



Oil & Gas  
Authority

# Decommissioning Strategy

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# 1. Foreword

The Oil and Gas Authority's (OGA's) role is to regulate and influence the UK oil and gas industry. The OGA aims to be a value creator; maximising economic recovery of the UK's oil and gas resources, while supporting the industry's energy transition and move to net zero carbon by 2050. It works in conjunction with other regulatory authorities and has a range of powers to deliver this remit.

The OGA Strategy<sup>1</sup> underpins the OGA remit and became a legal obligation on all relevant persons in February 2021. It describes how maximising economic recovery should operate in practice, setting out a legally binding obligation on licensees, offshore infrastructure owners and others to take the steps necessary to secure the maximum value of economically recoverable hydrocarbons, and in doing so take appropriate steps to assist the Secretary of State in meeting the net zero target.

The OGA Strategy also sets out a range of supporting obligations and safeguards, as well as several required actions and behaviours.

Subject specific strategies and associated delivery programmes set the key direction and detail on how the OGA will work with government and industry to deliver the OGA Strategy.

## 2. Executive Summary

The OGA is committed to maximising the economic recovery of UK oil and gas and to enabling the achievement of the UK Government's commitment to reach net zero emissions by 2050. The revised OGA Strategy sets out a range of obligations on the oil and gas industry to meet that commitment, including reducing greenhouse gas emissions, supporting carbon capture and storage (CCS) projects and working collaboratively with its supply chain.

Ensuring that decommissioning is carried out in a timely and cost-effective manner not only helps value creation from the UKCS, but also demonstrates industry's commitment to responsibly managing the UK's petroleum legacy.

Circular economy opportunities are emerging, offering the potential to reuse or re-purpose infrastructure that would previously have been destined for decommissioning. However, maritime restoration when a field has ceased production by decommissioning infrastructure is likely to remain the conclusion for most of the UKCS oil and gas infrastructure.

Decommissioning activity is intensifying in the UKCS and expertise and efficiency in doing so are increasing. The UK is well placed to develop world-class capability, with the potential to bring significant domestic benefits as well as export opportunities.

The Decommissioning Strategy supports the OGA Strategy through four complementary areas of focus, driving delivery of the target to reduce decommissioning cost estimates by 35%<sup>2</sup> by 2022<sup>3</sup>:

- **Planning for decommissioning:** Driving cost efficiency through effective late-life stewardship, creating a platform for timely delivery
- **Commercial transformation:** Improving market efficiency, establishing a competitive, sustainable market
- **Supporting energy transition from late life into decommissioning:** Reducing greenhouse gas emissions from decommissioning and capitalising on opportunities to reuse or re-purpose infrastructure
- **Technology, processes and guidance:** The development and deployment of technology, appropriate regulatory processes and clear guidance underpin delivery of the Strategy

These have been updated to reflect the obligations set out in the revised OGA Strategy: building on the tools, processes and experience gained since the original Decommissioning Strategy was published in 2016; reflecting the UK Government's ambitions to strengthen the UK's offshore oil and gas industry<sup>4</sup>; setting out the commercial transformation that is required to make the next step in delivering cost efficient decommissioning; and outlining how energy transition will be integrated into late life and decommissioning.

While this document sets out the focus for the OGA, successful implementation is dependent on support from all stakeholders, including industry, government and regulators working together, being open to new ways of working, sharing knowledge and challenging the norm.

<sup>2</sup> From 2017 base estimate of £59.7bn

<sup>3</sup> Amended to 2022 in 2019

<sup>4</sup> BEIS (2020), Strengthening the UK's offshore oil and gas industry: call for evidence, <https://www.gov.uk/government/consultations/strengthening-the-uks-offshore-oil-and-gas-decommissioning-industry-call-for-evidence>

# 3. Introduction

Owners of offshore oil and gas infrastructure, including wells, must fulfil their obligations to decommission in accordance with statutory requirements and remediate the marine environment consistent with government policy.

The Offshore Petroleum Regulator for Environment and Decommissioning (OPRED) is responsible for regulating decommissioning activity including ensuring that the requirements of the Petroleum Act 1998 are complied with. Government policy for infrastructure is set out in OPRED Guidance Notes<sup>5</sup> which explain that decommissioning must aim to achieve a clear seabed.

Additional specific requirements for wells are outlined in offshore production licences, requiring wells to be decommissioned in accordance with an approved specification<sup>6</sup>.

Society expects infrastructure owners to be custodians of the marine environment and demonstrable progress in liquidating decommissioning liability is therefore critical to the offshore oil and gas industry maintaining its social licence to operate.

