



Oil & Gas
Authority

Decommissioning Delivery Programme



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1. Foreword

The Oil and Gas Authority (OGA) was established to regulate, influence and promote the UK oil and gas industry, in conjunction with other regulatory authorities, and has a range of powers to deliver this remit.

The development of a series of strategies and associated delivery programmes represents a key step in setting out how the OGA, government and industry should work together to Maximise Economic Recovery (MER) from the United Kingdom Continental Shelf (UKCS) – a core recommendation of the Wood Maximising Recovery review.

The MER UK Strategy underpins the OGA remit and became a legal obligation on licensees in March 2016. It describes how MER should operate in practice, setting out a legally binding obligation on licensees and others to take the steps necessary to secure the maximum value of economically recoverable hydrocarbons.

The MER UK Strategy also sets out a range of supporting obligations and safeguards, as well as the actions and behaviours required to achieve collaboration and cost reduction.

The purpose of these strategies and delivery programmes, developed in collaboration with industry and the MER UK Boards, is to promote a new way of working across the oil and gas lifecycle. The strategies set the key direction and the delivery programmes provide further direction and detail on the implementation of each strategy.

2. Executive summary

The Decommissioning Strategy, which was published separately and precedes this document, sets out a high-level overview of the issues facing the UKCS decommissioning sector and the steps necessary to realise the considerable value presented. Decommissioning also offers the UK supply chain great potential to develop UK skills and expertise and ultimately become a world leader in what is a relatively immature sector with significant global export potential.

This Decommissioning Delivery Programme builds on the Decommissioning Strategy and describes in more detail how and when near-term priority areas in decommissioning will be delivered. In addition, this Decommissioning Delivery Programme takes into account the various obligations and commitments from the MER UK Strategy, the Energy Act and the OGA Corporate Plan 2016–2021, as well as the principles of stewardship.

The three main priorities in the Strategy are:

- **Cost certainty and reduction**
- **Decommissioning delivery capability**
- **Decommissioning scope, guidance, and stakeholder engagement**

These Strategy priorities are more fully explained as elements within this Delivery Programme, together with three additional programme elements:

- **Decommissioning Programme consultation**
- **Well Plug and Abandon (P&A) optimisation programme**
- **Industry engagement**

The Delivery Programme is structured in two parts.

