



Offshore Decommissioning in Asia: A Sustainable Roadmap

Offshore Technology Conference Asia 2022

Thursday 24th March - Panel Session 7

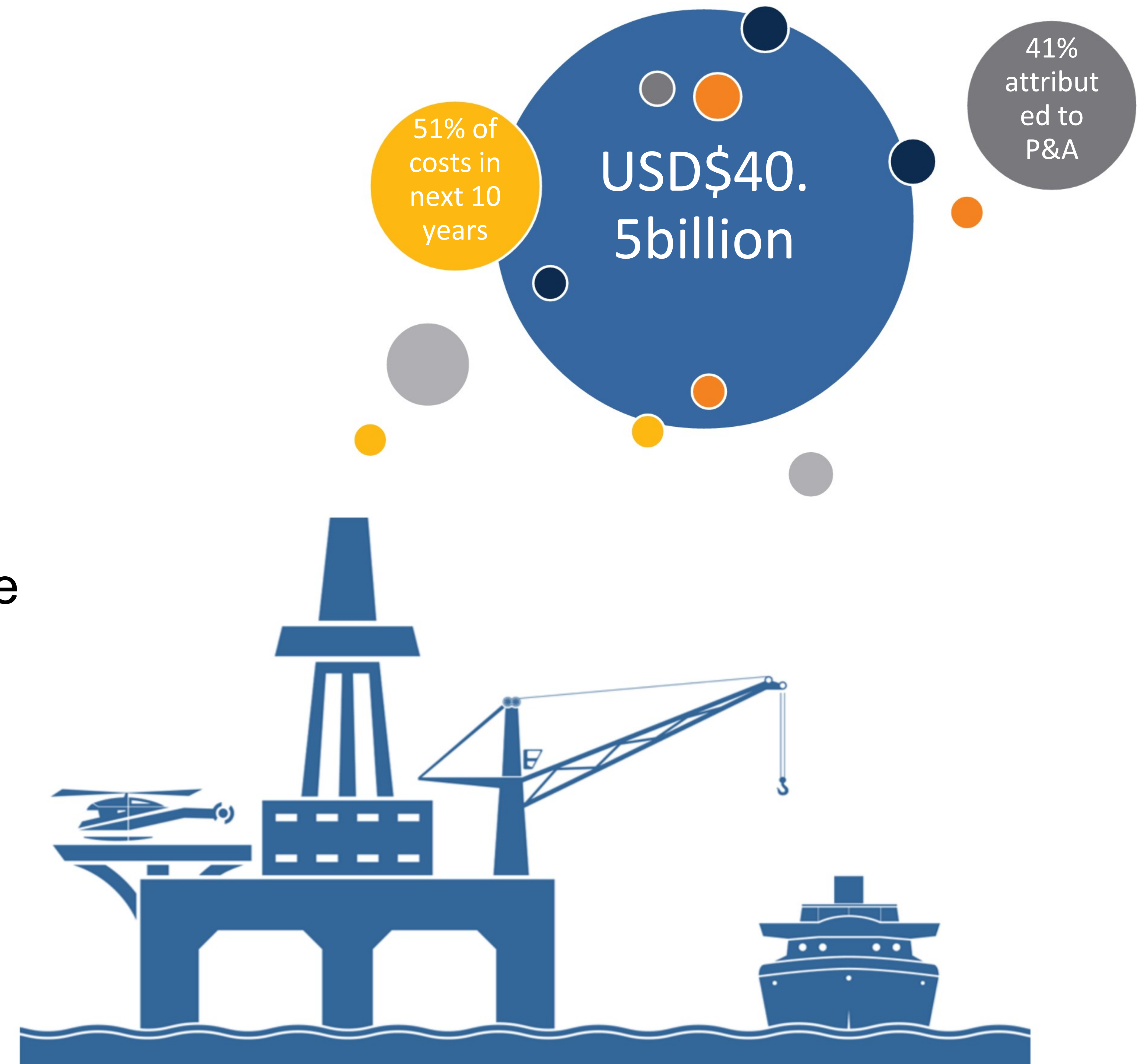
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The Australian offshore petroleum industry

- In operation since the early 1960s
- ~57 platforms, 11 floating facilities, 3,500km of pipelines and 1000 wells
- Approx. half of the infrastructure and wells are more than 20 years old, some 50+ years
- Estimated decommissioning cost of \$US40.5 billion over the next 50 years
- Little decommissioning activity executed to date
- The current regulatory framework is mostly untested on larger decommissioning projects



