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Realities, Myths and Black Holes

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Jim Christie – Head of Decommissioning



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Statements that may cause unease



Statements that may cause unease

Hi Dad; meet Bubba.
We're getting married



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Statements that may cause unease

This may smart a little



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Statements that may cause unease

I'm from the Government and here to help



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The realities



The realities – The OGA

The OGA is in place

- Decommissioning priority in the OGA Corporate Plan is to achieve the maximum extension of field life and to ensure that decommissioning is executed in a safe, environmentally sound and cost effective manner
- Target cost reduction for decommissioning is at least 35% below current estimate using current approaches



The realities – The Energy Bill

The Energy Bill has received Royal Assent

- Creates the framework to formally establish the OGA as an independent regulator, in the form of a government company
- Gives the OGA new powers including access to company meetings, data acquisition and retention, dispute resolution and sanctions
- Transfers the Secretary of State's existing regulatory powers in respect of oil and gas to the OGA, except for environmental regulation which remains with DECC



The realities – Decommissioning Strategy

The OGA Decommissioning Strategy has been drafted with three primary work stream focuses and the document is currently under review

- Cost reduction
- Delivery capability
- Scope, guidance and stakeholder engagement



The realities – Expectations

There are now some clear joint expectations on the industry participants to deliver MER UK:

- Alternative use of infrastructure will be evaluated
- Collaboration will have taken place
- Decommissioning will be planned and executed with cost minimisation in mind

The OGA will be looking to engage with others in the industry to ensure these expectations are met



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The myths



The myths - Responsibilities

“The split of responsibilities between DECC and the OGA is not defined”

OGA

- Promoting transparency and collaboration
- Examining alternative use prior to decommissioning
- Driving cost efficiency
- Ensuring delivery capability

DECC - ODU

- Approval and regulation of decommissioning programmes
- Maintaining and developing policy and guidance
- Protecting the tax payer against the risk of company default



The myths – Collaboration

“We need to talk more about collaboration”

“People understand what collaboration is”

“Collaboration is collusion”

“Collaboration is easy”



The myths - contracting

“Every contractor should make a fair and reasonable loss”

“They are always trying to simply cut our margin”

“Lump sum contracts limit our risk”

“Let’s not bring them in too early, we need a scope first”



The myths – We need a different mind-set

“Decommissioning is new”

“Decommissioning is a completely different way of working”



The myths – We don't need any help

“We are great at building and operating facilities; decommissioning is simply the same”

“If they don't have offshore experience they can't help us”

“They don't understand our safety culture”

“We have a lessons learned process”



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The black holes