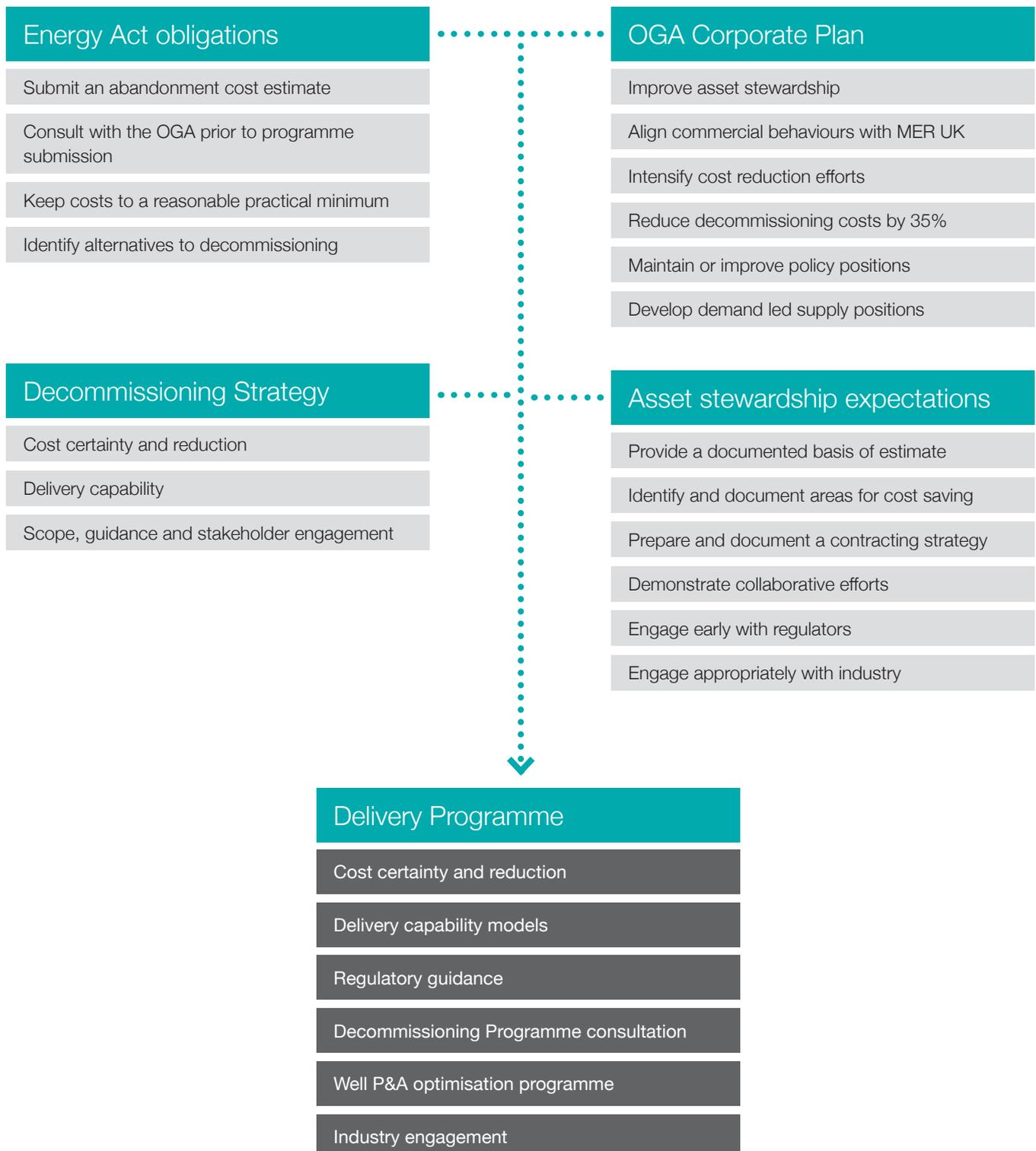
Section 3 provides a brief narrative of each of the five Decommissioning Delivery Programme elements, indicating how the inputs have been considered and detailing the planned deliverables.

Section 4 contains a number of schedules, one for each element, indicating the timing of the deliverables.

The Decommissioning Delivery Programme is primarily for 2016 and the first half of 2017. The programme will be updated annually to ensure it is current and focused on the correct priorities. These updates, developed with the industry, will incorporate lessons learned from previous programmes and address, where required, the specific industry obligations and actions needed to drive down decommissioning costs.

The inputs and resulting areas of delivery for the programme are shown in Figure 1 below.

Figure 1: Building the programme



3. Decommissioning Delivery Programme elements

This Decommissioning Delivery Programme comprises six elements, each of which has been identified as requiring immediate attention to commence delivery of the Decommissioning Strategy, reduce decommissioning costs and gain alignment across the industry. These elements are aligned to the obligations in the MER UK Strategy, the Energy Act 2016 and the principles and expectations of stewardship.

These elements are:

- Cost certainty and reduction
- Delivery capability models
- Regulatory guidance
- Decommissioning Programme consultation
- Well P&A optimisation programme
- Industry engagement

The following sub-sections describe each element in the following structure:



3.1 Element 1: Cost certainty and reduction

Objective

The initial focus is to develop and deliver a credible, detailed overall UKCS decommissioning cost estimate. Many cost estimates exist and they vary considerably. There is, however, no single, universally agreed baseline number derived from individual asset scope and available quantities. The larger objective of the cost certainty and reduction element is to drive down the cost of decommissioning through increased standardisation of estimating methodologies, transparency, knowledge sharing and implementation of good practice, including optimisation of project timing and industry decommissioning expenditures.