The legislation: Offshore Petroleum and Greenhouse Gas Storage Act 2006



Offshore Petroleum and Greenhouse Gas Storage Act 2006 No. 14, 2006

Compilation No. 48

Compilation date:

Includes amendments up to:

Registered:

This compilation is in 3 volumes

Volume 1: sections 1–465
Volume 2: sections 466–791
Volume 3: Schedules
Endnotes

Each volume has its own contents

16 December 2020

Act No. 129, 2020

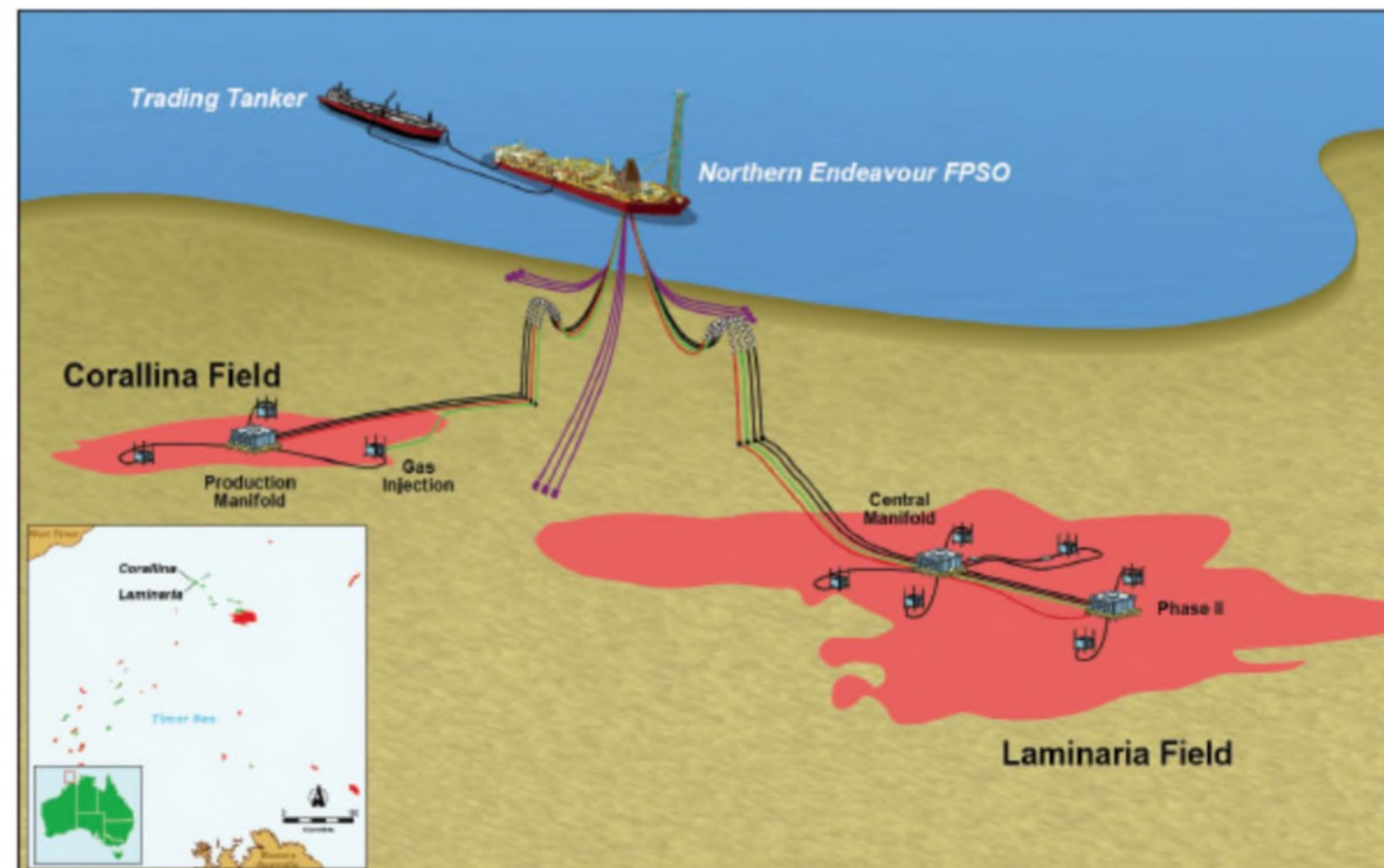
1 February 2021

- An objective-based regulatory regime that sets high level requirements that must be achieved
- Does not prescribe how those requirements must be met
- Responsibility for health and safety of workers and the protection of the environment lies with those who create the risks
- Dependent on aligning private interests with public policy objectives