There are over 320 fixed installation, 250 subsea systems, 20,000km of pipelines and approximately 7,800 wells in the UKCS<sup>7</sup>. Not all this infrastructure will be decommissioned under the offshore oil and gas regime and some infrastructure will have a life beyond oil and gas. However, decommissioning remains the likely immediate pathway for most of the UKCS infrastructure.

The OGA published its first decommissioning strategy in 2016, highlighting three strategic priorities:

- **Decommissioning Delivery Capability:** Developing an efficient and exportable low-cost and profitable decommissioning delivery capability supported by a competent and efficient supply chain and a selection of business execution models, all designed to appropriately allocate risks, align industry participants and drive down costs
- **Decommissioning scope, guidance and stakeholder engagement:** Working with the Department of Energy and Climate Change (now the Department for Business, Energy and Industrial Strategy) and other relevant parties to identify and evaluate opportunities to further optimise and define parameters for decommissioning scope and improve industry engagement with the regulators

Good progress has been made with data collected through the OGA's UKCS Stewardship Survey enabling the production of an annual decommissioning cost estimate and decommissioning benchmarks, charting a reduction in cost estimates and an improvement in cost certainty.

Establishing a decommissioning expectation that clearly explains what is required of infrastructure owners and how the OGA will engage through a Tier Review process<sup>8</sup> using performance dashboards is supporting knowledge sharing and driving improvements in cost efficient planning.

Decommissioning is costly and will span several decades. It requires careful financial planning from infrastructure owners. However, it presents significant opportunities to create an efficient market, supported by innovation and the development of a world-leading UK based industry, delivering maritime restoration as part of the UK's energy transition to net zero.

<sup>5</sup> OPRED (2018), Guidance Notes: Decommissioning of Offshore Oil and Gas Installations and Pipelines, [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/760560/Decom\\_Guidance\\_Notes\\_November\\_2018.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/760560/Decom_Guidance_Notes_November_2018.pdf)

<sup>6</sup> Clause 19 (5) of The Petroleum Licensing (Production) (Seaward Areas) Regulations 2008 and previous versions

<sup>7</sup> OGA (2019), OGA Overview 2019/20, [https://www.ogauthority.co.uk/media/6032/oga\\_overview\\_2019-2020\\_lr.pdf](https://www.ogauthority.co.uk/media/6032/oga_overview_2019-2020_lr.pdf)

<sup>8</sup> OGA (2017), Stewardship Review Guidance, [stewardship-review.pdf](https://www.ogauthority.co.uk/media/6032/stewardship-review.pdf) (ogauthority.co.uk)

# 4. Strategic Objectives and Priorities

The OGA Strategy sets out a central obligation and supporting obligations, describing the actions and behaviours required to support the delivery of cost-efficient decommissioning and re-purposing or reusing infrastructure including support for CCS and hydrogen supply projects.

The OGA aims to ensure that decommissioning is carried out cost effectively in accordance with regulatory requirements consistent with the OGA Strategy which includes assisting the Government with meeting its net zero target.

Where re-purposing potential is identified, the OGA may initially expect infrastructure owners to plan for re-purposing and decommissioning in parallel. This will ensure that decommissioning can be executed promptly should re-purposing not prove viable.

The OGA will promote good practice and innovation, supporting and requiring the sector to improve performance using its regulatory powers where appropriate to drive the right behaviours and actions.

Delivering the decommissioning aim will focus on four priorities:

- **Planning for decommissioning:** Driving cost efficiency through effective late-life stewardship, creating a platform for timely delivery
- **Commercial transformation:** Improving market efficiency, establishing a competitive and sustainable market
- **Supporting energy transition from late life into decommissioning:** Reducing greenhouse gas emissions from decommissioning and capitalising on opportunities to reuse or re-purpose infrastructure
- **Technology, processes and guidance:** The development and deployment of technology, appropriate regulatory processes and clear guidance underpin delivery of the Strategy

#### 4.1 Planning for decommissioning: A clear strategy and plan that delivers cost efficient decommissioning

Asset stewardship has proved an effective contributor to improving cost efficiency with many infrastructure owners planning for decommissioning in advance of cessation of production, using benchmarks, robust cost estimates and learning from others. Continued effective late-life decommission-focused stewardship leading to a clear and detailed plan for delivering decommissioning underpins this Decommissioning Strategy.

The OGA's Stewardship Expectations are a key element of the stewardship process describing how licensees, infrastructure owners and others may meet the obligations set out in the OGA Strategy. Stewardship Expectation 10<sup>9</sup> sets out the OGA's expectations in relation to Cost Effective Decommissioning requiring a robust approach to minimising decommissioning costs and establishing the "Glidepath for success".

