

COMPLYING WITH YOUR DECOMMISSIONING OBLIGATIONS



NOPSEMA

Australia's offshore
energy regulator

nopsema.gov.au

ABOUT NOPSEMA

The National Offshore Petroleum Safety and Environmental Management Authority (NOPSEMA) is Australia's independent expert regulator for health and safety, environmental management and structural and well integrity for offshore petroleum facilities and greenhouse gas storage activities in Commonwealth waters.

By law, offshore petroleum activities cannot commence before NOPSEMA has assessed and accepted detailed risk management plans that document and demonstrate how an organisation will manage the risks to health and safety to as low as reasonably practicable (ALARP) and the risk to the environment to ALARP and with acceptable environmental impacts. For more information, visit our website at nopsema.gov.au.

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FEEDBACK

NOPSEMA welcomes feedback from our stakeholders. Please direct all enquiries about this publication to communications@nopsema.gov.au.

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While the decommissioning of offshore oil and gas facilities has been a legal obligation in Australia since the late 1960s, only a handful of facilities have been decommissioned in that time.

Now, more than half of the facilities regulated by NOPSEMA are more than 20 years old, some more than 50 years, and at least 13 have ceased production and remain on location. Many of these facilities will need to be decommissioned over the next five to ten years.

In 2019, the Minister for Resources and Northern Australia highlighted in his Statement of Expectations the need for heightened oversight of duty holder compliance with their decommissioning obligations. In response, NOPSEMA has increased compliance monitoring and enforcement activities to ensure duty holders are appropriately planning for and implementing decommissioning.

In 2020, NOPSEMA published a Section 572 Maintenance and removal of property policy to outline decommissioning requirements and NOPSEMA's expectations. In 2021, NOPSEMA published a five-year decommissioning strategy and compliance plan. The decommissioning strategy sets out how NOPSEMA will work with duty holders to ensure the timely and responsible planning and implementation of decommissioning. The compliance plan identifies the compliance actions duty holders can expect NOPSEMA to consider depending on a number of factors including the length of time facilities have been in a non-productive state and the level of planning and preparation duty holders have undertaken in respect of decommissioning.

The types of compliance actions NOPSEMA may take include issuing directions and requiring revisions to

accepted permissioning documents.

NOPSEMA has already issued general directions for a number of non-producing facilities. The directions clearly set out NOPSEMA's expectations for decommissioning, including mandating time frames for plugging and abandoning of wells, removing all property and equipment, protecting natural resources, and making good any damage to the seabed. The directions also require all property and equipment to be maintained in good condition and repair to ensure it can be safely removed or, until such time as NOPSEMA approves an alternative solution such as repurposing.

NOPSEMA recognises the increasing pressure placed on duty holders to reduce costs as production declines, however, it is a legal requirement that duty holders continue to maintain all property and equipment so that it remains in good condition and repair.

“ NOPSEMA will work with duty holders to ensure the timely and responsible planning and implementation of decommissioning ”

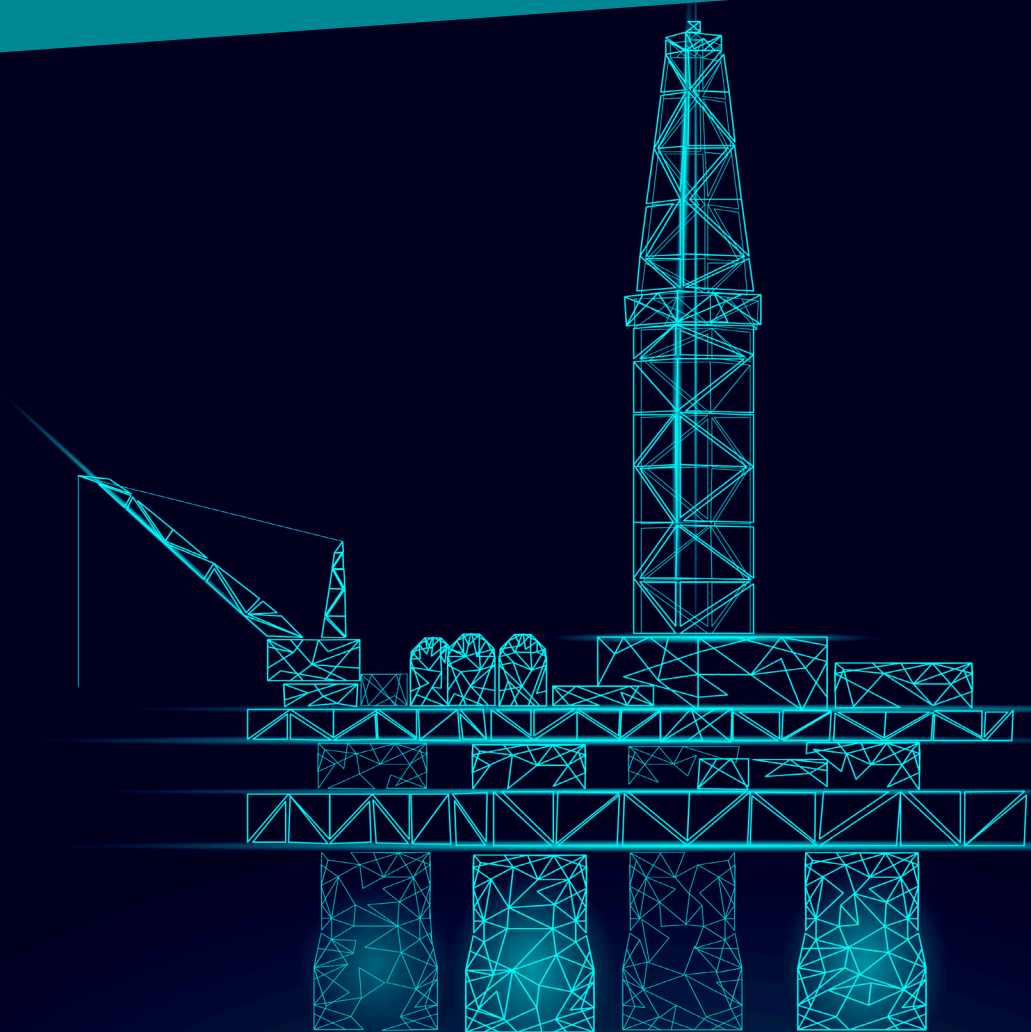
It is unacceptable to NOPSEMA for duty holders to allow property and equipment to degrade to a point where it becomes an occupational health and safety risk, and/or full removal becomes too dangerous to undertake. This includes property