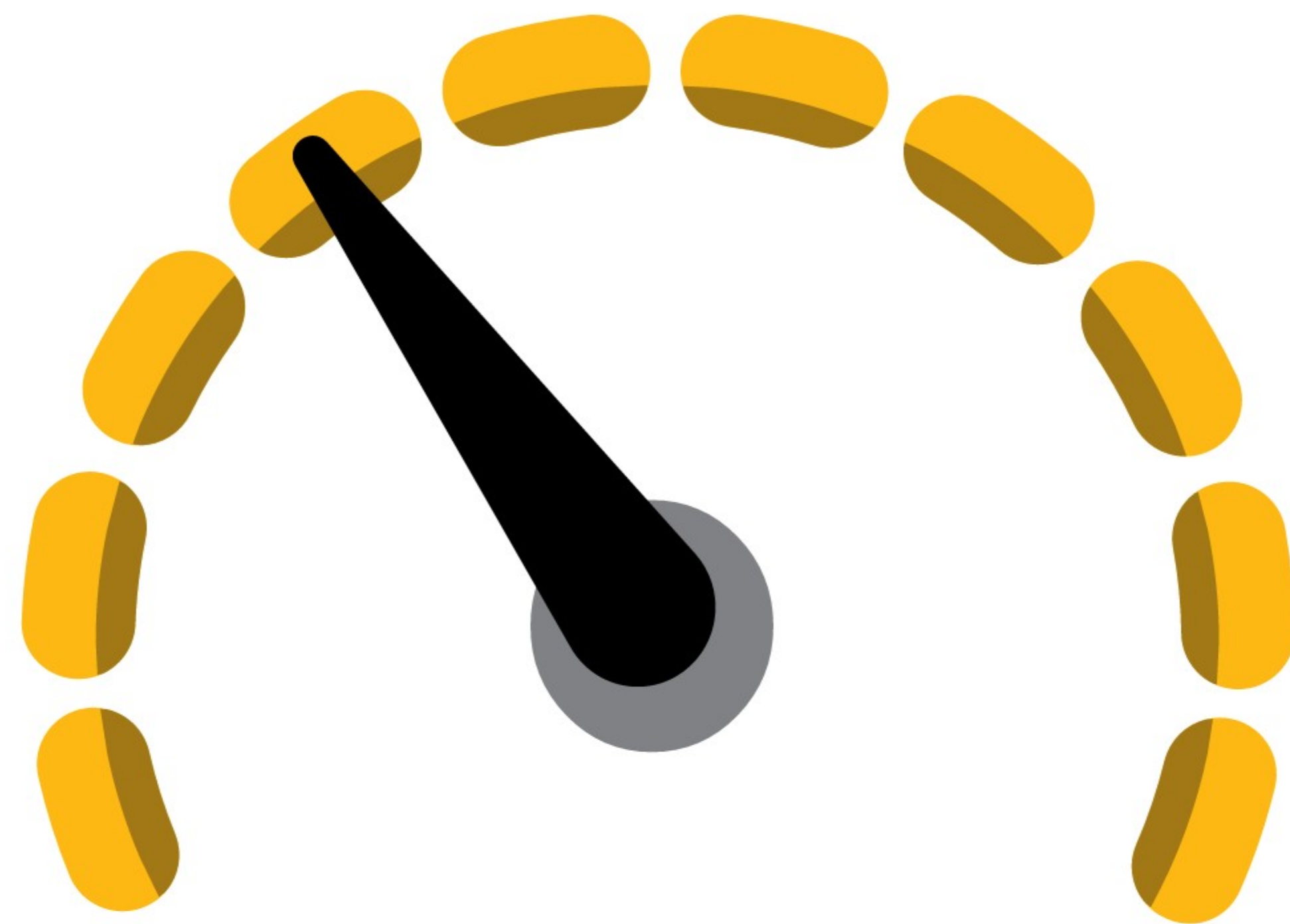
Catalyst for change: The Northern Endeavour FPSO