Figure 1: Decommissioning Strategy 2021

Objective: Ensure that decommissioning is carried out cost effectively, in accordance with regulatory requirements, consistent with the OGA Strategy						
MER UK				Net Zero		
Strategic Priorities	Planning for Decommissioning	Commercial Transformation			Support Energy Transition	
	Late-life planning focussed on cost efficient delivery	Collaborative culture	Data transparency	Decommissioning at scale	Minimise greenhouse gas emissions	Re-purposing and reuse of infrastructure
	<b>Technology, Processes and Guidance</b> Development and deployment of technology cross regulator alignment; Clear guidance and expectations					
Strategic Themes	<ul style="list-style-type: none"> <li>Effective stewardship through late life into decommissioning</li> <li>Right assets right hands</li> <li>Promote learning, sharing of knowledge and continuous improvement</li> </ul>	<ul style="list-style-type: none"> <li>A client contractor relationship built on collaborative principles</li> <li>A supply chain empowered to deliver attractive value propositions</li> <li>Procurement and contracting models</li> <li>Improve visibility on cost data (KPIs, benchmarking)</li> <li>Improved visibility of the decommissioning pipeline</li> <li>Improved data on assets</li> <li>Asset information to support decommissioning</li> <li>Decommissioning at scale:               <ul style="list-style-type: none"> <li>Scope aggregation</li> <li>Area based approaches</li> <li>Campaigns</li> </ul> </li> </ul>			<ul style="list-style-type: none"> <li>Improve transparency on the greenhouse gas impact of decommissioning</li> <li>Develop decommissioning emissions KPI</li> <li>Develop emission minimisation options</li> <li>Effective late-life stewardship to identify late-life pathway (reuse/ re-purpose or decommissioning)</li> <li>Identify opportunities for reuse and re-purposing of redundant offshore infrastructure</li> </ul>	

\*From 2017 base

While the Glidepath is helping infrastructure owners to focus on decommissioning during the late-life operating phase, not every decommissioning project has benefitted from early planning and opportunities to minimise cost are being lost. More effort is required to ensure that planning happens in a timely manner and this will be a key area of focus in the delivery of this Strategy.

This will include engaging with infrastructure owners to ensure they have a clear decommissioning strategy three to six years in advance of production ending.

While it may be commercially sensible for some infrastructure owners to invest in developing an in-house, late-life decommissioning team this may not be the most cost-efficient option for all. New business models have emerged offering late-life propositions that seek to harness expertise with solutions built on scalable capability.

Infrastructure owners must determine whether they have the skills, capacity and capability to deliver decommissioning in-house, or consider alternative options, including adopting a new business model with the supply chain or seeking opportunities to transfer to an operator with the requisite expertise as a more appropriate way forward. The OGA expects a licensee's decommissioning strategy to explain the rationale for any model that is proposed.

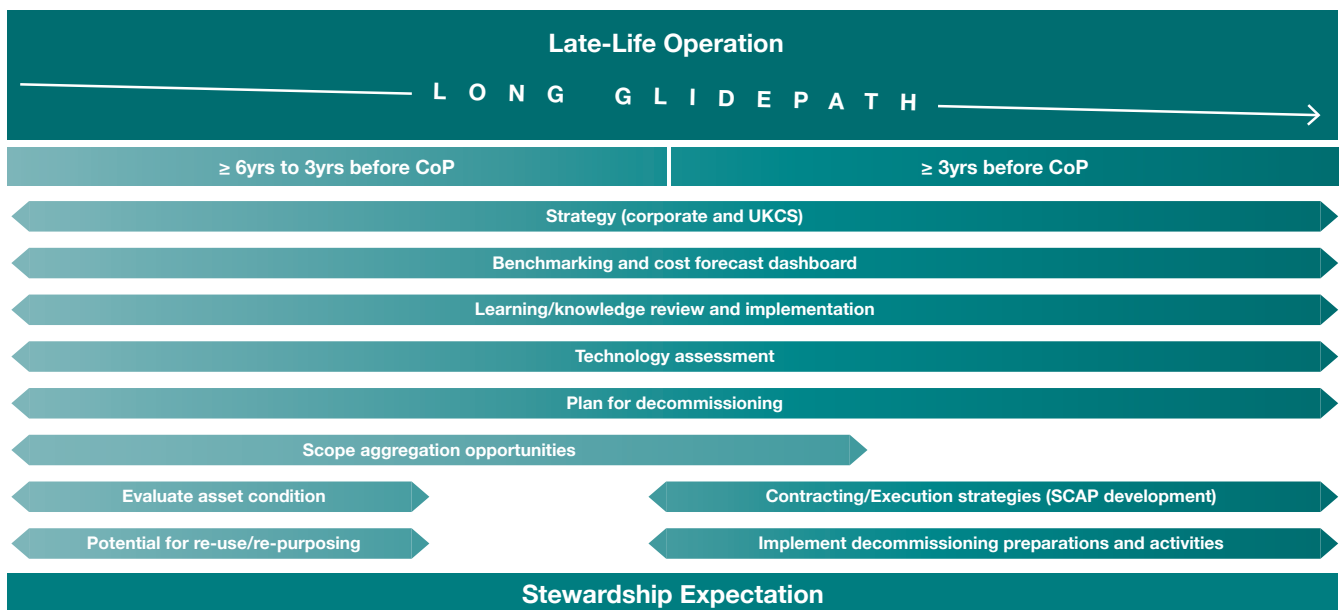
Planning for decommissioning during the late-life stage will ensure that infrastructure owners have flexibility to respond to early cessation of production should the need arise and be well placed to execute cost-efficient decommissioning.