Inputs

- Industry body cost estimates and their bases
- Operator cost estimates and their bases
- Other industry cost estimates and their bases
- Department for Business, Energy and Industrial Strategy (BEIS) Offshore Decommissioning Unit (ODU) data

Activities

- Collect cost estimates and bases from a variety of sources
- Identify areas of, and causes for, commonality or difference
- Capture and share opportunities for cost savings, knowledge and good practice sharing
- Engage with industry experts on analysis results
- Prepare industry standard and guidance for a decommissioning cost estimate basis
- Prepare and share UKCS decommissioning cost estimate, with stated uncertainty ranges and timings
- Prepare and share estimate metrics and benchmarks across the Oil & Gas UK Work Breakdown Structure (WBS)
- Develop framework for regular updates on the cost estimate to produce a time series
- Refresh cost reduction targets in the light of new estimates

Responsibilities

- MER UK Decommissioning Board work stream to drive and co-ordinate activities
- MER UK Decommissioning Board to provide assurance and guidance to the work stream
- Industry participants to provide cost estimates and bases for estimates
- OGA to drive the Board work stream and perform analysis
- OGA, in consultation with BEIS and Her Majesty's Treasury (HMT), to agree new cost reduction target

Deliverables

- A demonstrable decommissioning cost estimate for the UKCS
- A recommended standard decommissioning basis of estimate
- A set of decommissioning cost metrics and benchmarks, including project cost outcomes
- A documented list of cost saving opportunities to be pursued in 2017, including the management of expenditure profile and timing
- Revised cost reduction target

Schedule

See section 4.1

3.2 Element 2: Delivery capability models

Objective

The objective of the delivery capability element is to design, define and deliver a safe, competitive, and globally recognised industry expertise and capability. This will deliver transformational decommissioning solutions and in turn will drive cost reduction, promote investment and maximise economic recovery. These transformative solutions will provide guidance, and potentially requirements, on implementing effective organisational structures, and contractual arrangements, suited to deliver optimal decommissioning projects.

Inputs

Examples of different execution and business models from other sectors

Expert experience from the oil and gas industry

Expert experience from non-oil and gas industry

Activities

Hold framing workshops for each MER UK Decommissioning Board work stream area

Define gaps in supply chain capability and capacity across the full WBS

Identify potential transformative execution and business models to be examined further

Prepare report on potential impacts to market structure and size, based on transformative models

Responsibilities

MER UK Decommissioning Board work stream to drive and co-ordinate activities

MER UK Decommissioning Board to provide assurance and guidance to the work stream

Expert participants from the oil and gas industry and from other industries to provide insights and experiences from alternative execution and business models

The OGA to jointly drive the Board work stream

Deliverables

Documentation of the current late life and decommissioning supply chain capabilities

Definition of one or more transformative execution models for decommissioning

Definition of one or more business models to support optimised execution models

Identification of potential pilot opportunities to demonstrate and prove execution and business models

Creation of one or more organisational structures to manage the pilot opportunities

Schedule

See Section 4.2

3.3 Element 3: Regulatory guidance

Objective

The objective of the regulatory guidance element is to ensure the current decommissioning scope, regulations and policies are clear, communicated to, and understood by, industry. This will include clarity on the roles and responsibilities of both the OGA and BEIS with regard to decommissioning. This will also include the examination of good and best practice, as well as obligations and requirements, to comply with regulations and achieve safe, environmentally responsible and cost-effective decommissioning.

Inputs

Current Oil and Gas Environment Decommissioning (OGED) guidelines

Health and Safety Executive (HSE) regulations

The Energy Act 2016 and Petroleum Act 1998

MER UK Strategy

Activities

Review existing regulatory guidance to ensure it is simple and concise, including developing new or additional guidance to reflect the requirements of the Energy Act and the MER UK Strategy

Create a regulatory decommissioning planning roadmap to help the industry work towards Cessation of Production and decommissioning

Define of interaction between, and responsibilities of, the OGA and BEIS, and how and when the industry is to engage with the regulators, and on which topics

Examine opportunities to simplify and comply with the regulatory environment through scope definition, area wide and/or industry initiatives.

Responsibilities

MER UK Decommissioning Board work stream to drive and co-ordinate activities

MER UK Decommissioning Board to provide assurance and guidance to the work stream

The OGA to create decommissioning guidance in support of the Energy Act and the MER UK Strategy

The OGA to jointly drive the Board work stream

Deliverables

Clear regulatory guidance for the industry, complementing existing guidance, defining the points of contact with, the timing of engagement with, and responsibilities of the various regulatory bodies including BEIS, HSE and the OGA

Decommissioning regulatory planning roadmap, including regulatory engagement and consultation requirements and recommendations

Good practice examples for meeting and complying with regulatory requirements

Schedule

See section 4.3

3.4 Element 4: Decommissioning Programme consultation

Objective

The objective of the Decommissioning Programme consultation element is to implement and communicate to industry the process, content and timing of operator consultation with the OGA, prior to them submitting a Decommissioning Programme to BEIS.