- Production commenced in 1999
- In 2015, title and assets sold to a small incorporated company with a sole director
- By 2020, the company entered liquidation
- Decommissioning responsibility defaulted to the Australian Government
- An independent review identified regulatory reforms to prevent recurrence

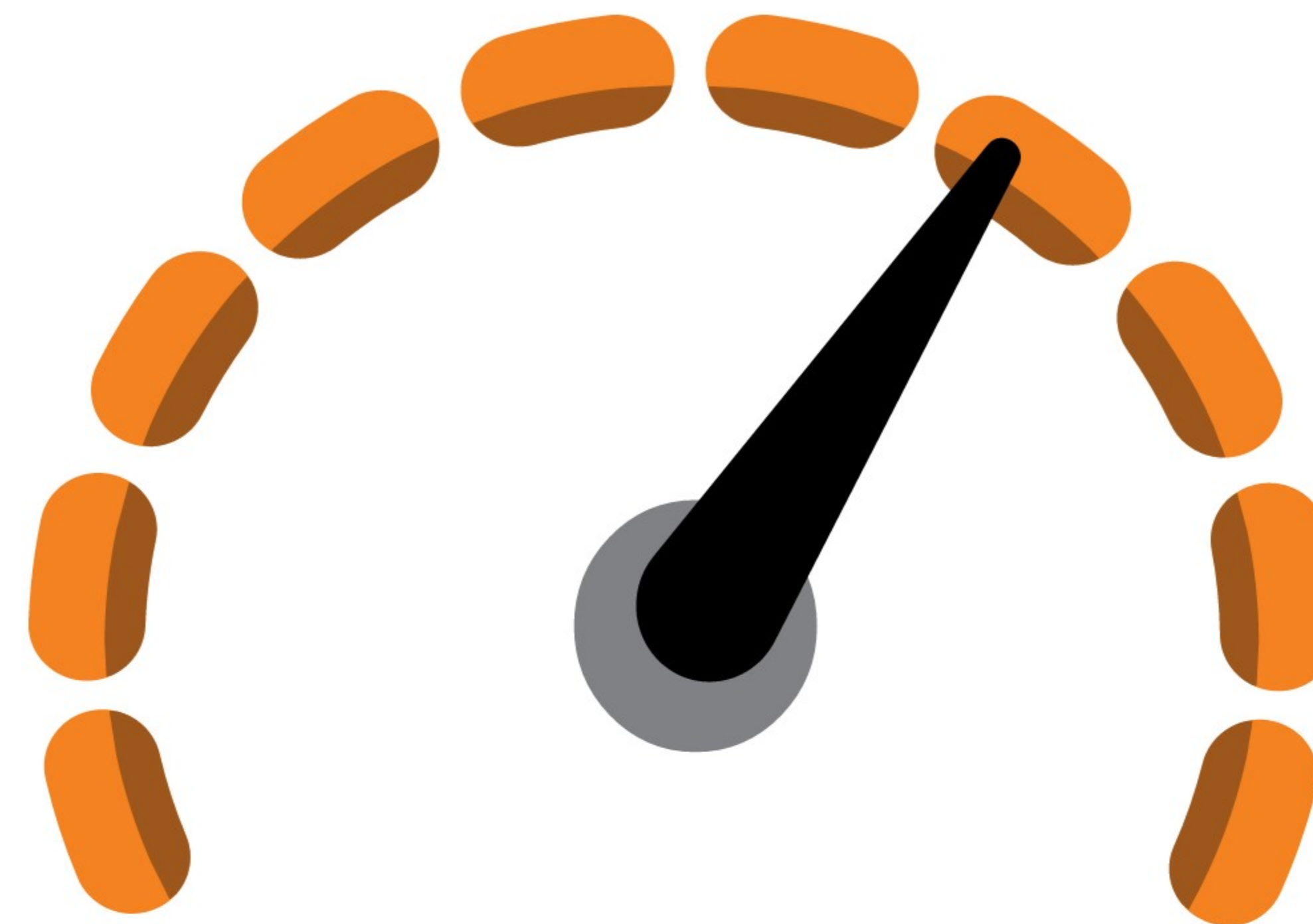


Is Australia prepared for the decommissioning challenge?



