

Simplified Assurance Process

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Challenges in a Changing Environment

OE Offshore Engineer

Suffering continues in seismic markets



REUTERS

Oil slides to three-week low

The Telegraph

North Sea oil 'makes first loss in 40 years'

theguardian

Oil prices 'could fall to \$20'

The Press and Journal

North Sea Decom spend could be £35 to 70 billion

ENERGY VOICE

Rigs continue to stack up in the Cromarty Firth



FINANCIAL TIMES
Oil market slides out of control

Centrica E&P, UK & the Netherlands

Assets & Operations

3 Manned platforms

9 Normally unmanned installations

3 Terminals

1 Floating, Production Storage & Offtake Vessel



84% Operated production

85% Gas

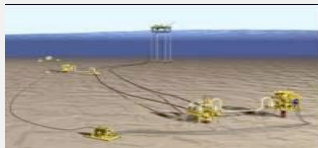
Geographically diverse

Among the top UK gas producers in 2014

An integrated, mature oil and gas business, operating assets across their entire life cycle from development or acquisition to decommissioning or divestment.

Centrica's Decommissioning Portfolio

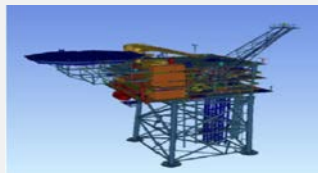
**Subsea
pipelines (28)**



Sevan/FPSO (1)



**Minimum /
wellhead
facilities (9)**



**Self Installing
Platform (1)**



**Processing
Complex (2)**



**Onshore
Terminals (3)**

Approval requirement varies with the type of facility

Regulatory Landscape

Key Regulations

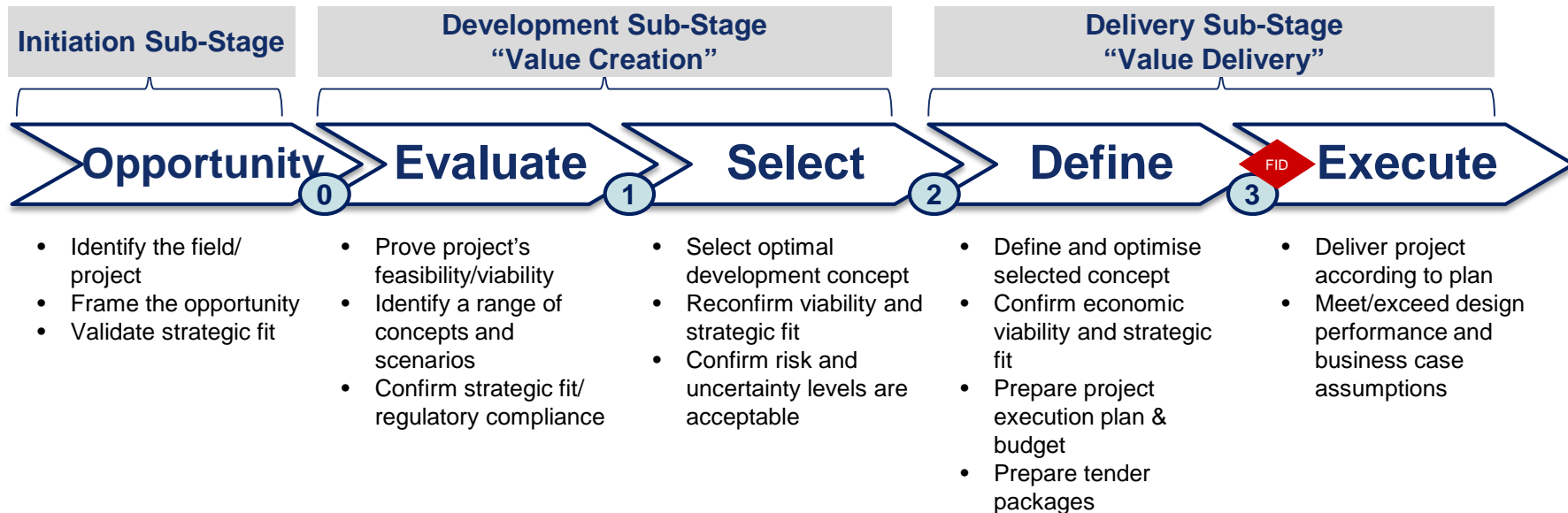
	International		UKCS				NLCS	
	Standard	Convention	Law	Regulation	Regulation	Guideline	Law	Regulation
Type of Infrastructure	IMO Guidelines & Standards 1989	OSPAR Convention 1992 & OSPAR Decision 98/3	Petroleum Act 1998	HSE; Pipeline Safety Regulations 1996	The Offshore Installations and wells regulations 1996	Oil & Gas UK Guidelines for the Suspension and Abandonment of Wells	The Mining Act and Mining Decree	Arbeidsomstandigheden-wet-en regelgeving (Working/Labour Conditions Act)
Installations (topside & jackets)	X	X	X				X	
Subsea	X	X	X				X	
Pipelines			X	X			X	
Wells					X	X		
Other (drill cuttings, waste management)		X						X

