



# 2016 – A YEAR OF CHANGE IN THE REGULATION OF DECOMMISSIONING?



Nov 2016



# Offshore Decommissioning Regulation: Introduction

What a difference a year makes....

## 2015

- **24 fields ceased production**
- **12 Decommissioning Programmes approved**
- **Rapid rise in Decommissioning Programme submissions, with price of oil falling close to \$30/ bbl at year end**
- **Department of Energy & Climate Change (DECC) regulated & approved UKCS Offshore Decommissioning Programmes**

## 2016

- **~29 fields with estimated cessation of production date**
- **~18 Decommissioning Programmes likely to be approved**
- **Slow down in rate of Decommissioning programme submissions, as price of oil rises above \$ 50/ bbl in October**
- **Department for Business, Energy & Industrial Strategy ( BEIS) regulates & approves UKCS Decommissioning**
- **Increased interest in Decommissioning scope, planning, UK content and overall cost to taxpayer**
- **Introduction of the 2016 Energy Bill and specific Decommissioning remits for the Oil & Gas Authority**



# Offshore Decommissioning Regulation : Transition from DECC to BEIS

## Following the latest legislation changes, who does what?

### BEIS : ODU

Overarching responsibility for approval & regulation of all Decommissioning Programmes (DP's) for UKCS oil & gas installations, pipelines etc. To ensure that decommissioning is delivered in a safe, efficient & cost effective manner whilst minimising the risk to the environment & other users of the sea.

BEIS : EMT and OIT	HSE	OGA	Other Stakeholders/ Consultees
<p>Advice on all environmental aspects of decommissioning proposals. Approval of related consents including Marine Licensing</p>	<p>Accept the abandonment safety case  Consultee to the Decommissioning Programme</p>	<p>Custodian of MER UK, ensuring the supply chain is engaged &amp; decommissioning costs are minimised  Consultee to the Decommissioning Programme</p>	<p>SEPA, Environmental Agency, DEFRA Fishermen Organisations/ Federations Marine Scotland, JNCC Scottish Executive Marine Directorate Scottish Exec Radioactive Waste Team UK Hydrographic Office, Seafish, The Crown Estate, Historic Scotland Universities, Greenpeace, RSPB</p>



# Offshore Decommissioning - ODU and OGA remits

## ODU

- **Approve and Regulate Decommissioning Programmes for all UKCS oil and gas installations and pipelines**
  - Support operators as they develop their decommissioning programmes
  - Approve decommissioning programmes and monitor programme execution
  - Manage post decommissioning activity – post execution Monitoring
- **Maintain and develop Decommissioning policy and guidance**
  - Maintain and develop Offshore Decommissioning policy, regulations and industry guidelines
- **Protect the government and taxpayer against risk of companies defaulting**
  - Use of S29 powers throughout the life-cycle of a field

