

Decommissioning ramps up in APAC



With the recent introduction of the Trailing Liability Provisions under the OPGGS Act in Australia, it is becoming more vital for titleholders to plan proactively for the decommissioning of their assets.

With over 50 years' international experience in the energy industry, rhi's consulting business has a growing track record in the decommissioning space, working with a range of International Oil Companies (boasting clients such as Apache, BP, OMV and Repsol). Whilst the majority of rhi's decommissioning work has been delivered in Europe, we are starting to see an increase in activity in the Asia-Pacific region due to commissions undertaken in the Gippsland Basin, Australia, New Zealand, Vietnam, Thailand and Malaysia.

There are different regulations and provisions associated with planning for decommissioning globally. Australia recently introduced the Trailing Liability Provisions under amendments to the OPGGS Act, meaning former titleholders can be called back to undertake remedial and decommissioning work, if required. Trailing liability is designed to ensure that the costs and liabilities associated with decommissioning will be borne by the petroleum industry and do not become the responsibility of Government or the Australian community. The most recent example of this is the Northern Endeavour FPSO, whereby a levy has been imposed on oil and gas producers to cover the total cost of decommissioning. Titleholders are therefore expected to plan for decommissioning proactively and must undertake due diligence when selling assets to other entities. Regulations and guidelines across other parts of the region vary by location, albeit with a general trend of enhanced provisions in recognising the growing importance of decommissioning commitments. Increasing awareness and focus is also being given to environmental, social and governance (ESG) aspects as part of planned decommissioning activities.

Recent regional work undertaken by rhi has included the development of a set of decommissioning estimating templates, standard estimates models and user guidelines for all onshore & offshore facilities. rhi prepare third party decommissioning cost estimates as well as independently validating cost estimates prepared in house by titleholders. This can be carried out for all asset types; jackets, topsides, subsea and onshore facilities, and involves a strong understanding of the various methodologies and solutions available.



Estimate sensitivities can also be prepared to reflect varying solutions. For example, this may not be solely for the removal and disposal of assets, but also for the conversion to CCS (Carbon Capture and Storage). With the understanding and assessment of decommissioning liabilities set to become a fundamental part of all Australia O&G transactions, there is increasing pressure on petroleum companies to assess their decommissioning scopes, including costs.

"there is a general trend of enhanced provisions in recognising the growing importance of decommissioning commitments across the APAC region, together with increasing awareness and focus on ESG aspects" - Mike Moore, Regional Director APAC

rhi's in-house software, rhiDEMS and rhiPEMS, provides clients with a unique combination of benchmarked data, composite metrics and project experience that enables the development of robust estimates and scenario modeling. We have recently incorporated some further software updates with the AGILE development process offers clients a combined view of all models enabling their entire decommissioning portfolio to be viewed as a single schedule.

End users are able to build potential 'What If' scenarios that provide the client with the capability to understand the impact of future changes to entire asset decommissioning cost and schedule. Included in these updates is the use of Power BI to provide real-time reporting capability on information stored in rhiPEMS database. The availability of robust data and processes, via rhi's established rhiDEMS system, continues to underpin our decommissioning work globally.

Mike Moore, rhi's Regional Director APAC, and Gavin Sutherland, Lead Consultant based in Australia, have been involved in multiple decommissioning projects across the region, supported by an experienced global team. Please reach out if you may be considering implementing and / or updating your decommissioning activities.



rhi is a global leader in project services for the energy industry, providing market-leading cost management and resource solutions.

By combining efficient systems and processes with a deep understanding of client challenges and market insight, we deliver consultancy services underpinned by over 50 years' experience.

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