

All Energy Exhibition & Conference

Thursday 20 May 2010
Aberdeen Exhibition & Conference Centre

Lessons Learned from Oil & Gas - Decommissioning

Brian Nixon, Chief Executive

background

- ❑ 12 month industry consultation – operators, contractors, equipment providers, logistics specialists, consultants, technology developers, legal
- ❑ major report with several recommendations on how the supply chain can be developed
- ❑ overwhelming industry support for an independent, focused decommissioning forum




Report on industry consultation
North Sea Decommissioning
Supply Chain Steering Group



why we are here

.....because industry needs us!



quotes from the
Decommissioning Supply
Chain Steering Group

- ❑ “Operators and contractors need to work together in partnership to ensure lessons are effectively transferred and risks are minimised.”
- ❑ “It is imperative that the decommissioning experience gained over the coming years is transferred down the supply chain.”
- ❑ “A highly responsive supply chain will be required if we are to prevent the costs of decommissioning rising to unacceptable levels.”

who we are

- ❑ industry-led forum, in active support of the supply chain
- ❑ all-inclusive – representing every sector, all sizes and locations
- ❑ based in Aberdeen, but covering the entire North Sea region
- ❑ aiming to be **the** main industry representative body for North Sea decommissioning
- ❑ supported by UK Department of Energy & Climate Change, Highlands & Islands Enterprise and Scottish Enterprise



the need to decommission offshore wind installations



Sections 105 to 114 of the Energy Act 2004 introduce a decommissioning scheme for offshore wind and marine energy installations.

Under the terms of the Act, the Secretary of State may require a person who is responsible for one of these installations to submit (and eventually carry out) a decommissioning programme for the installation.

some observations

oil & gas

- ❑ decommissioning projects so far have been “one-offs” - *considerable variations in approach*
- ❑ decommissioning estimates and costs have increased substantially
- ❑ to date, limited opportunity for learning / knowledge transfer
- ❑ recent experiences not entirely happy - *for operators or supply chain*
- ❑ operators appear more open to different contracting models - *more collaboration with supply chain, innovation in managing risk and reward*

offshore wind

- ❑ opportunity for cost efficiencies through multiple installations
- ❑ difficulty with cost estimating also likely with offshore wind at this very early stage
- ❑ great opportunity for learning through early studies of installation methods
- ❑ opportunity to avoid some of the “surprises” experienced to date in oil & gas
- ❑ developers will be focused on installation and then O&M, but decommissioning should be considered fully now

the supply / value chain

- capabilities of ~ 200 companies indexed and hyperlinked across 18 core decom activities
- comprehensive mapping of supply chain underway to be followed by SWOT analysis
- stimulate collaboration and innovation across industry – operators, service specialists, contractors, technology providers, consultants etc

	www.decomcontractorA.com	www.decomcontractorB.com	www.decomcontractorC.com	www.decomcontractorD.com
Decom activity				
Shut Down	●		●	
Pipeline and Subsea Decommissioning	●	●	●	
Hook Down - Method Independent Activities	●		●	
FEED / Design Competition	●	●	●	●
Project Management	●	●	●	●
Detailed Engineering	●		●	
Safety access	●			●
Offshore construction	●		●	
Riser / Conductor cutting and lifting	●		●	
NDT				
Weighting	●		●	
Removal Method	●			●
Offshore marine operations	●		●	
Inshore marine operations - load in	●		●	
Onshore engineering	●		●	
Onshore pre-demolition	●		●	
Demolition work	●		●	
Waste management	●			●

in summary - our ambitions

- ❑ to ensure maximum opportunity and benefit for Decom North Sea members in offshore decommissioning activitiesoil & gas AND offshore wind

- ❑ to establish clear understanding across the supply chain by:
 - enhancing operators / developers understanding of supply chain needs and drivers
 - enhancing supply / value chain understanding of industry needs and opportunities

- ❑ promote the expertise, technologies and capabilities of the North Sea decommissioning supply chain



All Energy – AECC, 20 May 2010

thank you! any questions?

*membership details are available at:-
www.decomnorthsea.com*

Brian Nixon, Chief Executive