Inputs

- Energy Act 2016
- OGA guidance
- Decommissioning expectations from the OGA Asset Stewardship Strategy and Delivery Programme

Activities

- BEIS and OGA alignment on the timing and content of the Decommissioning Programme consultation process, defining the roles and responsibilities of the various process participants
- Draft initial process and tools to share and discuss with government, regulatory bodies and the industry
- Issue and implement the agreed process and tools
- Capture feedback and lessons from the initial implementation effort

Responsibilities

- The OGA to facilitate alignment with BEIS, draft process and tools and manage implementation
- BEIS to assist in defining the consultation process and associated roles and responsibilities
- MER UK Decommissioning Board to provide assurance and guidance to the work stream

Deliverables

- Publish and communicate the purpose of the Decommissioning Programme consultation with the accompanying process and tools
- Implement the process and tools
- Lessons learned from implementation
- Plan for process updates in 2017

Schedule

See Section 4.4

3.5 Element 5: Well P&A optimisation programme

Objective

The objective of the Well P&A optimisation programme element is to demonstrate the significant cost savings which can be achieved by collaborative working, the adoption of improved execution and contracting models and to stimulate work-sharing campaigns, taking advantage of the current low cost environment.

Additional benefits include support for the UK supply chain and sharing experience of how to structure and manage such collaborative activities.

Inputs

Well data from the OGA and BEIS

Consultations with specialists in campaign planning

Supply chain information on available decommissioning capability and capacity

Activities

Alignment between BEIS, HSE and the OGA and identify any potential or necessary changes to permitting to support campaigns

Data capture, analysis and presentation

Develop pilot requirements, including possible supportive or facilitating policy changes, create guidance and manage consents

Liaise with operators to optimise well identification, sequencing and timing

Responsibilities

The OGA to lead and co-ordinate definition and development of the pilot and engage with BEIS on the practicality of implementation

MER UK Decommissioning Board to provide assurance and guidance to the work stream

Deliverables

Well stock for campaigns identified and documented, including well type, location and operator

Operator workshop results indicating alignment, support and commitment

Publish suspended well consent policy

Plan for active pilot starting in late 2017

Schedule

See section 4.5

3.6 Element 6: Industry engagement

Objective

The objective of the industry engagement element is twofold.

First, it is critical that the objectives, progress and deliverables of the other Decommissioning Strategy focus areas and Decommissioning Delivery Programme elements are shared and that industry has the opportunity to contribute to their development and evolution.

Second, the Energy Act 2016 and the MER UK Strategy place specific obligations on industry, including operators and the OGA. These obligations will require dissemination, clarification and alignment.

These expectations can be summarised into the following topics:

- Basis of cost estimate, cost saving opportunities and regulator engagement
- Contracting strategy development, industry collaboration and project delivery

Inputs

- Cost reduction element deliverables
- Delivery capability element deliverables
- Regulatory guidance element deliverables
- Decommissioning Programme consultation deliverables
- Well P&A optimisation programme deliverables
- Stewardship expectations and survey questions

Activities

- Gather inputs from other plan elements and industry efforts
- Design and document industry engagement aims, content and timing
- Carry out initial engagement with key industry members
- Broaden engagement with larger industry community
- Capture feedback and update plans for 2017 and beyond
- Determine approach for ensuring compliance with the strategy and expectations

Responsibilities

- MER UK Decommissioning Board theme leads to complete theme deliverables relating to: cost certainty and reduction; delivery capability; and scope, guidance and stakeholder engagement
- MER UK Decommissioning Board to provide assurance
- The OGA to develop stakeholder engagement plan
- The OGA to deliver stewardship survey and expectations

Deliverables

- Stakeholder engagement plan for decommissioning
- Common understanding of, and commitment to, meeting stewardship expectations
- Inputs to improve the planning process post 2016
- Lessons learned from industry and sharing mechanism in place

Schedule

See Section 4.6

4. Decommissioning Delivery Programme schedules

The following schedules indicate the key activities and dates by which the deliverables described in Section 3 will be achieved. There is a separate schedule for each Delivery Programme element.



