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Decommissioning

Strategy and Delivery Programme

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Topics

- What are the strategy and delivery programme?
- How do they fit into the Energy Act, MER UK, the OGA Corporate Plan?
- The Strategy
- The Delivery Programme
- Next Steps



Why have a strategy and a programme?

- The target cost reduction for decommissioning is at least 35% below current estimate using current approaches
- We were not really sure what the current cost estimate was
 - But we had many opinions
- We were not sure exactly how we might reduce the cost
 - But we had many people offering to help
- We were not sure where we should prioritise
 - But we had lots of options

Planning seemed like a good idea

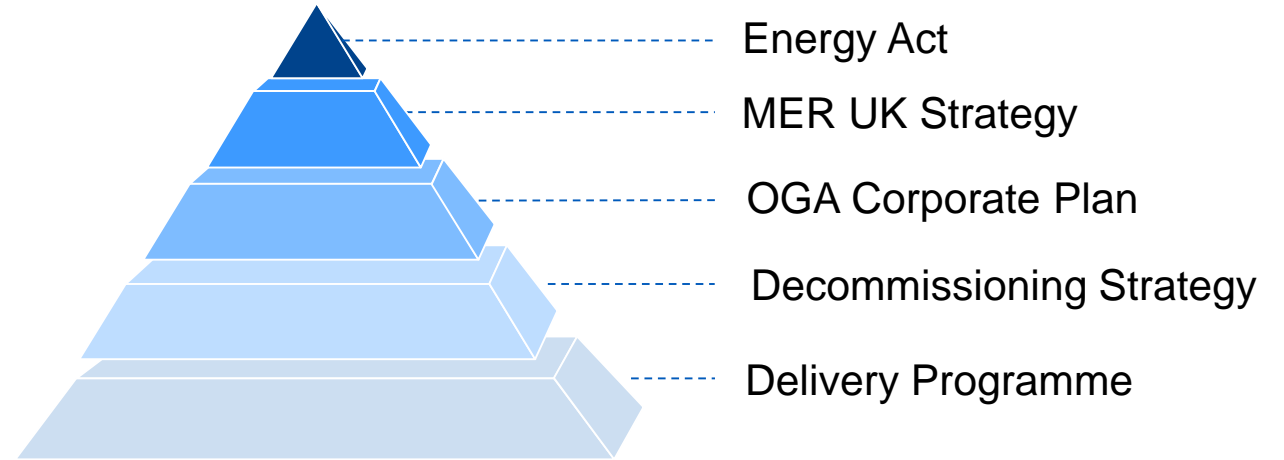


Strategy versus delivery programme

- The Decommissioning Strategy is a high level document that:
 - Looks to the end goals
 - Identifies the initial focus areas for industry
 - Describes the role of the MER UK Board and the OGA
- The Delivery Programme is a more detailed document that:
 - Looks to the next six to nine months
 - Identifies specific deliverables that support the goals and focus areas
 - Describes the roles of teams and individuals



Where do they fit in?



- Primary industry obligations and expectations come from the Energy Act, which has now received Royal Assent
- The Decommissioning Strategy supports the MER UK Strategy and the OGA Corporate Plan
- The Decommissioning Delivery plan describes the how and who of the strategy



Status

- The Decommissioning Strategy was promised for publication in Q2
 - It is available from the OGA web site
 - It will be refreshed periodically, but goals will remain
- The Decommissioning Delivery Programme is under preparation and will be published in July 2016
 - It will cover the next nine months, with emphasis on the next six
 - It will be updated more frequently
- Both documents require industry collaboration cannot be delivered by the OGA alone



The Strategy

- The Strategy is designed to ensure the industry:
 - Explores all viable options for infrastructure re-use prior to decommissioning;
 - Executes decommissioning in the most cost effective way;
 - Balances this with the maximisation of value from economically recoverable reserves
- The strategy was developed with the MER UK Decommissioning Board, fellow regulators, industry bodies and several contributing companies from all areas of the industry



Strategy focus areas

- The Strategy has three primary focus areas
 - Cost Certainty and Reduction
 - Delivery Capability
 - Scope, Guidance and Stakeholder Engagement
- These focus areas are being led by the Decommissioning Board
 - The first is led by an operator representative
 - The second is led by a supply chain representative
 - The third is led by an industry body representative
- There is close collaboration across the focus areas and with the other boards

