

WELL P&A COMMERCIAL TRANSFORMATION THROUGH COLLABORATION

CAMPAIGNING FOR SUCCESS

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Petrofac 

What we'll cover today

- Overview of Wells and Decommissioning in Petrofac
- What we're up to: recent awards
- Our well P&A (Plug & Abandonment) commercial models
- Campaigning for success: key messages & freezing the fear



Global capability, delivered locally



LSTK

UKCS 1st multi-well decom project successfully delivered in 2020 on lump sum turnkey terms.



+36

wells decommissioned in recent years – executed under full project management



+\$250m

Well decom spend managed since 2015



PIONEERED

Out-sourced operator model in the North Sea



AWARD WINNING

Decom North Sea - Excellence in Collaboration & Innovative Contracting Models 2020 & 2021



+50

in-service wells managing as Well Operator



200

Awarded 200 well decommissioning contract in Gulf of Mexico



10% UNDER AFE

On average for well decom projects



7 STRINGS

(rigs/LWIVs) managed at same time in 2019 in UKCS including start-ups and rigs new to the UKCS



FIRST

Integrated operator / HLV project in the UKCS with bp Miller



+\$US2 BILLION

In Wells Supply chain spend managed In UKCS since 2007



400

wells drilled globally for 100 operators

Recent awards

Petrofac Wins Mauritania Well Decommissioning Contract from Tullow Oil

Petrofac negotiates multi-operator vessel decom contract in the Netherlands

Petrofac wins US\$200mln contract for offshore decommissioning in Gulf of Mexico

The alliance has selected Danos, a Gulf of Mexico offshore services provider to support field operations at the project



Australian Government
Department of Industry, Science,
Energy and Resources

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Petrofac Facilities Management Limited to lead Phase 1 of decommissioning the Northern Endeavour

Petrofac secures decommissioning contract with PTTEP in Australia

240 1 minute read

Jason Jiang - February 10, 2021

OIL & GAS / AMERICAS / DECOM

Petrofac lands 'sizeable decommissioning' contract offshore Gulf of Mexico

Energy services giant Petrofac (LON: PFC) and Promethean Decommissioning Company (PDC) have formed an alliance to decommission three fields offshore Gulf of Mexico.



05/05/2022, 7:52 am

By Hamish Penman

Well P&A Commercial models

- Our flexible commercial models are tested on real projects and are award winning
- Importance of providing cost certainty and predictable delivery
- In general our models include:

WELL PLANNING & REVIEW PHASES

- **Reimbursable, fixed price**, or fixed price elements.

Important to understand the risk to best inform the execution phase model

EXECUTION PHASE

- **Lumpsum Turnkey** (LSTK i.e. single contract fixed price)
- **Risk & Reward** - % of cost saved vs AFE is shared with the supply chain and where targets are not met, a reduced (risked) cost recovery rate for services applies
- **KPI performance based** – a project management fee or reward amount is agreed and paid subject to % of achieving mutually agreed KPIs
- **Target price and open book reimbursable** with fixed % fee.

- All subcontracts needed are typically held by Petrofac.
 - This simplifies the interfaces between Petrofac and our customers to maximise campaign benefits and provide as efficient a service as possible.

Campaigning for success: How to succeed

A photograph of an offshore oil rig at night. The rig is illuminated by yellow lights, and the sky is a deep red. The rig's structure is complex, with various towers and platforms. In the foreground, there is a dark, textured surface, possibly a deck or a platform, with some green lights and white lines. The overall scene is industrial and dramatic.

Confirmed capability

Mitigating risk

Driving value

WELL P&A CAMPAIGNING: COMMERCIAL TRANSFORMATION So, what are you afraid of...?



Let's freeze the fear!

Through an evolution of increased outsourcing over the past 20+ years, the outsourced supply chain capability has never been better:

- **Complexity:** work it out together
- **Over-spending:** share risk
- **Outsourcing:** opportunities
- **Failure / poor execution:** Manage risks



A QUESTION FOR YOU!

If we focus on capability and understanding the risk, would that unlock commercial innovation?