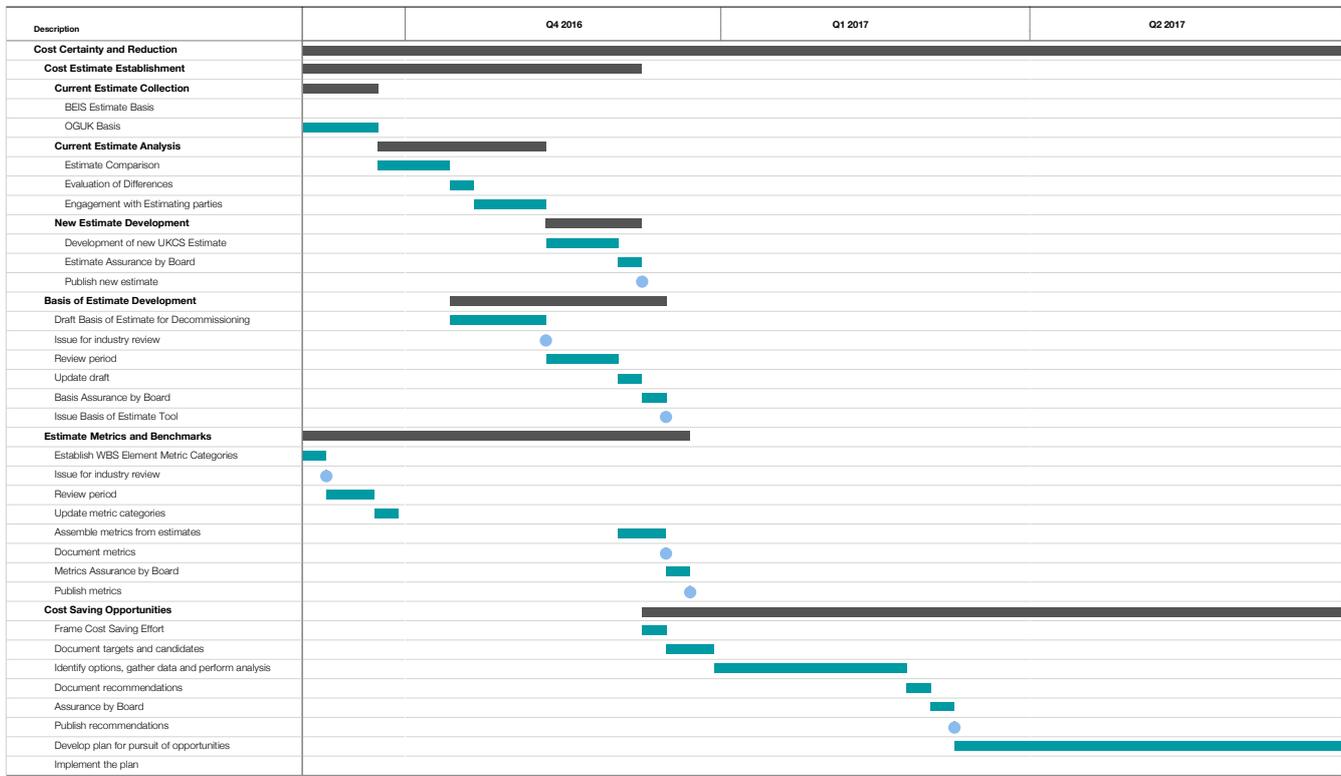
4.1 Cost certainty and reduction

The planned schedule to deliver the cost certainty and reduction element includes:

Stage	Key Deliverable	Planned Date
1	Decommissioning cost estimate	Q4 2016
2	Recommended standard basis of estimate	Q4 2016
3	Set of metrics and benchmarks	Q4 2016
4	List of cost saving opportunities	Q1 2017

Figure 2 below illustrates the activities and durations for preparation and completion of the cost certainty and reduction element.

