

New Regulator, New Rules: The OGA's Decommissioning Costs Estimates for the UKCS

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The P50 midrange estimate is £59.7bn. This is approximately £8bn higher than previous figures produced by government and industry. The report provides a range of between £44.5bn and £82.7bn. It also provides a lower target if MER is implemented and savings can be achieved.

The OGA has targeted decommissioning cost reductions of 35 percent. If attained, this would produce a midrange estimate of £39bn. Indeed, the report contemplates the possibility that this £39bn figure can be reduced even further with “paradigm shifts in behaviours, methodologies and practices.” This includes industrywide collecting and sharing of data and “lessons learned” and encouragement of “collaborative solution” (for example, multi operator plugging and abandonment campaigns).

The report recognizes the shared desire of both industry and, because of the impact of tax relief on decommissioning payments, government to reduce the costs of decommissioning. It will be seen whether the application of MER to industrywide decommissioning costs can produce the desired savings.

For further information, click [here](#).

Categories

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