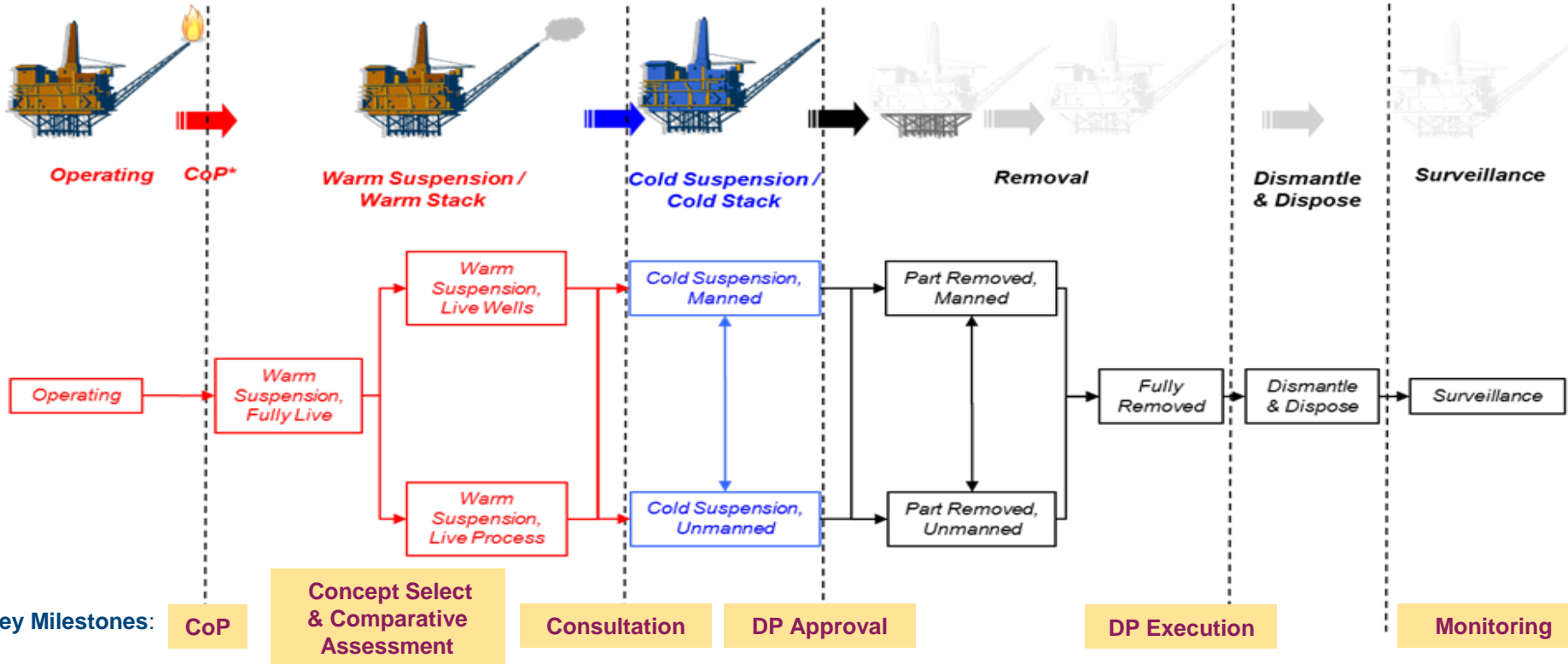
## OGA

- **Ensure decommissioning costs are assessed & minimised**
  - Work with operators to ensure decommissioning is appropriately framed to minimise costs in a technically competent, safe and environmentally responsible manner
  - Consider alternatives to abandonment (inc CCS)
  - Advise the Secretary of State on costs
- **Engage the Supply Chain**
  - Work with the supply chain to improve expertise and capacity
- **Deliver MER UK**
  - Achieve the maximum economic extension of field life
  - Maintain and develop guidance on the late-life management process



# Offshore Decommissioning

## Typical Workflow matched to ODU phases of Decommissioning



Decomm Programme Development Phases:

Phase 1	Phase 2	Phase 3	Phase 4	Phase 5
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\* Cessation of Production (CoP) is a process which culminates in the formal acceptance by all relevant stakeholders that production has permanently ceased from the specified asset.



## ODU – Current focus areas

### ➤ Regulation

- Maintain and develop Offshore Decommissioning policy in line with legislative changes
- Engage with industry to obtain “lessons learnt” from completed Decommissioning Programmes
- Promote use of the streamlined Decommissioning Programme templates

### ➤ Decommissioning Programme Management

- Manage an auditable DP approval process & post execution of Monitoring Plans
- Engage early with Operators plans for Decommissioning
- Promote early selection of the conceptual / screening decisions

### ➤ Protect the government and taxpayer

- Active monitoring of Operator’s financial capability
- Evaluation of finance risk & liability exposure throughout the life-cycle of a field

### ➤ Open Government

- Ready access to responsive, supportive Decommissioning Unit personnel
- Simplification / streamlining of DP process and DP issue resolution



## ODU – Current development initiatives

### ➤ Regulation

- Maintain and develop cross Regulatory engagement, to ensure consistent application and use of legislation
- Simplify, clarify and rationalise the Decommissioning guidelines with a planned update due early 2017