Figure 2: Cost certainty and reduction schedule



Task [teal bar] Summary [grey bar] Milestone [blue dot]

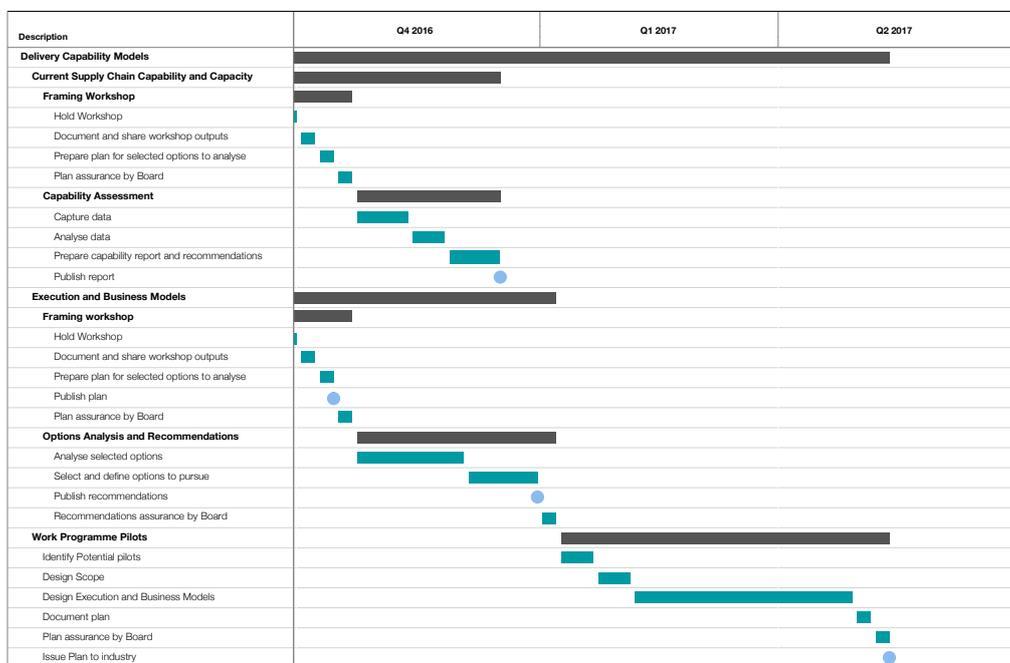
4.2 Delivery capability models

The planned schedule to progress the delivery capability models element includes:

Stage	Key Deliverable	Planned Date
1	Supply chain capability and capacity report	Q4 2016
2	Execution and business model recommendations	Q4 2016
3	Pilot programme recommendations	Q2 2017

Figure 3 below illustrates the activities and durations for preparation and completion of the delivery capability models element.

Figure 3: Delivery capability models schedule



Task [teal bar] Summary [grey bar] Milestone [blue dot]

4.3 Regulatory guidance

The planned schedule to progress the regulatory guidance element includes:

Stage	Key Deliverable	Planned Date
1	Publish draft guidance notes	Q3 2016
2	Publish decommissioning planning road map	Q4 2016
3	Regional Assessment candidates identified	Q1 2017
4	Regional Assessment guidance published	Q2 2017

Figure 4 below illustrates the activities and durations for preparation and completion of the regulatory guidance element.

Figure 4: Regulatory guidance schedule



Task [Teal bar] Summary [Grey bar] Milestone [Blue dot]

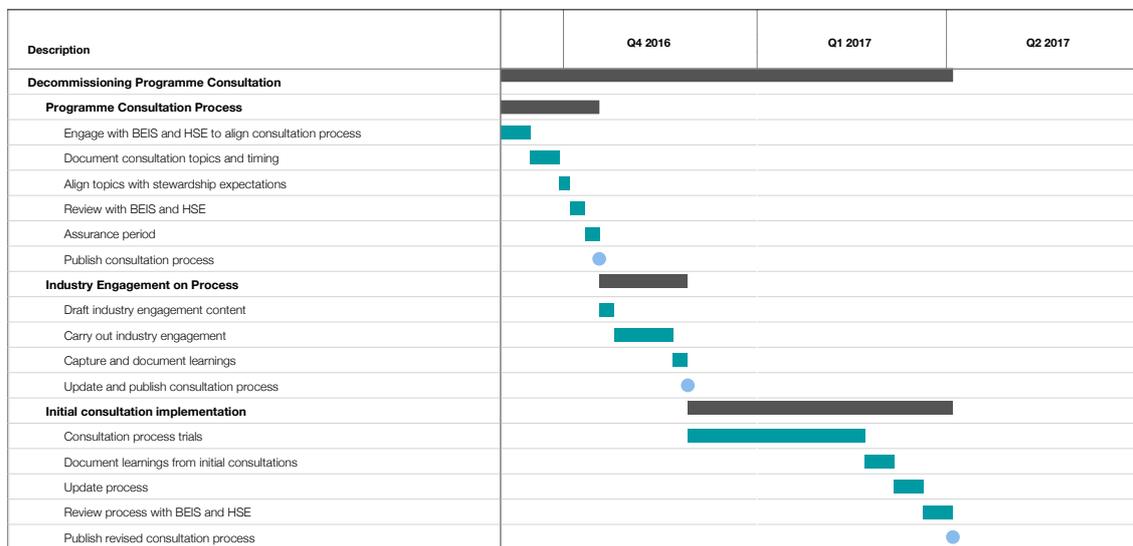
4.4 Decommissioning Programme consultation