The timing and delivery of well decommissioning is a key criteria in this process, as the status of inactive wells not only makes a significant contribution to post cessation of production running costs, but there are also regulatory requirements in relation to decommissioning suspended inactive wells that will impact on the timing of decommissioning. Ordinarily the OGA will not grant a well suspension consent for more than two years<sup>10</sup>. This must be factored into decommissioning plans.

Stakeholders recognise that decommissioning presents the right conditions for industry to share knowledge and learn from each other accepting that knowledge sharing not only supports better decision-making, it also stimulates innovation and growth and avoids redundant effort.

A culture of learning and sharing information is maturing and there is good evidence of industry engagement. Stakeholders express an appetite for more to be done and this will remain a key priority.

**Figure 2: Glidepath for Success**



<sup>10</sup> OGA (2018), Guidance for applications for the suspension of inactive wells, <https://www.ogaauthority.co.uk/media/5108/oga-suspended-wells-guidance.pdf>



While the UK is at the forefront of offshore oil and gas decommissioning there are opportunities to learn from and share knowledge with other sectors and the OGA will continue to promote knowledge sharing and continuous improvement.

There are also opportunities to learn from other countries within and beyond the North Sea, and the OGA will continue to build productive relationships to support delivery of decommissioning objectives.

### Planning for decommissioning: OGA Priority Actions 2021–2024

- Structured engagement with infrastructure owners to ensure that decommissioning plans are being progressed, using Stewardship Expectation 10 to review plans and execution and contracting strategies

- Promote learning, sharing of knowledge and continuous improvement, capturing and promoting learnings from infrastructure owners and the supply chain, working in collaboration with industry groups including Oil and Gas UK (OGUK), East of England Energy Group (EEEGR) and Decom North Sea (DNS) to maximise learning

## 4.2 Commercial transformation: Improving market efficiency, establishing a competitive and sustainable market

Decommissioning of offshore oil and gas infrastructure is a regulatory requirement that will see between £40-66bn of investment in the UK over the next 40 years. This should provide the scale and certainty required to establish an efficient market where decommissioning is delivered by a sustainable and competitive supply chain.

However, the market is fragmented. Infrastructure owners range in scale and size with differing business drivers impacting on their approach, planning and delivery of decommissioning. In addition, commodity market fluctuations and competing priorities can impact on the timing of decommissioning. This creates instability and has inhibited the development of the cost-efficient market that the UK needs to meet domestic requirements as well as achieve UK export ambitions.

While some of the challenges impacting on the decommissioning market are difficult to control, other imperfections can be addressed by decommissioning stakeholders.

Efficiency improvements require commercial transformation, founded upon a collaborative culture, where appropriate data and information is available at the right time to support decision making, and the supply chain has a meaningful role in developing decommissioning solutions.

### 4.2.1 Collaborative culture

Decommissioning presents an opportunity for the offshore oil and gas industry to coalesce behind a common objective, with collaborative contracting approaches offering the potential to drive out inefficient practices to achieve successful decommissioning to the benefit of all parties.

Many offshore infrastructure owners continue to approach decommissioning as they would any other capital project, resourcing, funding and contracting accordingly. While the supply chain has the specialist skills, knowledge and equipment to execute the work the traditional approach limits their opportunity to influence decisions. Less prescription with earlier and more meaningful engagement, built on a collaborative culture has the potential to lead to better outcomes.

Collaboration requires effort. Senior management support is vital to set the right vision and embed the values and behaviours in both the licensee and supply chain sectors. New or unfamiliar procurement and contracting models will present challenges that will be overcome only if organisations empower collaboration, allocating enough resource and support throughout each organisation to take a different approach.

### 4.2.2 Data transparency

Good decision making is founded upon good information. Infrastructure owners not only need accurate information on decommissioning costs to assess the economics of a field, but also to develop detailed decommissioning strategies and plans. Data capture, analysis and benchmarking tools are effectively supporting the delivery of cost-efficient decommissioning with robust cost estimates providing a strong foundation for planning and delivery.

