Decommissioning
The Opportunity and the Threats

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Late Life Asset Decommissioning Liability

- A critical component when valuing late life assets

Why?

- Is a high portion of the value equation
- Cost estimate may have significant uncertainty
- The spend is not far away

Decommissioning Cost Drivers

- Days required

  Key Factors:

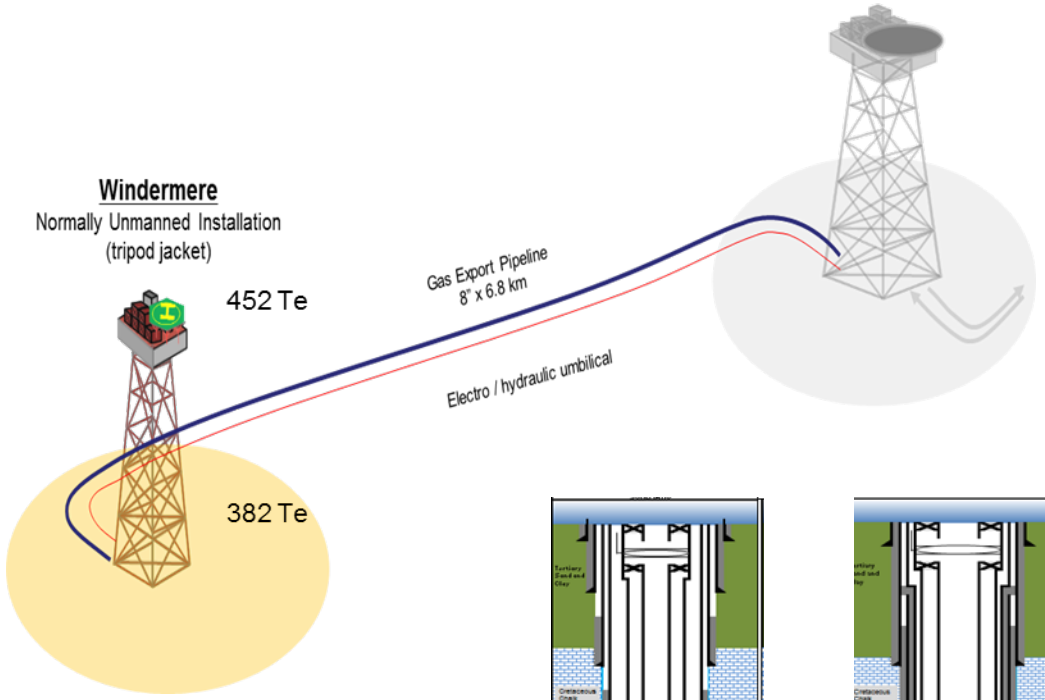
  - Regulation, Asset condition, Methodology, Schedule.

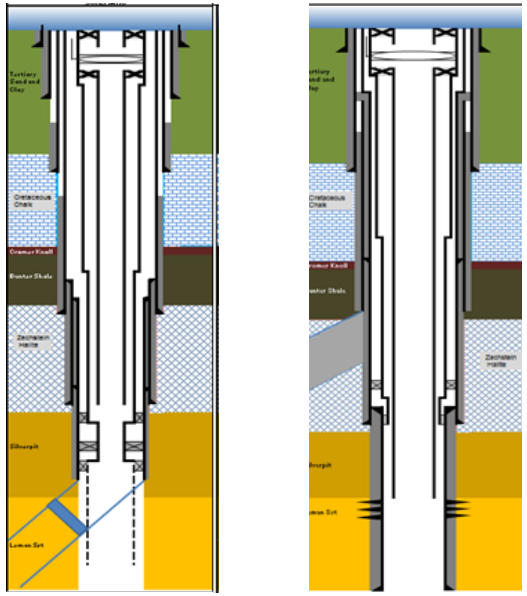
- Cost per day

  Key Factors:

