



**WELL-SAFE**  
**SOLUTIONS**

**Decom North Sea and Oil & Gas UK**  
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# Operator Objectives

## Drive and Deliver Shareholder/Investor Value

- *Safe and Efficient Operations*
- *Safeguard Reputation*
- *Cost and Operator Performance*
- *Cost Certainty*
- *Resource Optimisation*
- *LoF Cash-Flow Management*
- *Long Term Liability Management*
- *Balance Sheet Optimisation for P&A liability*



# Government / Regulatory Objectives

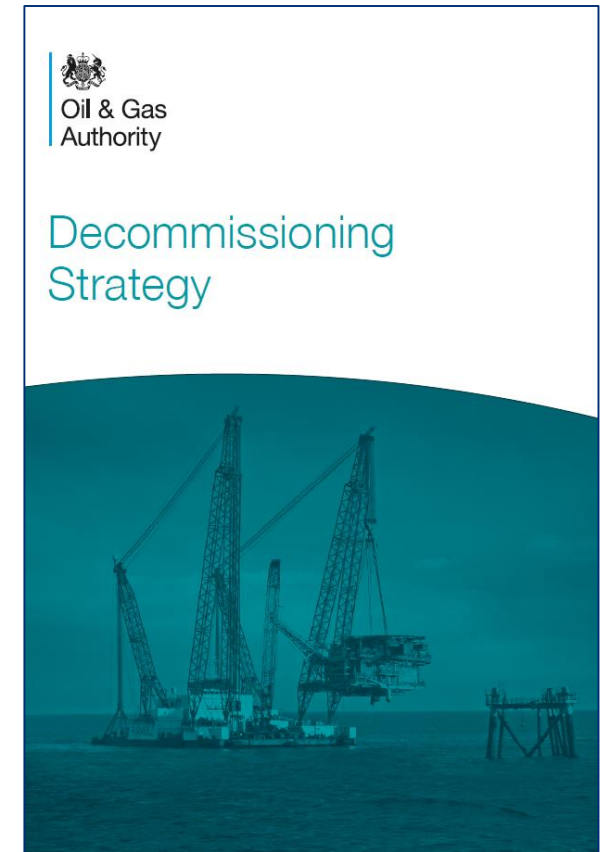


- **Cost Certainty**

- *Clear scope definition improves budget accuracy*
- *Experience drives efficiency*
- *Efficiency drives cost reduction*
- *Cash flow management*

- **Regulatory Compliance**

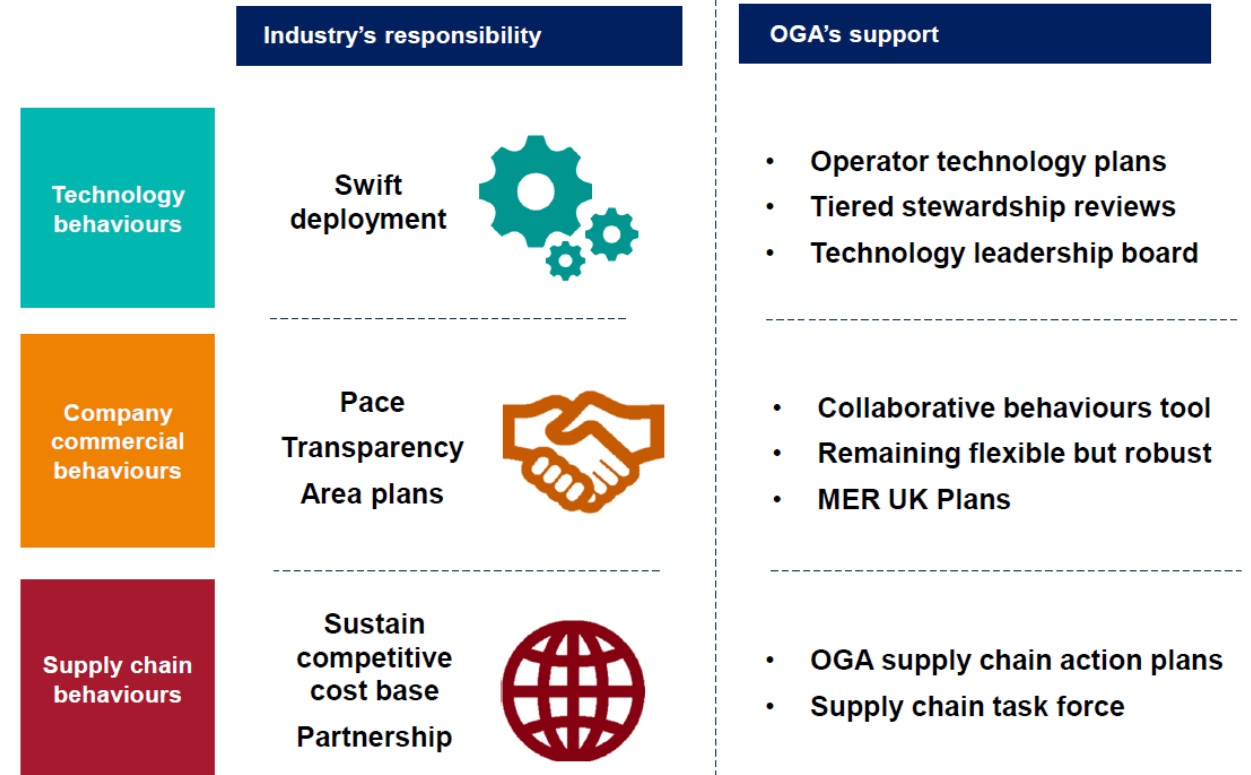
- *Appropriate legislation and guidance that is fit for purpose*
- *Understand and comply with legislation in a timely manner*
- *Long term liability management*