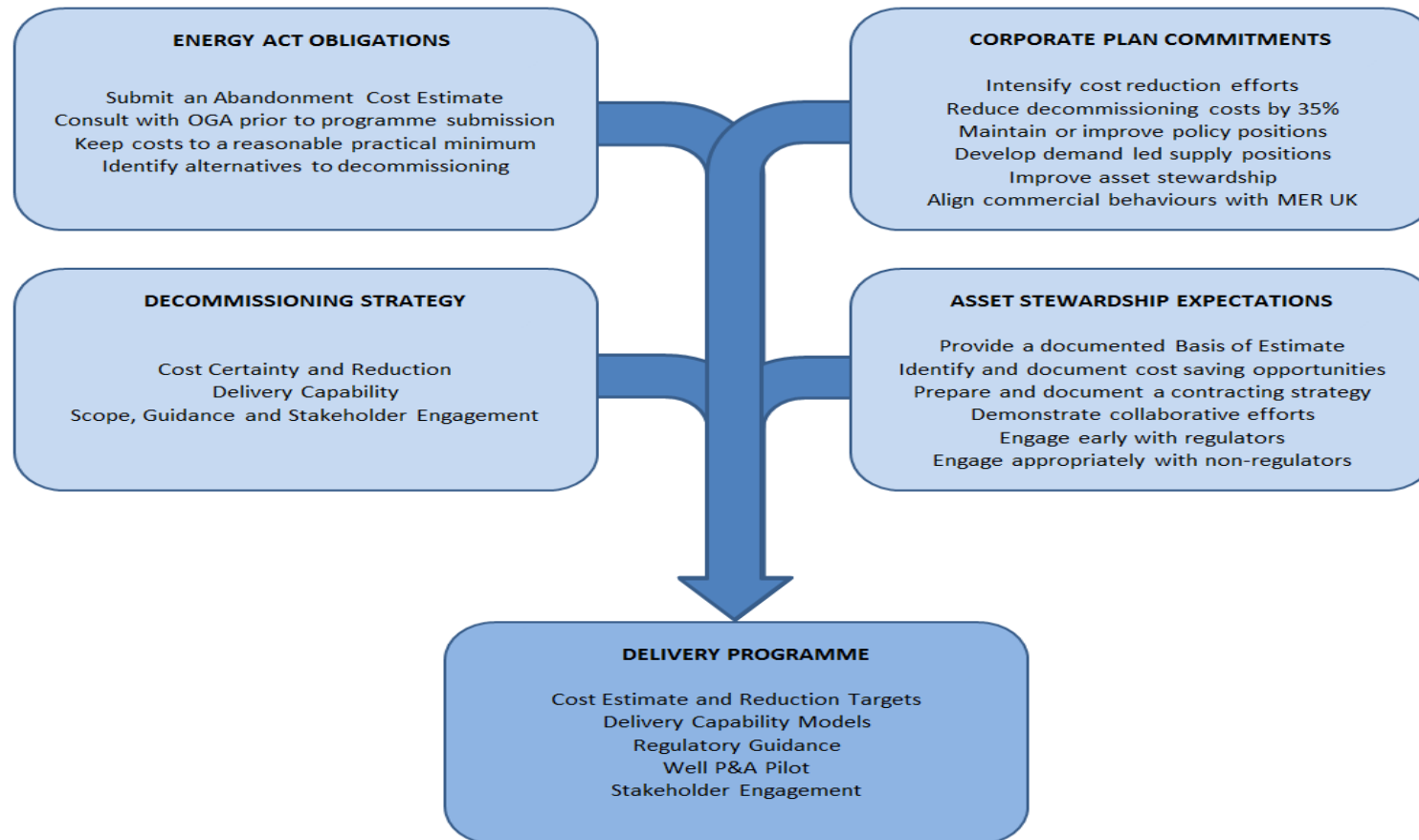


The Delivery Programme

- The Delivery Programme will build on the Strategy and:
 - It will describe how, when and by whom the initial deliverables supporting the MER UK Strategy will be developed
 - It will focus on the next six to nine months only
- The Delivery Programme will also integrate other governing or supporting documents and efforts:
 - The Energy Act
 - The OGA Corporate Plan
 - The Enhanced Asset Stewardship model



Delivery Programme Inputs





Delivery Programme Elements

- The Delivery Programme is likely to have five key initial elements:
 - Cost Estimate and Reduction Targets
 - Delivery Capability Models
 - Regulatory Guidance
 - Well P&A Pilot
 - Stakeholder Engagement
- Each element will describe its
 - Objectives, inputs and activities
 - Responsibilities, deliverables and their timing



Next Steps

- Publish the Delivery Programme
- Assess resource requirements and current capabilities
- Commence delivery and start reducing costs in a safe, environmentally and sustainable manner