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#decomconf2014

Offshore Decommissioning Conference

DELIVERING THE FUTURE TOGETHER

Chairman's Welcome

Mick Borwell, Oil & Gas UK

The Offshore Decommissioning Conference is jointly organised by:



Decommissioning Drivers and Challenges



- **Oil & Gas UK Decommissioning Strategy**
- **Maximising Economic Recovery**
- **BIS Oil and Gas Strategy**
- **Oslo and Paris Commission (OSPAR)**

Decommissioning Strategy



- **To maximise UKCS resource recovery by optimising decommissioning scope and timing**
- **To execute decommissioning in a safe and environmentally responsible manner, at lowest cost**
- **Reinforced by the Wood Report**

Maximising Economic Recovery

- **Production efficiency**
- **Production volumes**
- **Investment**
- **Exploration**
- **Competitiveness**

- **Costs**
- **Fiscal**



BIS Oil and Gas Strategy



Action 12.1: Develop technical, commercial and regulatory proposals to bring about cost effectiveness in decommissioning

Action 12.2: Develop best practices on making efficient transition from cessation of production to decommissioning



- **Assessment of the impacts of decommissioned pipelines on the marine environment and on other users of the sea**
- **Assessment of impacts of decommissioning on cutting piles**

Response to Challenges – Strategy

- **Decommissioning Sub Committee of the Board**
- **Preparation for effective participation in the joint regulator / industry body recommended by Wood**

Response to Challenges - Fiscal



- Headline tax rate 50%
- Uniform capital investment allowance
- Cashable tax credit for exploration
- **Reduce PRT to zero, retaining full tax relief for decommissioning**
- **Decommissioning relief available for all companies**
 - To facilitate new late life business models

Response to Challenges - MER



- **Production Efficiency Task Force (PETF)**
 - Aim to restore PE to 80% by 2016.
- **Exploration Task Force**
 - Efficient access to well and seismic data with appropriate data sharing.
- **Regional Development (Rejuvenation and Access to Infrastructure)**
 - NNS, CNS, SNS and Outer Moray Firth Areas of Special Economic Interest.
- **Technology**
 - Aim to enhance technology development and deployment in the UKCS.
- **Enhanced Oil Recovery**
 - Improve the awareness of, and confidence in, EOR technology.
- **Decommissioning Insight Survey**

Response to Challenges - BIS



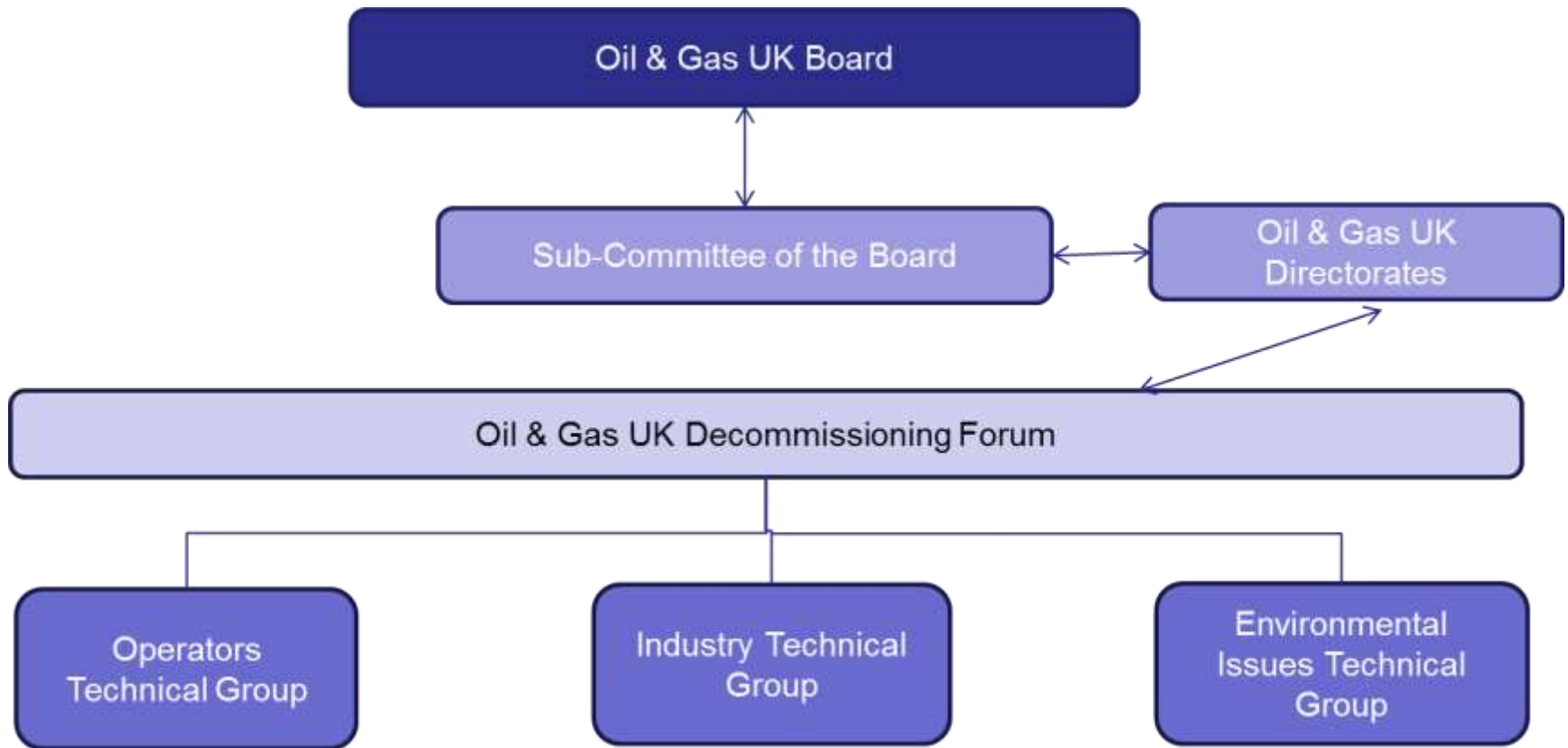
- **Four proposals for radical macro cost reduction in preparation**
 - Across all facilities, wells and pipelines
 - Presentation to Industry Council in November
- **Fit for purpose contractual arrangements**
 - Applicable to decommissioning
 - Allocation of risk
 - Simplified and consistent

Response to Challenges - OSPAR



- **Guidelines for a consistent approach to:**
 - **Comparative Assessment**
 - **Pre and post decommissioning seabed surveys**
- **Assessment of the impact of decommissioned pipelines and cuttings piles**

Governance



Summary major work areas