# Government / Regulatory Objectives

## • Delivery Capability

- *Commercial and contractual model that fairly apportions risk*
- *Sharing of benefits aligns attitudes and objectives*
- *Different way of doing business*
- *Different companies doing business*
- *Different contractual relationships*
- *Build expertise for exportability*



# Well-Safe Objectives

- Safe and Efficient Operations
- Long Term Sustainable “Tier 1” Business
  - *Establish multi-operator P&A clubs*
  - *Share in the risk/reward*
  - *Transparent and Fair profit*
- Deliver Value to Operators
  - *Performance based contracts*
  - *High Asset Utilisation*
  - *Volume discounts*
  - *Multi-skilled crews*
- Cost Minimisation
  - *Campaign approach (achieving the industry's desire for 35% cost reduction)*
  - *Knowledge retention, lessons learned/continuous improvement*
  - *Dedicated bespoke assets*



# Well-Safe Objectives

- Close Collaboration with all stakeholders
- Cost Certainty
  - *P&A membership with cost certainty*
  - *Best in class operational, project management and well engineering expertise*
- Cashflow Management
  - *Membership payment (tax efficient)*
  - *Well Delivery process stage gate payments*
- Execution Efficiency
  - *Manage project from FEED through to project execution.*
  - *Reduce operator interfaces to supply chain*
  - *Single vision with project/commercial alignment*



# Our Solution

- Well-Safe is committed to helping the industry establish a campaign based approach, using their P&A clubs and associated bespoke commercial models
- Enable multiple operators to pool their P&A requirements and Well-Safe will manage and campaign across multi field projects with a long term engagement.
- Aligned objectives, to deliver value to the industry while enabling Well-Safe and our service partners to earn a fair shareholder return on their investment.



