

Norwegian Decommissioning Insight

Text provided by Jennifer Phillips, Communications Adviser with Oil & Gas UK



During the 16th North Sea Decommissioning conference held in Oslo in February, the Oil & Gas UK introduced the Norwegian Continental Shelf Decommissioning Insight. The report can be downloaded [here](#).

Norway's decommissioning market has the potential to be the second largest in the North Sea after the UK Continental Shelf, and its possibilities are captured in a report from the trade body that represents the UK offshore oil and gas industry.

Working together with Norwegian operators, Oil & Gas UK has produced what is the organisation's first Norwegian Continental Shelf Decommissioning Insight. The publication gives a forecast of decommissioning activities for the region over the next decade, providing both operators and the supply chain with market intelligence on potential business opportunities and insight into how to optimise the work.

"Decommissioning activity on the Norwegian Continental Shelf is at an earlier stage of maturity than the UK sector and therefore, up until now, only limited information about timing and scale of activity has been publicly available," says Oonagh Werngren, Operations Director with Oil & Gas UK, which produces a similar annual decommissioning insight for the United Kingdom Continental Shelf.

"As the North Sea decommissioning market could extend beyond national borders it is important that both operators and the wider supply chain have access to information about upcoming activity and utilise forecasts from across different North Sea regions to enhance business."

Oil & Gas UK worked with five key operators on the Norwegian Continental Shelf to gather and analyse data. The report is based on the decommissioning activity forecasts of those five companies.

"Our report shows there are 23 decommissioning projects forecast from 2015 to 2024

on the Norwegian Continental Shelf. Projects included range from small subsea tie-backs to full scale integrated platform removals. Almost all of this activity is forecast in the Norwegian North Sea – the most mature region of the Norwegian Continental Shelf.

"However the majority of decommissioning projects are in the early scoping stages and therefore forecasts could change as project plans are further refined."

The Norwegian Decommissioning Insight is the latest in a series of documents Oil & Gas Norway's decommissioning market has the potential to be the second largest in the North Sea after the UK Continental Shelf, and its possibilities are captured in a report from the trade body that represents the UK

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The Norwegian Decommissioning Insight is the latest in a series of documents Oil & Gas UK has published to help industry prepare for forthcoming decommissioning projects and comes in the wake of publication of the latest annual UK Decommissioning Insight in 2015.

Other decommissioning documents published by Oil & Gas UK include reports on the Adoption of Novel Solutions in Decommissioning, and the management during the removal process of the marine organisms that colonise oil and gas structures submerged in the North Sea.

The trade body also produces advisory material on a wide range of decommissioning areas such as guidelines for comparative assessment

and on well abandonment cost estimation.

Ms Werngren adds: "While decommissioning activities are steadily growing, the industry's efforts are focused on maintaining offshore production in the North Sea for as long as it's safe and economically possible to do.

"Historically, estimates of the lifetime of fields have varied with oil prices, but the overall trend shows that the productive lives of fields on the Norwegian Continental Shelf are being extended through technological advances and enhanced oil recovery techniques.

"To sustain the health of the sector, we must help an efficient decommissioning market emerge alongside, and as part of, the industry's continued and sustained programme of capital investment in new developments.

"There will come a time when the costs of further recovery can no longer be sustained by income from the field and the surrounding region is considered to have insufficient prospectivity to support future operations, and so the decision is taken to cease production and decommission the assets. The actual timing of these decisions is uncertain and will depend



Harald Pettersen - Statoil ASA

on a number of factors including the oil price, production trends, operating and maintenance costs, and the installation's technical condition."

The Norwegian Decommissioning Insight provides details on well plugging and abandonment activity, revealing that of the remaining 3,000 wells, almost 10% are forecast to be decommissioned between 2015 and 2024. Almost all of this activity is in the Norwegian North Sea region of the basin.

Pipeline decommissioning; topside preparation, topside and substructure removal and onshore recycling and disposal are also covered by the report.

"As the Norwegian decommissioning market matures we would hope to expand this dataset further," adds Ms Werngren.

"With the Norwegian Petroleum Directorate estimating that decommissioning expenditure during this period could reach NOK 160 billion, the activity represents a significant emerging business in the sector."

The collection and analysis of the data by Oil & Gas UK on behalf of the industry has the support of the Norwegian Petroleum Directorate and Norsk Olje & Gass.

Norwegian Decommissioning in Numbers

- ◆ 23 decommissioning projects are forecast from 2015 to 2024 on the Norwegian Continental Shelf.
- ◆ 284 wells are estimated to be plugged and abandoned over the next decade - close to 10% of the total well stock on the Norwegian Continental Shelf that will eventually require decommissioning.
- ◆ 95% - or 269 - of these are platform wells: often simpler and cheaper to plug and abandon than subsea wells.
- ◆ 26 pipelines with a total length of 360 kilometres are forecast to be prepared for decommissioning from 2015 to 2024.
- ◆ 14 platforms are estimated to be removed, or partially removed, within the survey time frame.
- ◆ The total tonnage forecast to come onshore over the next decade is 166,850 tonnes. This equate to nearly 105,300 tonnes of topsides, just over 59,000 tonnes of substructures and just over 2,500 tonnes of subsea infrastructure.

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22,000 New Oil Jobs within 2020

Text provided by Maiken Ree, Communications Advisor, Norsk Olje og Gass

From 2018 to 2020 there will be 22 000 new positions in the oil and gas industry, a report from the International Research Institute of Stavanger suggests.

Turning point: We are in the midst of a demanding restructuring. Forecasts show that this will turn around in 2018

We never guarantee jobs. Nevertheless, based on the new figures, we can confirm that those who choose Sciences- or Technological Studies are very likely to be welcomed with open arms by the oil and gas industry, once they have graduated, says Karl Eirik Schjøtt-Pedersen, CEO of the Norwegian Oil and Gas association.

The most recent prognoses show that job losses will hit bottom at the beginning of 2018. After this, it is expected that the trends will turn. According to the report, the oil and gas industry needs to recruit 13 000 new employees from 2018 to 2020. In addition, 9 000 will retire in the same period, and will need to be replaced. Overall demand for new

recruitment therefore amounting to 22 000 employees.

Stabilisation in 2018 - growth in 2019

The report estimates that before we reach the bottom in 2018, a further 12 000 positions will be cut back. We also know that on average about 4 000 people retire every year within this industry. Thus, the real number of vacant employees will be significantly lower. However, one of the underlying projections in this report is that the oil price will turn upwards during 2017.

"- Norway is in the midst of a demanding restructuring. We have known for quite some time that the trend will be pointing downwards in 2016 and 2017. Therefore, it is very positive how this report shows it will turn in 2018. According to the IRIS figures, we will be back to the same level as we currently are

in 2020. The report shows a need for 22,000 new personnel from 2018 to 2020, which is a very important signal," says Schjøtt-Pedersen.

Read more about Norwegian Oil and Gas' on our web page: norskoljeoggass.no

You can also find the whole report on <https://www.norskoljeoggass.no/Global/2016%20dokumenter/Utvikling%20i%20direkte%20petroleumsrelatert%20syssetting%202014%20til%202020%20IRIS%20notat%202016.pdf>

Photography: Tommy Ellingsen