The planned schedule to progress the Decommissioning Programme consultation element includes:

Stage	Key Deliverable	Planned Date
1	Publish initial draft consultation process	Q4 2016
2	Publish consultation process	Q2 2017

Figure 5 below illustrates the activities and durations for preparation and completion of the Decommissioning Programme Consultation element.

Figure 5: Decommissioning Programme Consultation schedule



Task [teal bar] Summary [grey bar] Milestone [blue dot]

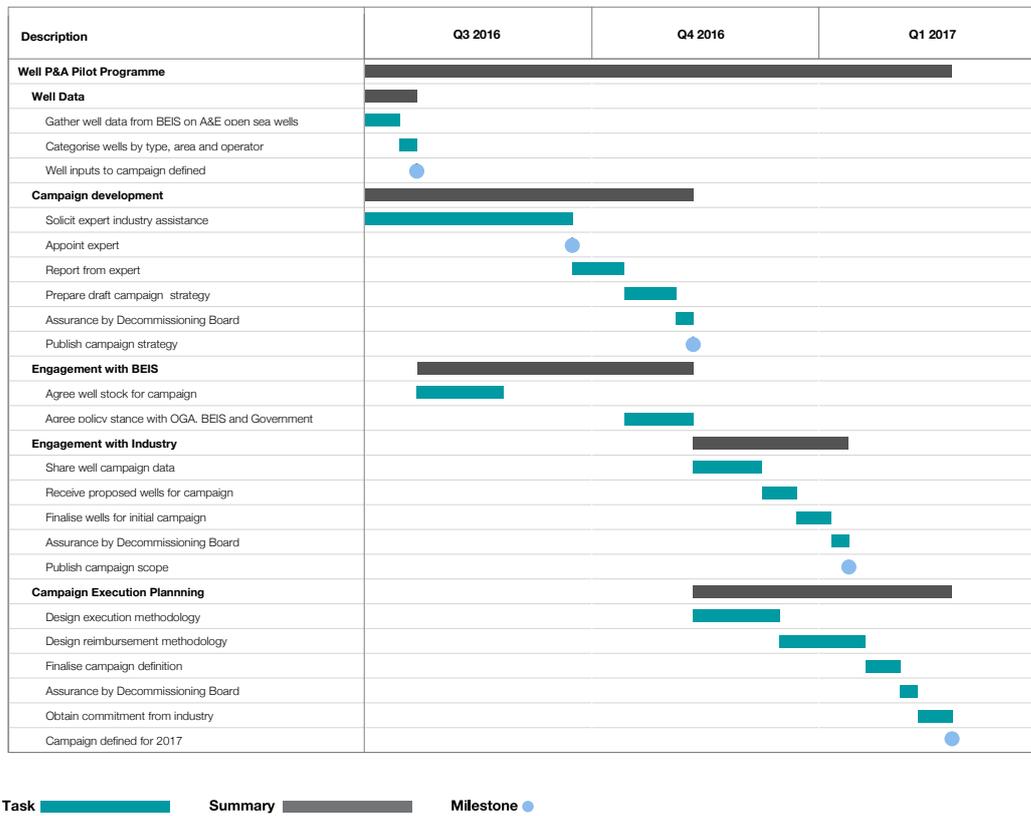
4.5 Well P&A optimisation programme

The planned schedule to deliver the Well P&A optimisation programme element includes:

Stage	Key Deliverable	Planned Date
1	Wells defined and categorised	Q3 2016
2	Campaign strategy report	Q4 2016
3	Campaign well scope definition	Q4 2016
4	2017 campaign defined	Q1 2017

Figure 6 below illustrates the activities and durations for preparation and completion of the Well P&A campaign pilot element.