However, the supply chain also needs access to information to enable it to develop appropriate commercial responses to deliver cost efficient decommissioning. Data gathered through the UKCS Stewardship Survey and reported in the OGA's annual UKCS Decommissioning Cost Estimate Report supports such decision making. In addition, the OGA published the first UKCS Decommissioning Benchmark Report in 2020 providing comparison data, benchmarking a wide range of UKCS decommissioning activities.

The OGA is committed to continuing to transform access to petroleum-related data aiming to provide digital services that work for everyone, including infrastructure owners and the supply chain, to support maximising economic recovery and the drive to net zero<sup>11</sup>. The OGA's Digital Energy Platform is a key piece of UK digital infrastructure and the OGA is committed to its continual enhancement to best suit the needs of the widening user-base.

Increased data transparency will drive efficiencies and action will be taken to respond to stakeholder demands for more and improved access data, including improved visibility on current and future opportunities.

### 4.2.3 Decommissioning at scale

Aligning activities to enable decommissioning at scale is a key enabler in smoothing the profile of decommissioning activity, providing the supply chain with the longer-term certainty needed to create a sustainable, competitive market.

Data provided by infrastructure owners through the UKCS Stewardship Survey shows that there are significant opportunities to co-ordinate decommissioning activity between and across infrastructure owners, geographically and in the supply chain.

Scope aggregation within an infrastructure owner or supply chain portfolio or across the portfolio of different infrastructure owners or supply chain companies is already happening, but it is complex. Infrastructure owners and the supply chain can find it challenging to initiate opportunities as they may have limited information on planned activity. With the support of infrastructure owners, the OGA will help address this barrier through improved data transparency, and the facilitation of engagement to enable the development of scope aggregation opportunities.

Geography can also offer opportunities to align decommissioning activity, as shown by the East of Shetland Area Plan<sup>12</sup> and further work will be done to explore opportunities based on the location of infrastructure.

The benefits of campaigning similar operations also provide the opportunity to enhance efficiency, with the wells community pioneering the campaign approach.

Figure 3 shows the progress made over the four-year period 2017–2020 in achieving the cost reduction target across the four main cost categories. While progress is evident in all categories well decommissioning stands out as an activity where concerted effort is required to realise its potential.

Well decommissioning not only offers the greatest potential for cost reduction in percentage terms, but it also offers the greatest potential in value terms. Additionally, stakeholders generally agree that it is an activity that is conducive to successful campaigns.

As such, the OGA is taking steps to promote the campaign approach to well decommissioning<sup>13</sup>, engaging with infrastructure owners to establish and secure the development and delivery of clear decommissioning plans, with an expectation that the campaign approach will become standard practice.

The principle of decommissioning at scale through a collaborative approach to maximise efficiency must underpin decommissioning planning, and infrastructure owners and the supply chain should continue to explore opportunities across the decommissioning spectrum.

<sup>11</sup> OGA (2019), Digital Strategy, <https://www.ogauthority.co.uk/media/6270/oga-digital-strategy.pdf>





<sup>12</sup> Licensees in the East of Shetland are taking a collaborative approach to area decommissioning

<sup>13</sup> OGA (2019), Wells Strategy, <https://www.ogauthority.co.uk/media/5947/oga-wells-strategy-2019.pdf>

### Commercial Transformation: OGA Priority Actions 2021–2024

<ul style="list-style-type: none"> <li>• Support infrastructure owners to meet Supply Chain Action Plan requirements to ensure their contracting strategy delivers best value</li> </ul>	<ul style="list-style-type: none"> <li>• Explore opportunities to enhance the OGA's Digital Energy Platform to support decommissioning decision-making and planning</li> </ul>
<ul style="list-style-type: none"> <li>• Improve the disclosure and publication of UKCS data, working with stakeholders including the Decommissioning and Repurposing Task Force to increase the transparency of information to support the planning and delivery of decommissioning</li> </ul>	<ul style="list-style-type: none"> <li>• Enhance the Oil and Gas Pathfinder to improve information on decommissioning projects</li> </ul>
<ul style="list-style-type: none"> <li>• Gather and analyse data to produce benchmarks that support ongoing performance improvements, working with stakeholders including the Decommissioning and Repurposing Task Force to develop mechanisms to share Key Performance Indicators and improve benchmarking</li> </ul>	<ul style="list-style-type: none"> <li>• Work with infrastructure owners and the supply chain in accordance with obligations set out in the OGA Strategy, to aggregate work scopes, develop campaigns and area-based approaches to delivering decommissioning using the full suite of regulatory powers to facilitate new working models to improve performance on all fronts (cost, time and emissions)</li> </ul>