Sources: IMO Guidelines; DECC Homepage; Oil & Gas UK Homepage; OSPAR Convention; DECC Guidelines for Decommissioning v6, 2011

Int UK NL

Stage Gate Assurance Process

Conventional Approach



Catalyst for Change

Challenging Status Quo

A word cloud visualization where the size of each word corresponds to its frequency or importance. The central and largest word is 'notFitForPurpose' in red. Other prominent words include 'DuplicationOfWork' in brown, 'LacksInnovation' in orange, and 'OrganisationalCapability' in grey, oriented vertically. Other words include 'VariedPortfolio', 'Cumbersome', 'LowOilPriceEnvironment', 'PrescriptiveRegulatoryGuidance', and 'DiminishingReturns'.

OrganisationalCapability
VariedPortfolio
LacksInnovation
DuplicationOfWork
Cumbersome
notFitForPurpose
LowOilPriceEnvironment
PrescriptiveRegulatoryGuidance
DiminishingReturns

Opportunity for Simplification

External vs Internal

Regulatory Environment

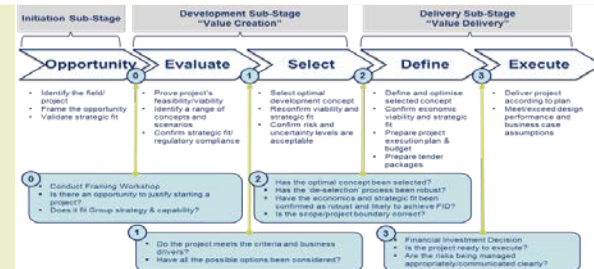
Type of Infrastructure	International		UKCS		Regulation		Guidelines		NLCs	
	Standard (2011 Guidelines & Standards)	Convention (1992 Convention)	Law (1996 Act)	Regulation (2011 Regulations)	Regulation (2011 Regulations)	Guidelines (2011 Guidelines)	Law (2011 Act)	Law (2011 Act)	Regulation (2011 Regulations)	Regulation (2011 Regulations)
Installations (topsides & jackets)	x	x	x						x	
Subsea	x	x	x						x	
Pipelines			x	x					x	
Wells					x	x				
Other (drill cuttings, waste management)		x								x

Sources: IMO Guidelines, DECC Homepage, Oil & Gas UK Homepage, OSPAR Convention, DECC Guidelines for Decommissioning v6, 2011

- Multiple layers of regulations – international, EU, national
- Different requirements by type of infrastructure