Figure 6: Well P&A pilot schedule



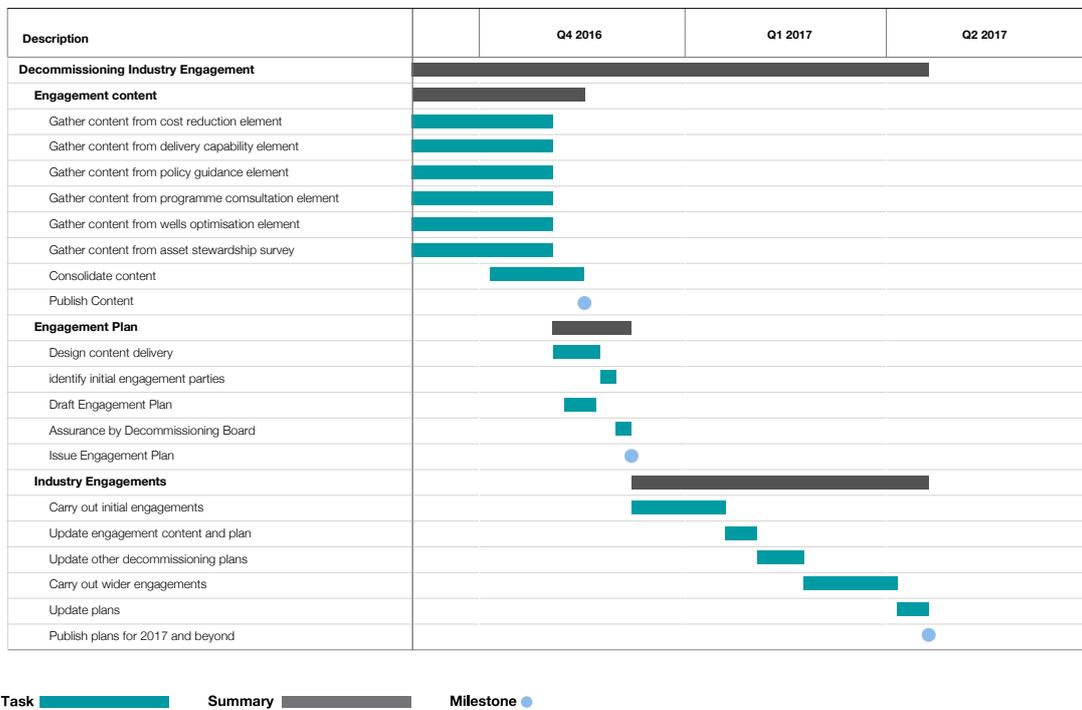
4.6 Industry engagement

The planned schedule to deliver the industry engagement element includes:

Stage	Key Deliverable	Planned Date
1	Industry engagement content	Q4 2016
2	Engagement plan	Q4 2016
3	Decommissioning plans for 2017 and beyond	Q2 2017

Figure 7 below illustrates the activities and durations for preparation and completion of the industry engagement element.

Figure 7: Industry engagement schedule



5. Acknowledgements

This Decommissioning Delivery Programme has been compiled with the help, input and advice of many people and organisations. The OGA would like to acknowledge the following specific contributors:

The MER UK Decommissioning Board, comprising representation from the following organisations

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- Decom North Sea
- Department for Business, Innovation and Skills
BIS (now BEIS)
- Department of Energy and Climate Change
DECC (now BEIS)
- Department for International Trade (DIT)
- Halliburton
- National Environment Research Council (NERC)
- Oil & Gas UK
- Perenco
- Petrofac
- Repsol Sinopec Resources UK
- Scottish Enterprise
- Scottish Government
- Shell
- Wood Group

The MER UK Decommissioning Board theme leads and supporting teams

- The MER UK Boards: Asset Stewardship; Regional Development and Infrastructure; Exploration; Decommissioning; and Supply Chain, Exports and Skills