and equipment at the facility that is no longer being used to support operations.

In accordance with the compliance plan, NOPSEMA has taken a tiered approach to prioritising regulatory activities. Moving forward, NOPSEMA will discuss the implementation of the plan with affected duty holders and, where compliance is not clearly demonstrated, seek further information on how they are complying with their decommissioning obligations.

NOPSEMA acknowledges that each case will be unique with a range of circumstances and considerations that will be taken into account before any compliance action is taken

By taking appropriate and proportionate compliance action, NOPSEMA seeks to provide greater clarity to duty holders regarding their decommissioning obligations and our own expectations. NOPSEMA's expectation is that decommissioning plans will be in place for all facilities and wells where equipment or property is not in use by 2023.



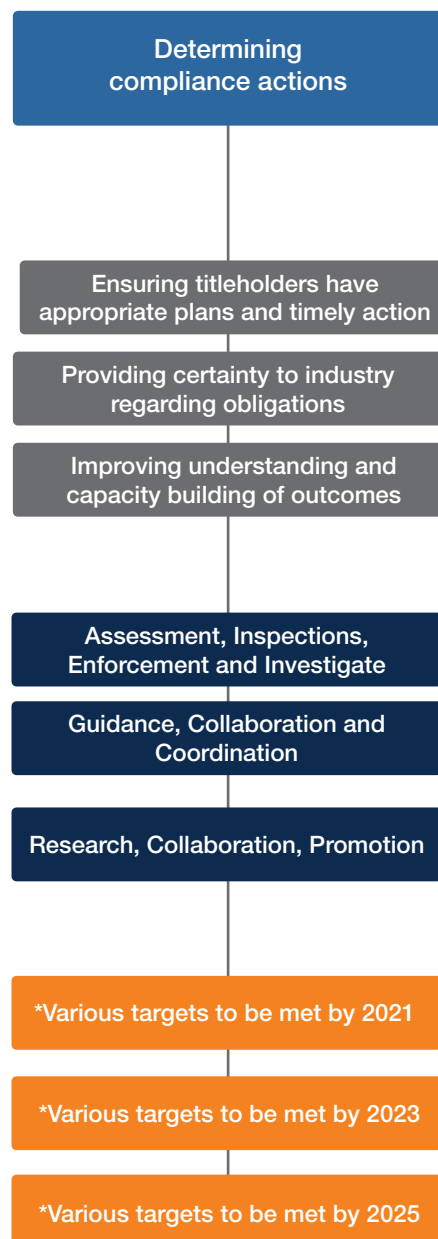
Decommissioning Compliance Plan

What is the level of regulatory intervention I may expect?	What are the triggers that will result in this type of compliance action?
1. Higher level of regulatory oversight	<ul style="list-style-type: none"> • Field is in a permanent state of non-production • No permissioning document in place to conduct necessary decommissioning activities • Suspended wells or infrastructure posing integrity risk • No/limited progress in executing field decommissioning to approved end-state • Evidence of integrity issues that are likely to limit decommissioning options • Asset sale being progressed
2. Moderate level of regulatory oversight	<ul style="list-style-type: none"> • Approaching end of field life (EOFL) within 5 years • No permissioning document in place to conduct decommissioning activities • Some property is in non-production/wet parked with low integrity risk • Suspended wells with low integrity risk • Wellheads remaining in-situ with no accepted permissioning document • Integrity may become an issue in near term and limit future decommissioning options • Limited progress in executing field decommissioning to approved end-state • Potential asset sale being explored
3. Lower level of regulatory oversight	<ul style="list-style-type: none"> • Operational with end of field life in 5-10 years • Integrity may become an issue in longer term and may limit future decommissioning options • Permissioning document provides some detail on decommissioning activities
4. Routine regulatory compliance monitoring	<ul style="list-style-type: none"> • Operational with end of field life in >10 years • No integrity issues • Permissioning document demonstrates compliance with requirements and describes decommissioning planning and execution activities

