Collaboration in Well P&A
Efficient Execution

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Decom North Sea Purpose:

Decom North Sea members play a **vital** role in the decommissioning of Oil & Gas Assets.

We nurture the skills that are the lifeblood of innovation

We facilitate, coordinate, promote and drive collaboration, removing barriers and encouraging the most efficient end of asset life solution development so delivering real business benefits for our members.

At our core is a drive to safely reduce decommissioning costs and reduce the liability for the Tax Payer.
Today’s Discussion:

1. Collaboration; What & Why
2. Current Status
3. DNS initiatives
4. Next Steps
The Decommissioning Challenge: Decom North Sea’s Five Game Changing Pillars

- **Collaboration:** Working together for meaningful business benefit
- **Culture:** The way we solve problems and reward success

**Pillars:**
- Collaboration
- Knowledge Sharing
- Standardisation
- Transparency
- Efficiency

**Scope, Cost, Timing**
## Why Collaborate?

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|                   | Reduced service costs                       | Potentially lower supplier rates for committed work that can be planned in advance. |
| 2 Effectiveness   | Safer and better project delivery          | Improve safety, cost, schedule and operability versus benchmarks through enhanced capabilities. |
|                   | Increased certainty of project outcomes     | Improve safety, cost, schedule and operability relative to initial estimates through enhanced capabilities. |

*Source: BCG experience*

*Not exhaustive*
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<td>Capabilities</td>
<td>1 Continuous improvement</td>
<td>Bring in alternative perspectives and integrate lessons learnt across projects</td>
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<td>2 Knowledge transfer</td>
<td>Share industry tools, systems, techniques, practices, technologies and new ideas</td>
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<td>3 Standardised solutions</td>
<td>Develop common standards, functional specifications, systems, processes and tools to enable the use of repeatable solutions across projects</td>
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<td>4 Sought after and complementary skills</td>
<td>Obtain access to a global, flexible, scalable and responsive resource pool</td>
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<td>5 People development</td>
<td>Provide opportunities for employees to broaden their development (e.g. training, mentoring) and to work in an industry leading collaboration</td>
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The changing face of collaboration

2010: talking to as many people as we could to capture information
2011: analyzing what we had discovered and forming opinions
2012: testing our opinions and looking for shared appetite
2013: planning on how we might collaborate
2014: working together and delivering
An evolution in thinking

From

Looking wide

- Being inclusive had to be a good thing
- The more people we involved the better the solution
- The larger the scale the larger the economies

to

Focusing in:

- Attitude is everything
- Alignment may be better than scale
- Sharing beats monopolizing
Cluster criteria

- Mutual benefit is key
- Relevance is critical
- Enablers are paramount

- Attitude
- Scope
- Geography
- Timing
Today’s Discussion:

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The current state of play
NCS Multi Client campaigns – Permanent abandonment of subsea wells

2009 – One Operator

2010 – Det norske, Suncor (Petro Canada), Premier, Nexen

2011 – (Det norske, Suncor (Petro Canada), Premier, Centrica

2012 – (Det norske, Total, Statoil, Noreco)

2013- Mærsk Oil and Gas (Danish and German continental shelf)

2014 – Mærsk Oil and Gas (Danish CS), Det norske/GDF Suez, Statoil, Total, Talisman (NCS)

Cost savings for doing Multi Client campaigns in NCS compared to single well campaign are in the range of 30%-70%.

Source: Oceaneering
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Decom North Sea Impact:

- Lessons Learnt: How to capture and share?
- Late Life Planning: Operators and supply chain collaborating to deliver simplicity & standardization.
- Multiparty Well P&A
  - SNS
  - Seven Operators, DECC, OGA
- Challenges:
  - Operators Standards
  - Regulator Standards
  - Aligning, attitude, scope, timing, geography
  - Engaging with the supply chain
  - Legal/Commercial
### 'Best practices' for creating value in Decom collaboration

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<th>Long-term perspective</th>
<th>Deeper collaboration</th>
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<td>1. Value-based decision making</td>
<td>5. Long-term commitments</td>
<td>7. Early contractor involvement</td>
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<td>Consistently use value, not just cost, for all project decisions</td>
<td>Leverage synergies from longer-term commitments wherever beneficial, feasible</td>
<td>Involve contractors early to fully leverage their value creation potential</td>
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<tr>
<td>2. Risk allocation</td>
<td>6. Relationship management</td>
<td>8. Transparency in collaboration</td>
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<tr>
<td>Apply only appropriate risk to contractor to create win-wins</td>
<td>Invest in relationship management beyond individual projects</td>
<td>Increase transparency towards partner as major lever for better collaboration</td>
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<td>Structure incentives to drive value-creating behavior</td>
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<td>Integrate systems to increase transparency and leverage efficiencies</td>
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<td>4. Contracting model</td>
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<td>Match contract model with project, market conditions, and internal competencies</td>
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Source: BCG survey of EPCs, IOCs, NOCs, and mining companies
Multiparty Well P&A
Some parting thoughts:

• A compelling need/event that could bind collaborators together (value)
• What must be anchored down before we start (mission, values)?
• What is the size of the prize?
  – Are we willing to invest to realise the prize?
    • In effort
    • In money
• Be realistic, come up with a plan that is do-able
• Be clear on what is really confidential/IP and what can be shared
• Do we have 100% commitment from the collaboration group? If yes only *then get the lawyers involved*
• Rethink the contract model & risk/reward: in true collaboration we ALL win or we ALL lose, a different contacting mentality.
• Critically, all of the above works on both the supply and demand sides.
From “talking and sharing” to meaningful impact.