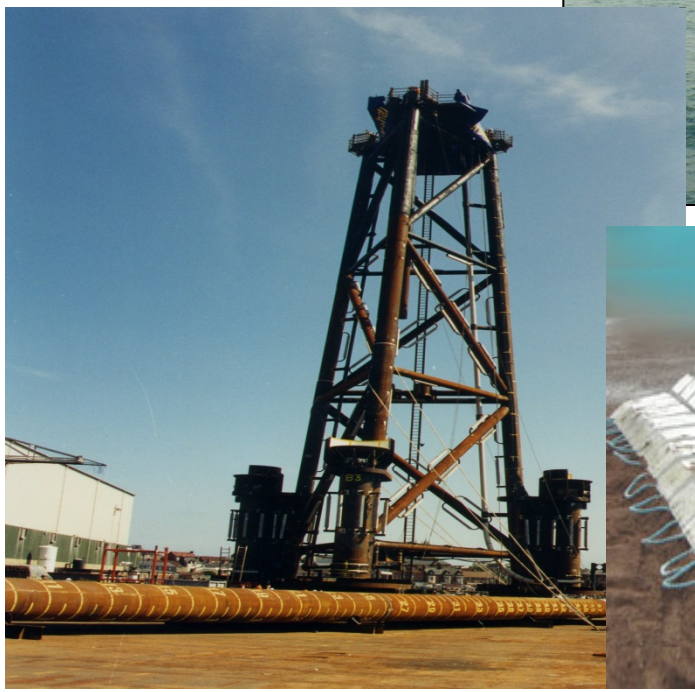
  - Supply chain capacity and experience.

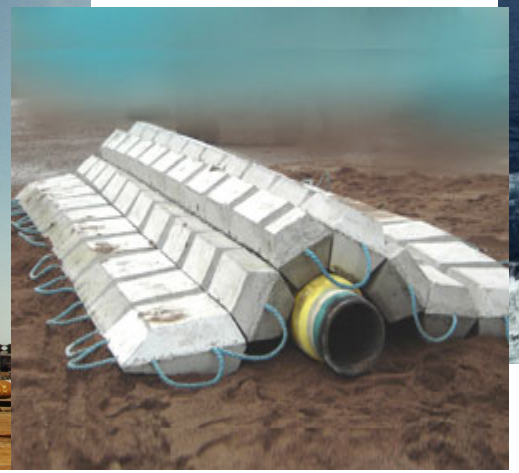
INEOS Asset Overview





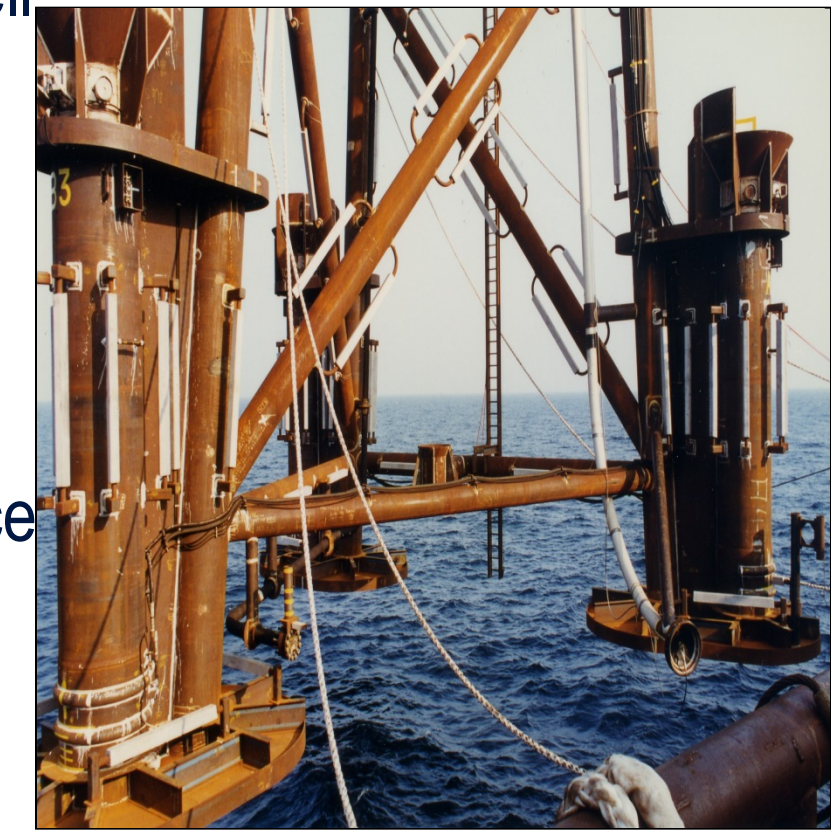
Understand the Build to Understand the Decom





Key Cost Over Run Threats

- Poor or unknown asset and well condition
  - “As built” is not the same as “As is”
- Limited supply chain capacity
  - Price fluctuations, delayed execution
- Limited supply chain experience
  - Time/Cost overrun
- Weather delays
  - Cost Overrun



Threat Mitigations

- Challenge the UKCS decommissioning conventions
  - UK has goal setting regulation regime presents opportunities
- Eliminate schedule pressure
  - Conduct work in low cycle, weather sensitive ops in Q2/Q3
- Maximise efficiencies through multi asset bundling
  - 30-50% reduction in P and A time costs in SNS
  - Volume discount on services
- Protect from the supply chain up cycle
  - Buy your own kit