Figure 3: Cost reduction KPIs

		2017 baseline: £59.7bn		Target: 35% reduction to £39bn by 2022		
Cost Category		2017 Baseline		Reduction Target		Progress to 2020
 Well P&A	46%	£27bn	35-65%	£9-18bn	17%	
 Removals	26%	£15bn	15-30%	£2-5bn	21%	
 Subsea Infrastructure	10%	£6bn	30-50%	£2-3bn	29%	
 Post CoP Running Costs	7%	£4bn	20-40%	£1-2bn	12%	

### 4.3 Supporting energy transition from late life into decommissioning

#### 4.3.1 Reduce greenhouse gas emissions

Stewardship Expectation 11<sup>14</sup> sets out the OGA expectation that industry reduces, as far as reasonably possible in the circumstances, greenhouse gas emissions, including from the abandonment and decommissioning of fields.

#### 4.3.2 Repurposing and reuse of infrastructure

Traditionally, decommissioning has been considered the only path to follow when production ends, but this is changing, and in some cases re-purposing options are available which are supportive of either the transition to a net zero energy system, or reuse for other hydrocarbon-related purposes. With improved understanding of such opportunities, infrastructure owners will be able to make informed decisions on whether their late-life pathway has a decommissioning destination or a reuse/re-purpose end point.

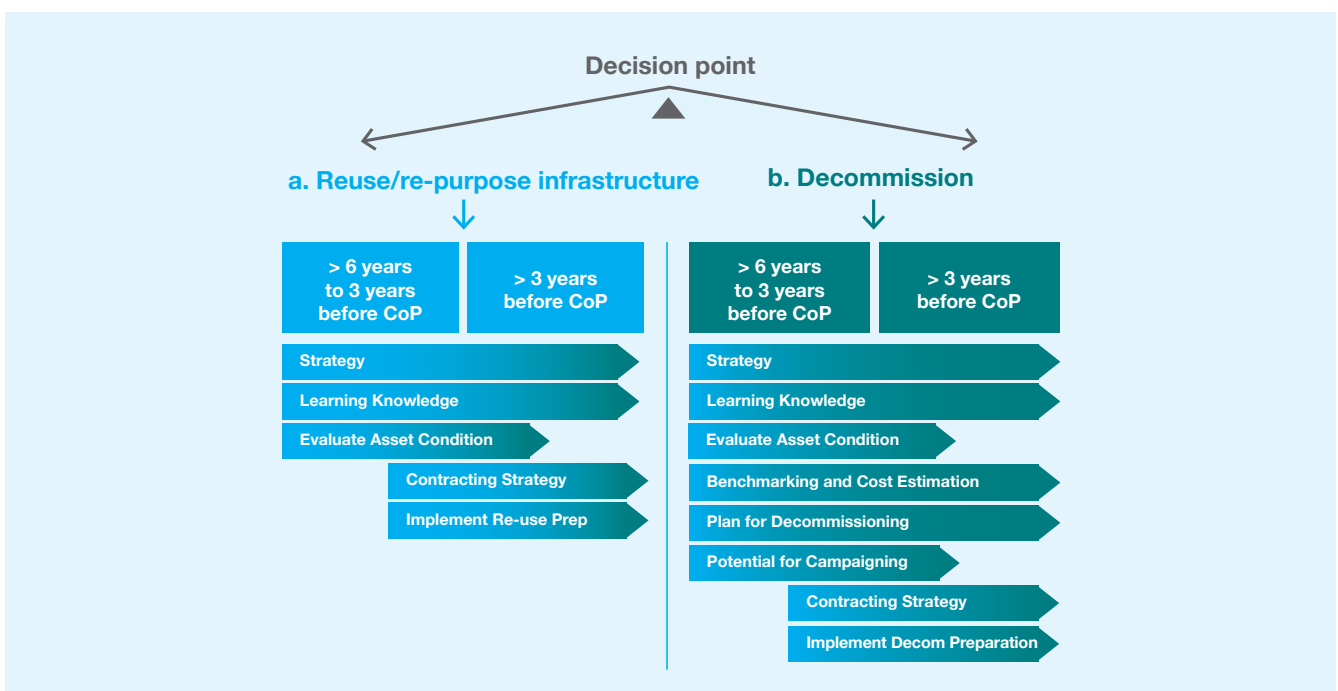
Managing assets and reservoirs during the late-life stage of production means considering the stages which come later, after hydrocarbon production ceases. Some mature infrastructure that would have been removed may now have utility beyond their current function, and even reservoirs may be repurposed. The OGA’s UKCS Energy Integration final report<sup>15</sup> outlines a range of alternative concepts, many of which could utilise offshore oil and gas infrastructure.