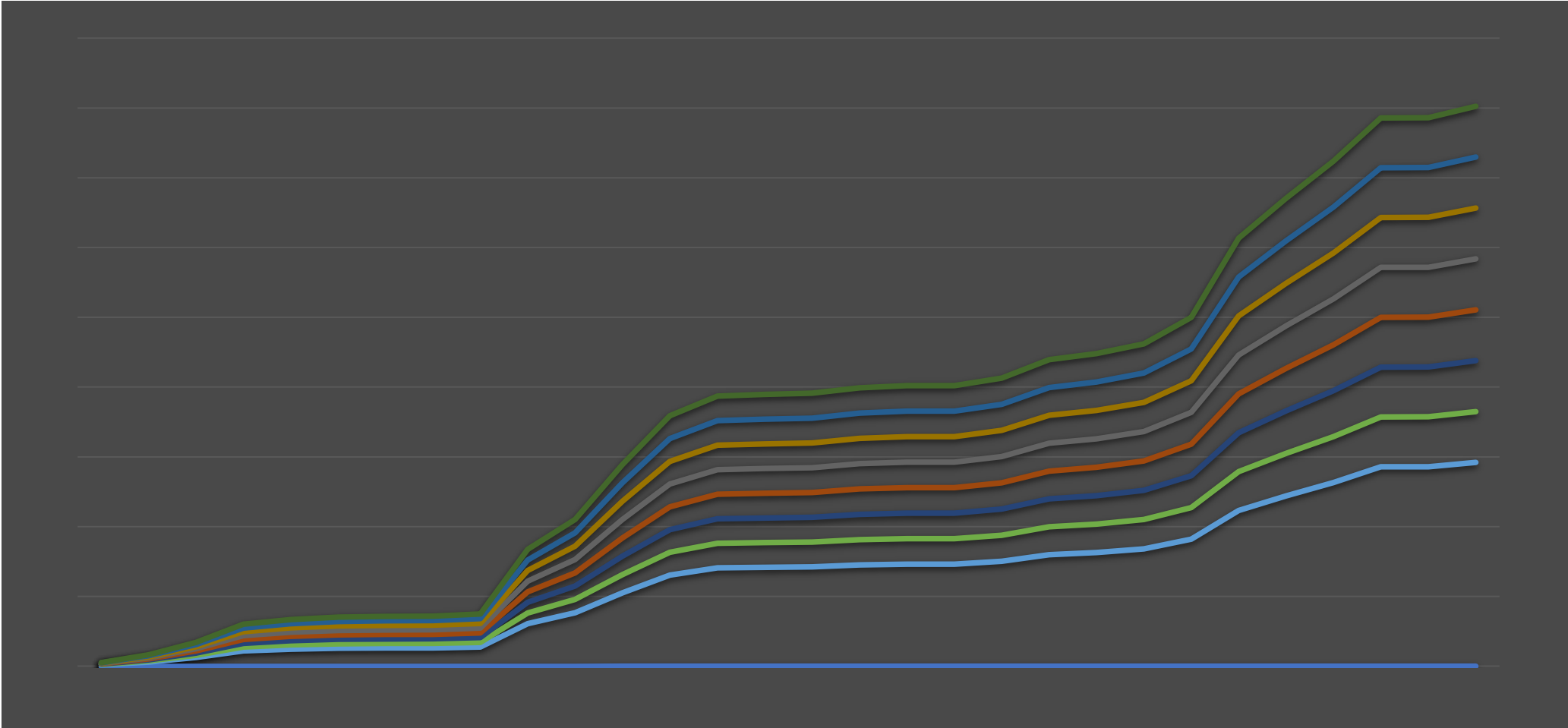
# Key Benefits



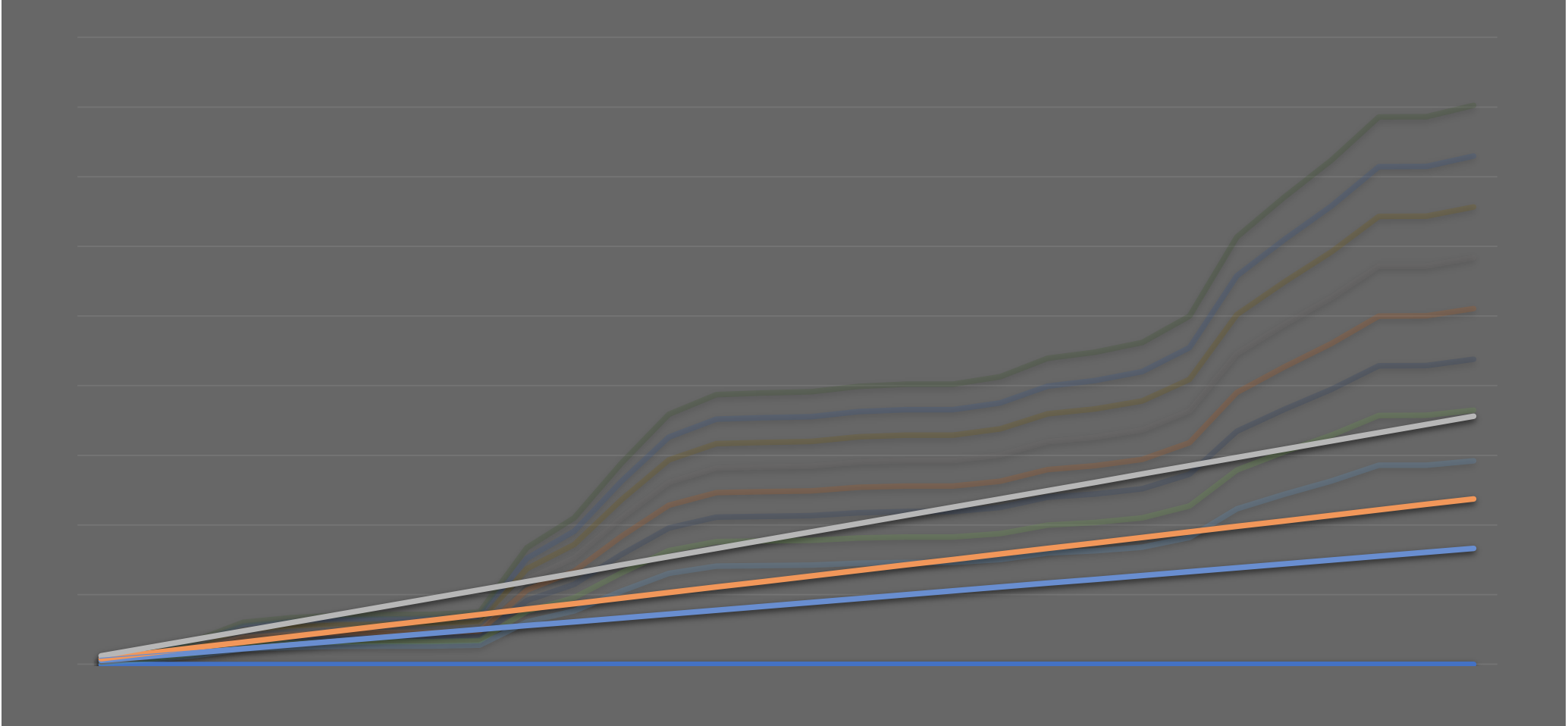
- Key elements are alignment, transparency, improvement, and risk sharing
- Well-Safe Solutions and Operators will agree on a target cost per well
- The target will be based on well specifics rather than generic well categories
- Cost over-run insurance
- There will be risk and reward around the target cost
  - *Cost savings will be shared*
  - *Well-Safe Solutions agreed upfront profit and margin*
- Targets will adjust as productivity and results improve
  - *First cost target prepared as soon as initial well engineering completed*
  - *Contractual cost target established by all parties*



# Cost Target vs. Current Budgeting



# Cost Target vs. Current Budgeting



- Collaboration Targets
- Low Case
  - Mid Case
  - High Case

# What Does This Mean?



- Which commercial model supports our joint collective objectives?

- ✓ *Well Delivery Process Gated Payments for pre-execution activities*
- ✓ *Subscription for all execution scope, based on target cost*
- ✓ *Reimbursable for execution scope elements with uncertain scope*
- ✓ *Lump Sum for execution scope elements with predictable scope*

- This approach will

- ✓ *Provide increased predictability of cost outcome for operators*
- ✓ *Avoid inappropriate and costly risk transfer*
- ✓ *Create alignment between the parties*
- ✓ *Facilitate standard T's & C's across multiple operators wells*
- ✓ *Support a sustainable, profitable and cost effective business for Well-Safe*

# Long Term Liability Management

- Liability in Perpetuity is a major topic of discussion in decommissioning circles, and:
  - *There is doubt as to whether it exists at all, or applies to wells specifically*
  - *There is a belief that it inhibits standardisation and drives up well abandonment costs*
- There may be a better, more cost effective solution for providing long term protection
  - *Operator Club? Insurance? Government?*
- To implement any changes many stakeholders will require to be involved including operators, supply chain, regulators and government
- Well-Safe offerings will reduce the potential for liability to be a problem, but it will not remove any liability

# The P&A Club Benefits



- The best in class well engineering team and project management
- Lessons learned and continuous improvements
- Long term multi year contracts with bespoke P&A assets with agreed inflationary linked increases
- Bespoke P&A insurance schemes and project funding offered to club members, linked to decommissioning tax relief payments
- Long term, campaign based pricing secured with third party supply chain
- Reduced operator based G&A impact allowing operator well engineering team to do what they do best, MER (maximise economic recovery)
- Sharing the upside on any yearly underspend
- Significantly reduce operator risk within the well P&A club membership

# The P&A Club Benefits



- Membership cost and work carried out will be aligned with decommissioning tax relief
- Ability to sell on membership on completion of liabilities
- Achieve or exceed the 35% cost reduction that the government and industry desires
- Operators balance sheet optimised on P&A wells releasing liabilities and allowing more investment





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