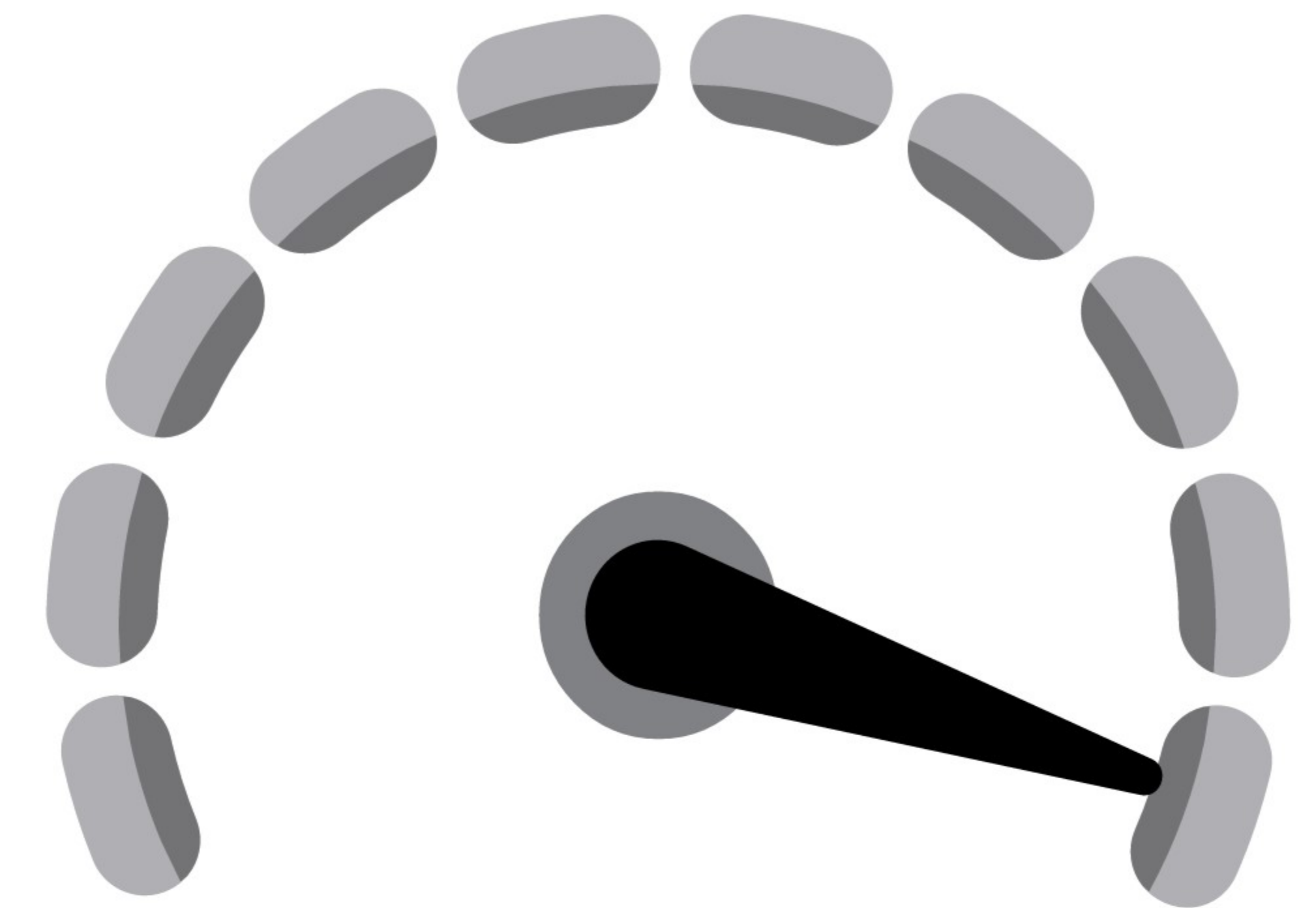
Regulatory factors

- Robust and comprehensive regulatory regime in place
- However, some gaps that could be open to exploitation
- Objective based regime in which clarity of expectations is important



Industry factors

- Lack of appropriate plans in place for the level of activity
- Industry has been deferring decommissioning activity
- Reluctance to accept obligations to remove infrastructure



External factors

- Australia is remote from specialist decom capability
- Industry downturn has further deferred capital expenditure
- Changes in risk and public expectations (eg. plastics)

