Contractor’s perspective on the global offshore decom market
Market Summary (o & g plus renewables)

- It’s big, growing, perpetual & global
- It’s complex and dynamic (entrance of venture capitalists extending field life)
- It’s conservatively managed (queuing up to be second for new technology)
- Best practice still evolving
- Forecasts unreliable → cost over-runs the norm

Met Masts not included in renewables
- Arup report is class 5 i.e. -30% to +100%

Large % of decom costs sunk in OPEX/MMO rather than ABEX

Data repository
Contractors Perspective - Regulations

- We see three approaches
  - Goal setting as in UK
  - Prescriptive details as in Australia
  - Hybrid/ blends in Far East

- Regulators could do more to stimulate or enforce companies over multiple fields/ assets & campaigns.

- Ospar derogation cases will come under pressure e.g. GBS structures removal
  - green lobby
  - technological advances

- Meaningful close-out reports with standardised information demands – shape as goals for improvement – it’s in the spirit of ISO9001!
Contractors Perspective - Safety

• Salvage approach to safety management is of primacy as with other sectors

• More workpacks does not equate to improved safety
Contractors Perspective - Technology

• Decom is a zero sum game – cost reduction imperative is driving change

• 65 years to reduce the record by 17 seconds. So expect decom to have same incremental basis.

• Impactors
  - Green energy utilization e.g. solar, wind, tidal (Ing ???)
  - Role of OGTC, OGIC and Operator R+D
  - Big data e.g. machine learning to reduce late life maintenance
  - Supply chain applied innovation

All tempered by natural conservatism of operators
Contractors Perspective – Commercial

- Reverse auctions – race to the bottom – avoid if possible
- LOGIC form of contract – improvement but still loaded in favour of client/ operator e.g. VOR/ LD’s/ suspension clauses
- Execution report card – could be better
  (cost over-runs – 4% to +182%, schedule over-runs – 1 month to +18 months)
- Short deviation surveys (unpaid) and client relied upon data (too much)
- Repetition of multiple RFI’s/ pre-quals for some international clients (FPAL not enough?)
- Size and complexity of prequals
- Short ITT turnarounds

= contractor pricing risk = higher cost = adversarial positioning
Contractors Perspective – Circular Economy

- Warranty and integrity verification minefield on re-used assets
- It can work occasionally
- But can be difficult to execute

The tipping point is when real estate rental outweighs re-sale value.
Contractors Decom UTOPIA

- Alignment of international regulations
- Equitable risk of distributing across value chain
- Prescriptive and meaningful close-out reports to aid benchmarking
- Embrace credible innovation
- Acceptance that ISO9001, ISO14001 and ISO18001 is good enough (backed by pertinent track record and solid finances) to reduce pre-qual burden
- Cap scope creep by improved definition prior to sanction
- Less adversarial approach – improved “one team ethos”