Ability to influence	Low
Ease of change	Low
Impact on cost	High

Internal Assurance



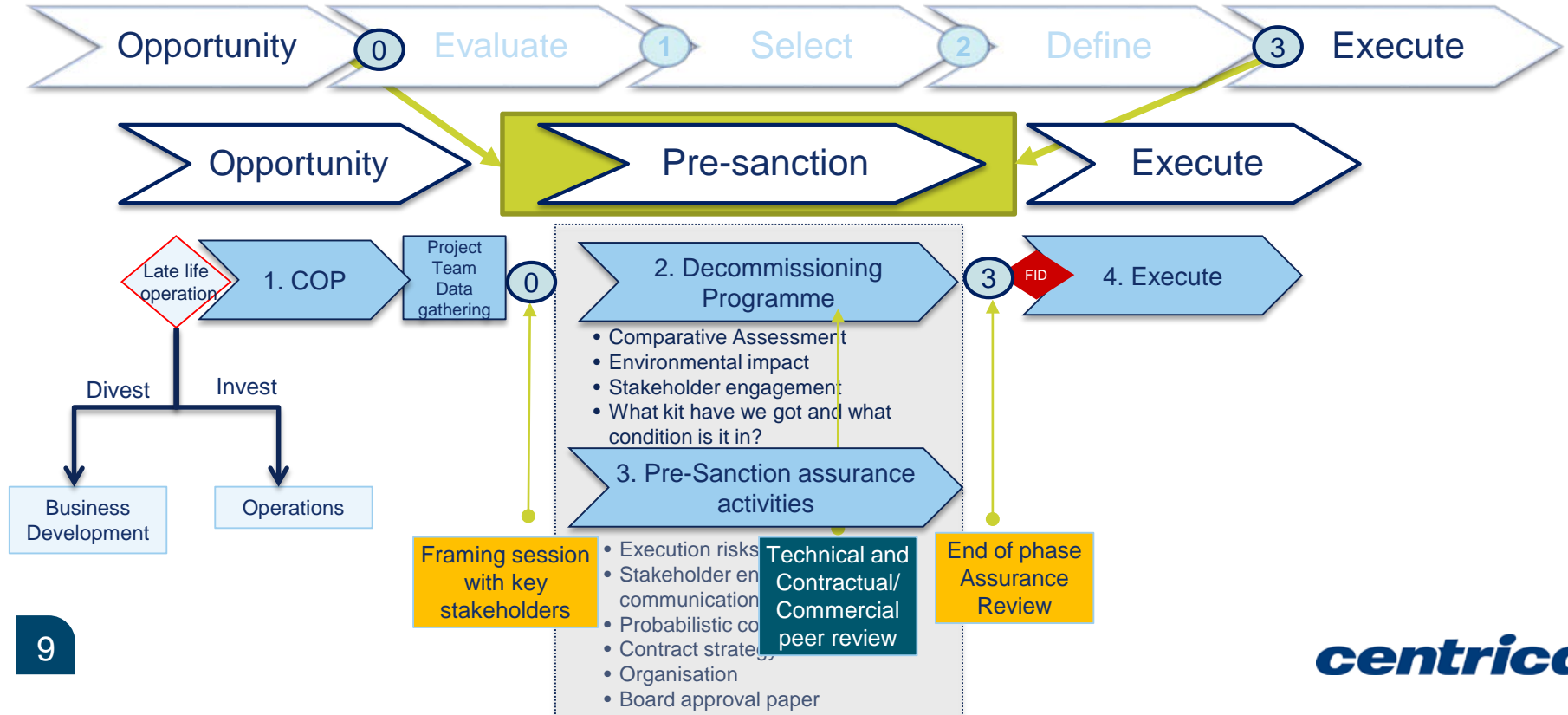
- Conventional approval processes supporting CAPEX investment
- Assurance process not fit for diverse portfolio

Ability to influence	High
Ease of change	High
Impact on cost	Med

'Fit for Purpose' internal assurance process

Stage Gate Assurance Process

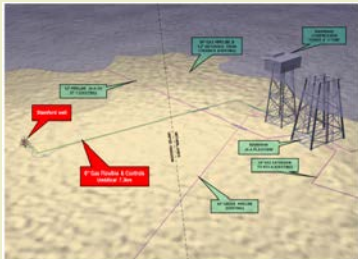
New Approach: Three Stages, Two Gates



Process in Practice

Two Pilot Projects in Centrica Portfolio

STAMFORD



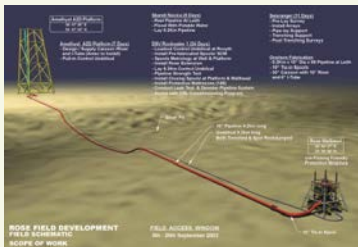
FIELD INFO

- 10 km subsea tie back to J6A platform
- Well P&A, Protection structure, pipeline and umbilical removal
- Cross border field between the UK and Netherlands waters
- UK and NL Regulatory approvals

ACHIEVEMENTS

- Framing session done in Jun 2014.
- Project sanctioned in Apr 2015
- Decommissioning programme (DCP) approved by DECC on 30th April 2015

ROSE



FIELD INFO

- 17 km subsea tieback to Amethyst A2D platform
- Well P&A, Protection structure, pipeline and umbilical removal
- Commercial complexity due to host platform operated by Others

ACHIEVEMENTS

- Framing session done in Oct 2014.
- Project sanctioned in May 2015
- Decommissioning programme (DCP) approved by DECC on 22nd May 2015

The Benefits

- Aligns internal & regulatory assurance requirements
- Allows early engagement with regulator and SMEs
- Significantly reduces project approval time
- Improves behaviours and alignment between the project and assurance teams
- Assurance process complements delivery of decommissioning plan (minimises rework/recycle)

Pre-sanction costs reduced by c.30%