¹The triggers are not a definitive list, nor does an activity need to meet all criteria to be afforded a ranking

	What type of compliance actions may be applied?
	<ul style="list-style-type: none"> • Compliance actions such as statutory General and Remedial Directions or formal requests for revisions to permissioning documents • Commencement of investigation
	<ul style="list-style-type: none"> • Compliance actions such as formal request to revisions of permissioning documents or seeking advice on compliance with decommissioning obligations from titleholders • Verification of compliance through targeted compliance monitoring or assessment of permissioning documents
	<ul style="list-style-type: none"> • Regular promote and advise opportunities • Verification of compliance through routine compliance monitoring or assessments of permissioning documents
	<ul style="list-style-type: none"> • Some promote and advise opportunities • Verification of compliance through routine compliance monitoring or assessments of permissioning documents

Decommissioning Compliance Strategy



**For further information on all targets and the entire strategy, refer to the Decommissioning Compliance Strategy found at nopsema.gov.au*

FREQUENTLY ASKED QUESTIONS

1. What is the decommissioning strategy?

The strategy sets the direction for how NOPSEMA will work with stakeholders to ensure timely, safe and environmentally responsible decommissioning of property (wells, facilities, pipelines, structures) and equipment when they are no longer in use. The strategy identifies a range of actions including collaborating with industry and researchers, providing guidance on expectations and taking compliance action to hold industry to account.

2. What is the decommissioning compliance plan?

The compliance plan provides duty holders with greater transparency on the types of compliance actions that will be taken to achieve the objectives of the decommissioning strategy, particularly in instances where duty holders are found to be non-compliant with decommissioning obligations.

3. Why is NOPSEMA issuing directions?

A direction provides clear expectations for decommissioning timeframes and outcomes and the maintenance and removal of property and equipment. Directions set out specific activities and timeframes and are legally enforceable. Where a duty holder

fails to comply with a direction, NOPSEMA will consider options including pursuing prosecution and/or, where provided for, carrying out activities required by the directions and recovering the cost of those activities directly from the duty holder.

NOPSEMA will be consistent across the industry when issuing a direction where it identifies non-compliance or otherwise determines a direction is needed to ensure appropriate decommissioning outcomes. NOPSEMA will consider each case on its own merits and discuss specific circumstances with each affected duty holder prior to taking any action.

4. When would NOPSEMA expect to see decommissioning plans in place?

Decommissioning will impact virtually all stages of the petroleum lifecycle. Accordingly, it should be considered and planned for at all stages of a project's life. This includes considering decommissioning at the earliest stages of project development as part of concept selection and design. NOPSEMA will be driving industry to submit permissioning documents that provide for decommissioning at all stages of a project with detailed plans submitted prior to fields ceasing production.



5. What alternative options are there to removing all property and equipment in full?

Alternative arrangement to full removal of all property and equipment will only be considered by NOPSEMA where the duty holder can demonstrate that equal or better environmental, safety and well integrity outcomes will be achieved.

6. How much time do we have from when production ceases to when it is expected that decommissioning is complete?

There is no one-size fits all approach for decommissioning. The nature and makeup of the infrastructure varies considerably between fields and depends on factors such as field size, field type, water depth and distance from other infrastructure. Best practice indicates that all wells are plugged and abandoned within 3 years, and all facilities and pipelines are decommissioned, including remediation of the marine environment and making

good any damage to the seabed, within 5 years of permanently ceasing production. Buoyant infrastructure should be removed within 12 months of the FPSO departing.

7. Can I defer individual decommissioning activities until production has ceased across the entire title(s) and then conducting a large-scale decommissioning campaign?

Best practice indicates infrastructure should be decommissioned in a timely manner when it will no longer be used to support oil and gas operations. Decommissioning is complex and requires a significant amount of time to plan and complete. Because of this, planning should not be deferred to the end of a project. If property and equipment is not removed at an appropriate time, and not adequately maintained, then full removal may become considerably more costly and potentially increase occupational health and safety, well integrity and environmental risks.



Useful References

S572 maintenance and removal of property regulatory policy

Australia's offshore decommissioning guideline 2018

NOPSEMA decommissioning compliance strategy

NOPSEMA decommissioning compliance plan



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