning Board to provide assurance and guidance to the work stream

Expert participants from the oil and gas industry and from other industries to provide insights and experiences from alternative execution and business models

The OGA to jointly drive the Board work stream



- Managed as a formal project
- Industry effort but reliant on outside expert help

Delivery Capability Deliverables

Deliverables

Documentation of the current late life and decommissioning supply chain capabilities



• Who do we have? What are the gaps?

Definition of one or more transformative execution models for decommissioning



• How best to we organise ourselves?

Definition of one or more business models to support optimised execution models



• What are the supporting contracts?

Identification of potential pilot opportunities to demonstrate and prove execution and business models



• How do we prove the theory?

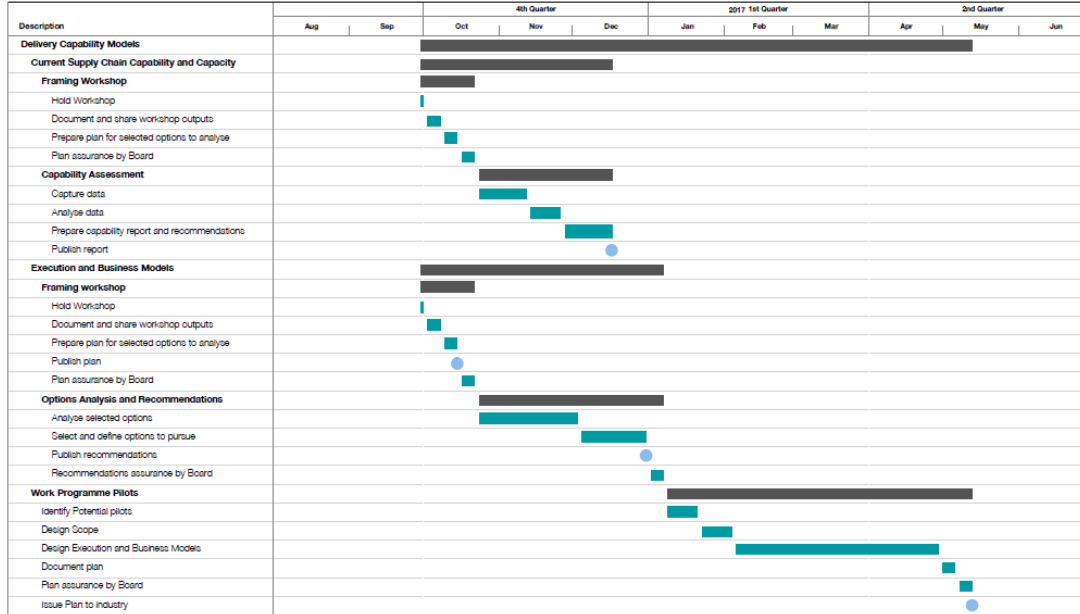
Creation of one or more organisational structures to manage the pilot opportunities







• Who can help?



Delivery Capability Schedule



-  • Capabilities
-  • Options
-  • Front runners
-  • Path forward



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 Optimization
- Information Management
- Technology Plan
- Collaboration
- **Planning for Decommissioning**

The OGA has developed 10 Stewardship Expectations for industry, across the oil and gas lifecycle, which, if followed, are intended to help facilitate delivery of the MER UK Strategy obligations.



Decommissioning Expectation

- For each asset the Operator shall have a preparation plan for decommissioning in place no less than six years prior to Cessation of Production (CoP).
- This preparation plan shall be kept current and shared with the OGA when requested

Plan for Decommissioning - 1

- First key element of the required plan is robust estimating
- Goal is to standardise how estimates are prepared
 - This expectation will be aided by the creation of tools for industry use
- This standardisation will increase accuracy, permit comparisons and initiate the development of true decommissioning metrics and benchmarks
- This will be useful for the OGA and the UK Government, but will be extremely valuable for the industry



Plan for Decommissioning - 2

- Second key element of the required plan is definition and documentation of an operator's decommissioning execution and contracting strategies
 - These will be expected prior to their implementation, and no less than three years prior to CoP.
- The execution and contracting strategies will be kept current and made available to the OGA on request.
- Transparency and collaboration lie at the heart of this expectation



Summary

- Decommissioning will require innovation and industry transformation
- It is really a different industry from exploration and production
- We are beginning to understand this
- We need some help
- The experts are here; we just need to attract and use them