The extent of reuse or re-purposing opportunities is evolving and the OGA will work with stakeholders to identify opportunities for increased re-use and repurposing of redundant offshore infrastructure and reservoirs.

#### Supporting Energy Transition: OGA Priority Actions 2021–2024

- Identify opportunities for increased re-use and repurposing of redundant offshore infrastructure and reservoirs
- Develop and deliver a Net Zero Stewardship Expectation that supports the reduction of greenhouse gas emissions from decommissioning activities

Figure 4: Integrating reuse and re-purposing into late-life planning



<sup>14</sup> OGA (2021), SE 11: Net Zero

<sup>15</sup> OGA (2020), UKCS Energy Integration – Final Report, [https://www.ogauthority.co.uk/media/6625/ukcs\\_energy\\_integration\\_phase-ii\\_report\\_website-version-final.pdf](https://www.ogauthority.co.uk/media/6625/ukcs_energy_integration_phase-ii_report_website-version-final.pdf)

## 4.4 Technology, Processes and Guidance

### 4.4.1 Development and deployment of technology

Innovation in decommissioning through continued investment in research, development and deployment of technology will maintain and enhance supply chain capability. The Oil and Gas Technology Centre (OGTC) and National Decommissioning Centre (NDC) are leading the way, working with industry to create a competitive supply chain. Investment in new technology not only supports ambitions to deliver cost-efficient decommissioning, but it is also required to reduce the emissions associated with decommissioning.

While there is a positive track record of investment in research and development, commercialisation remains challenging. Decommissioning is costly and infrastructure owners rightly approach it with caution. This can be a barrier in piloting and deploying innovation, and opportunities can be lost. The OGA will continue to promote investment in innovation to deliver energy-efficient and cost-efficient decommissioning, working with stakeholders to address the barriers that inhibit deployment, in accordance with the priorities set out in the Technology Strategy<sup>16</sup>.

### 4.4.2 Processes and guidance

New approaches to delivering decommissioning such as campaigning or flexible contract schedules may impact on existing regulatory processes, and the OGA will engage with other regulators, including the DecomRegHub<sup>17</sup> to ensure the regulatory process supports the delivery of efficient decommissioning.

The OGA will provide guidance and Stewardship Expectations, including on requirements for well decommissioning, keeping existing guidance under review and consulting with stakeholders as appropriate. The OGA will also work with stakeholders to review requirements for guidance on repurposing of infrastructure.

## Technology Process and Guidance: OGA Priority Actions 2021–2024

- Continue to work with infrastructure owners and stakeholders, including OGTC and NDC to:
  - promote investment into technologies that will deliver cost and energy efficient decommissioning; and
  - support the deployment of new technologies, identifying and addressing barriers

- Work with infrastructure owners, the supply chain and other regulators, including the DecomRegHub to ensure the regulatory process supports the delivery of efficient decommissioning

- Work with stakeholders, including the North Sea Transition Forums, to ensure guidance and expectations are fit for purpose

## 4.5 Continuous Improvement

Decommissioning expertise is growing – understanding improves and knowledge deepens each year. As an evolving industry, the OGA will seek continuous improvement in the processes that underpin the delivery of this Strategy.

<sup>16</sup> OGA (2016), Technology Strategy, [https://www.ogauthority.co.uk/media/2563/technology\\_strategy\\_final-2016.pdf](https://www.ogauthority.co.uk/media/2563/technology_strategy_final-2016.pdf)

<sup>17</sup> DecomRegHub is a partnership of regulatory agencies with a shared interest in oil and gas decommissioning

# 5. Measuring Performance: Achieving the 35% cost reduction target

While cost alone does not drive decommissioning, it remains a critical consideration and infrastructure owners must keep the cost of carrying out decommissioning to a minimum.

In 2017, the OGA set a target to reduce decommissioning cost estimates by 35%<sup>18</sup> by 2022<sup>19</sup>.

Setting an ambitious target has provided a clear focus for infrastructure owners and the supply chain and performance in achieving cost minimisation requirements will continue to be tracked against the 35% cost reduction target. Progress will be reported annually in the UKCS Decommissioning Cost Estimate Report.