### ➤ Decommissioning Programme

- Active involvement of Regulators in the concept/ screening stage decisions ( HSE, OGA, SEPA/ EA etc)
- Additional guidance for completion of streamlined templates ( Non-derogation, Derogation)
- Improved reporting templates ( Closeout reporting, Monitoring programs etc)

### ➤ Comparative Assessment

- Clarification of the basis for assessment ( clean seabed policy, criteria sensitivity, evidence base) to ensure consistency across decommissioning programmes
- Evaluation of the potential for standardisation of Comparative Assessments ( rationalisation of process, evidence base, consultee feedback & lessons learnt)
- Issue of additional Decommissioning guidance ( early 2017)



# Policy development example - Mattresses

## Mattresses

Solution for removal or leave in situ is taken on consideration of the impact on:

- Environment
- Safety,
- Technical feasibility,
- Other users of the sea
- Cost

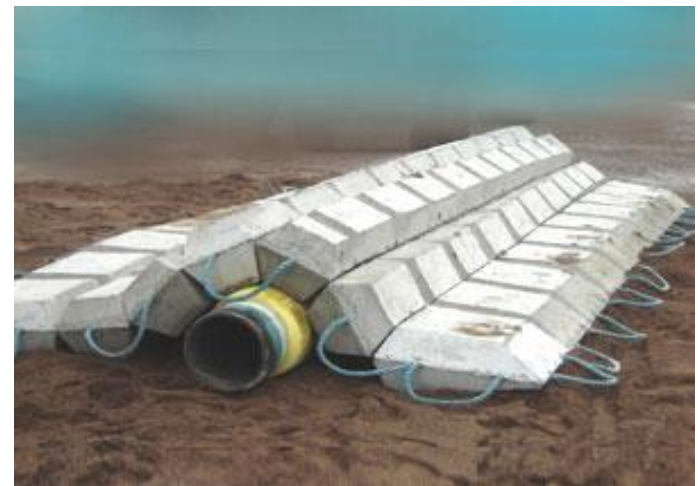
## Issues;

- Mattress condition (lifting loops cut)
- Locating/ handling mattresses a challenge
- Waste management / disposal

But numerous programmes have lifted and disposed of mattresses successfully and safely. In addition, new technology is being developed for diverless removal, or for trenching

## Consultees:

- Views of other users of the sea – fishermen, both SFF and NFFO
- Views of the BEIS Environmental managers
- Views of the Environmental NGOs and waste regulators
- Views of Industry
- Views of the HSE







# Mattresses - Current assessment policy

## Baseline Principles

It is expected that mattresses, grout bags, or contained rock deposits which have been installed to protect pipelines or other infrastructure during their operational life should be removed for disposal onshore.

- If it is considered by an Operator that this is not the optimal decommissioning solution, they must provide evidence in support of the alternative proposals
- The fundamental principle underpinning a proposal to leave in situ (LISU) is that **evidence** must be provided to demonstrate that the deposits would not interfere with other uses of the sea, e.g. they would not present a hazard that could interfere with fishing operations.

## Operators should address the following key criteria in assessing mattresses for LISU option

- Location
- Burial status and depth
- Integrity
- Levels of fishing activity & over-trawlability of the area
- Interference for other users of the sea
- Risk assessment and mitigation of safety risks
- Post decommissioning monitoring plans and mitigation of legacy/ liability issues



## In Summary

- 300+ UKCS offshore installations to be decommissioned with a high proportion planned to be decommissioned within the next 10 years.
- Engage early with the Decommissioning Unit and with fellow regulators and plan accordingly in a rapidly maturing Decommissioning industry
- Know your asset, as evidence based decisions on decommissioning produce the best outcomes. Plan collection of evidence in late asset life.
- The most successful DP's are the most compliant with current legislation. Deviate only when there's a compelling case to do so. If you do deviate, support the deviation with evidence and risk assessment of the consequences, mitigation measures to overcome the risks.
- Feedback "lessons learnt" from undertaking decommissioning programmes to improve the process and guidance for others.