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Life Extension and Decommissioning

We believe there are smart ways to both extend field life, making use of the in-place wells and facilities for longer, and defering the scope and expense of decommissioning. There may also be smarter ways of preparing for and implementing the decommissioning phase, resulting in shorter overall durations and lower costs.

Typical approach to late life asset management

Most typically operators will look to reduce costs in late life by reducing maintenance and stopping other activities, with cessation of production (COP) declared when the facility is no longer producing enough income to cover its costs. The wells are plugged and abandoned (P&A) and the facilities are removed.

Each phase is usually managed by a different team within an operator and there is usually a gap of several months, or even years, between each activity. For each day the facility is there, the operator will incur costs. In particular, during the period between COP and removal of the facilities the ongoing operating costs can be very significant, often not much lower than when the facility was producing. This results in a very large final bill for the decommissioning phase.

An alternative approach

ADIL's view is that an alternative approach can be taken. While there are a number of steps to this, the key elements are:

- Review the operating budget and find ways to reduce the costs

- Engage the offshore team in the cost savings; this is crucial, otherwise they will push against the cost reductions

- Consider simplifying the process scheme to allow items of equipment to be retired, hence reducing maintenance

- Consider investing to increase the production efficiency – this will help to extend field life by increasing production

- Review each well and identify if they have the potential for production-enhancing well work, or if they should be considered for P&A

- Prepare the wells for the decommissioning phase by surveying each well to understand what is downhole

- Start the P&A work while production is ongoing

How it works.

Invest to increase production efficiency
Create a project to address previous equipment challenges recurring

Reduce costs
Review the budget to identify cost savings that can be made without affecting production efficiency

Mindset
Create conversations on costs on the production facility

Simplify the process
Resize organisation, reduce equipment online

Prepare for decommissioning
Survey wells, facilities; select wells for production increase or P&A

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