As there have been changes to the inventory of offshore oil and gas infrastructure since 2017, with new infrastructure being installed and other infrastructure being decommissioned, progress is reported on a:

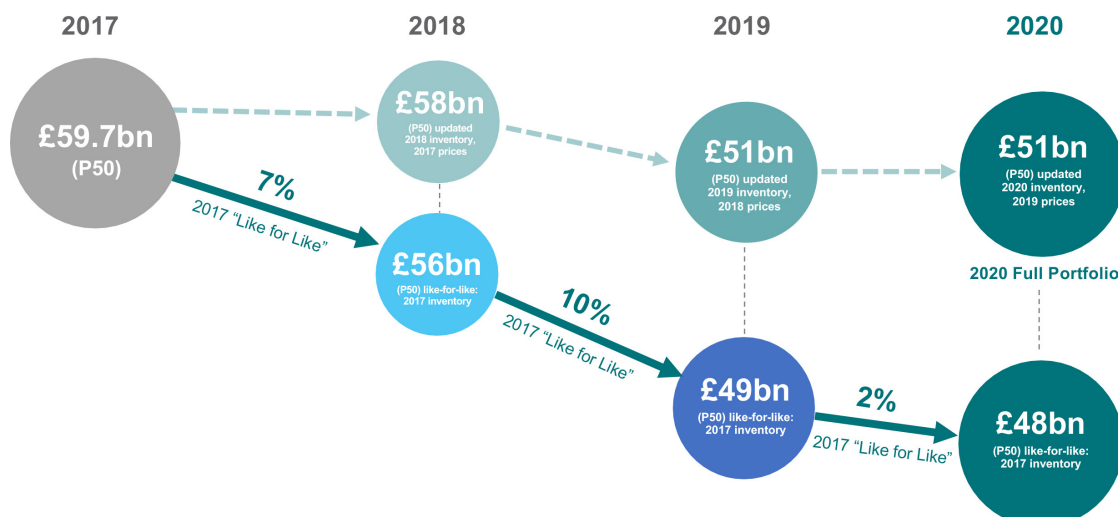
- “like for like” basis measured against the original 2017 baseline; and
- “full-portfolio” basis showing the latest view of the remaining inventory from the beginning of each report year.

The UKCS Decommissioning Cost Estimate 2020<sup>20</sup> indicates steady improvement has been made over the four-year period 2017–2020 with infrastructure owner cost estimates 19% lower than the 2017 baseline figure<sup>21</sup>.

However, decommissioning remains a significant liability for infrastructure owners with the total cost of decommissioning the remaining UK offshore oil and gas production, transportation and processing infrastructure being £51bn.

**Figure 5: Cost estimate 2017–20**

19% reduction in cost estimate



<sup>18</sup> From 2017 base estimate of £59.7bn

<sup>19</sup> Amended to 2022 in 2019

<sup>20</sup> OGA (2020), Decommissioning Cost Estimate Report 2020, <https://www.ogauthority.co.uk/media/6638/ukcs-decommissioning-cost-estimate-2020.pdf>

<sup>21</sup> On a like-for-like basis, to £48bn<sup>2</sup> compared with the 2017 baseline estimate of £59.7bn

# 6. Implementing the Strategy

The OGA will deliver the Decommissioning Strategy in collaboration with industry and other regulators.

The OGA's **stewardship process** is central to meeting the strategic objective and priorities set out in this Strategy. It provides a focal point to review performance on decommissioning costs and a forum to consider individual infrastructure owner's strategies and plans for delivering decommissioning.

The **Decommissioning and Repurposing Taskforce, Supply Chain and Exports Taskforce** and **Wells Task Force** will provide ongoing strategic direction oversight and support, driving alignment, accountability, action and delivery on priorities.

Project and initiatives will be developed and delivered in collaboration with industry and its membership bodies, setting detailed milestones and delivering focussed results.

## 6.1 Links with other OGA and North Sea Transition Task Force Strategies

The success of this Decommissioning Strategy is dependent on several OGA sector strategies and initiatives, as well as the Supply Chain and Exports Task Force Strategy. The primary interfaces are noted below:

1. The OGA Strategy sets out a legally binding obligation on licensees, infrastructure owners and others to take the steps necessary to secure the maximum value of economically recoverable hydrocarbons as cleanly and efficiently as possible, in a way that is consistent with net zero ambitions.
2. **Asset Stewardship Strategy:** the OGA's Stewardship Expectations combined with the annual receipt of activity survey data from all UKCS operators provides the basis for the OGA's ability to review and interrogate decommissioning cost data across the UKCS.
3. **Technology Strategy:** the OGA's Technology Strategy provides an overall framework for the development and deployment of technology in support of the OGA's priorities.
4. **Wells Strategy:** the OGA's Wells Strategy sets out ambitions to decrease the cost of well decommissioning in line with industry targets while protecting reservoirs for future use.
5. **Digital Strategy:** the OGA's Digital Strategy provides a framework for a new approach, which will enable the OGA and industry to improve information quality, coherence, consistency, transparency and help to unlock significant UKCS potential across the whole oil and gas lifecycle.
6. **Supply Chain and Exports Strategy:** The North Sea Transition Task Force responsible for Supply Chain and Exports has prioritised three areas of activity: delivering MER UK, building an integrated energy supply chain, and increasing exports.



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