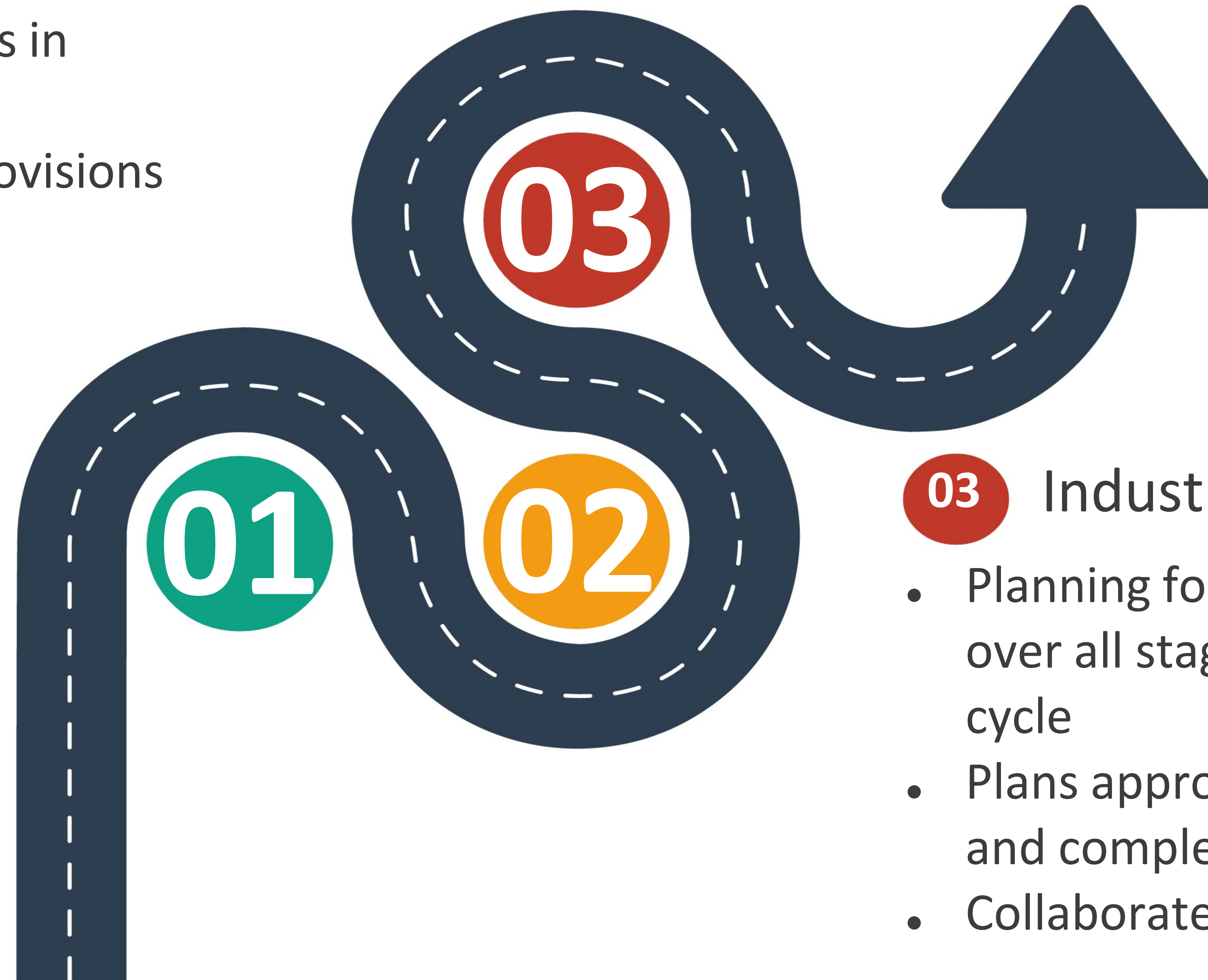
The way forward: A sustainable roadmap

01 Legislative change

- Improved oversight of changes in company control
- Inclusion of trailing liability provisions

02 Regulatory practice

- Increased oversight of decommissioning activities
- Increased use of target-based direction
- Promote good practice and collaboration



03 Industry planning

- Planning for decommissioning over all stages of the project life cycle
- Plans appropriate for the phase and complexity of the project
- Collaborate with stakeholders

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