



Collaboration in Decommissioning

Decom Live Amsterdam

29 JUNE 2022

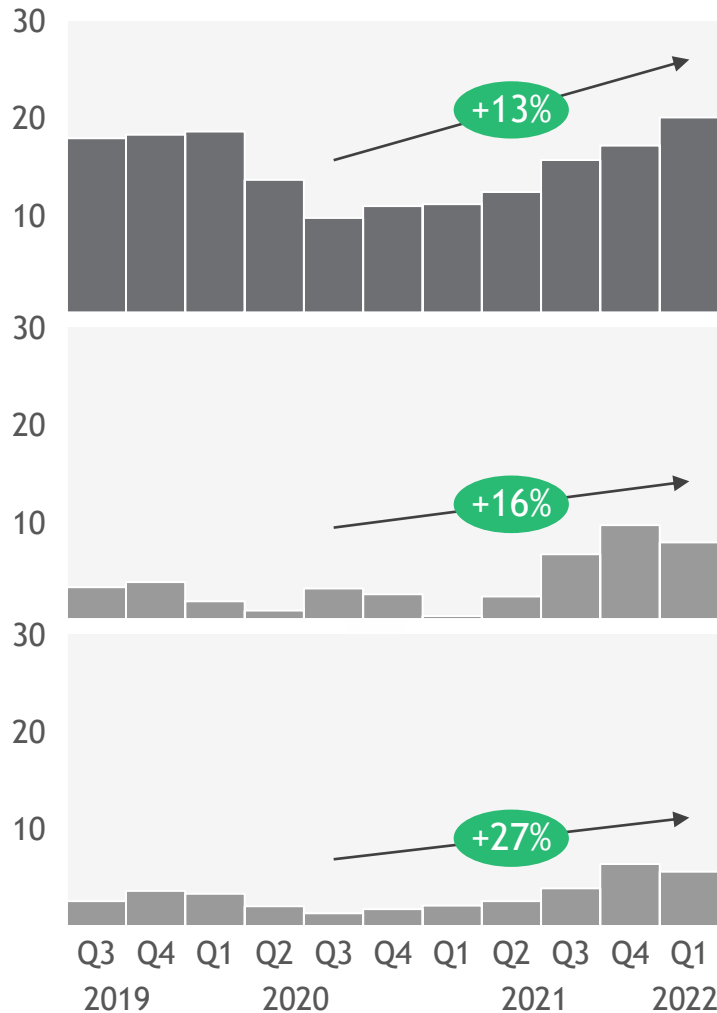


Large energy companies growing payout and reducing debt as profits surge

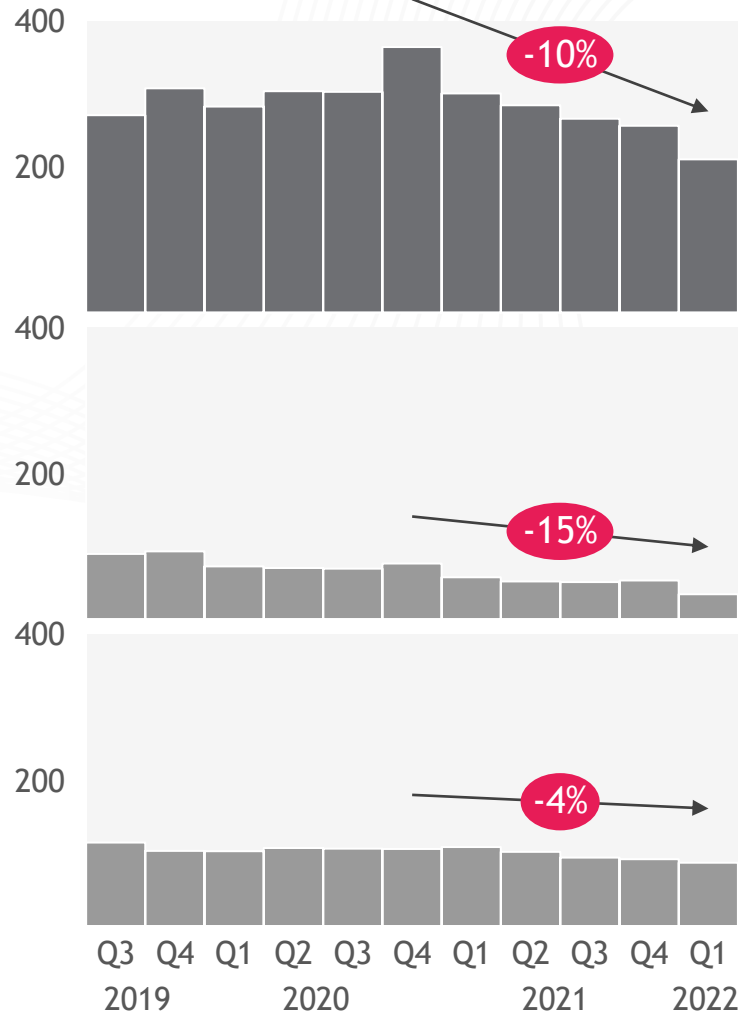
Majors



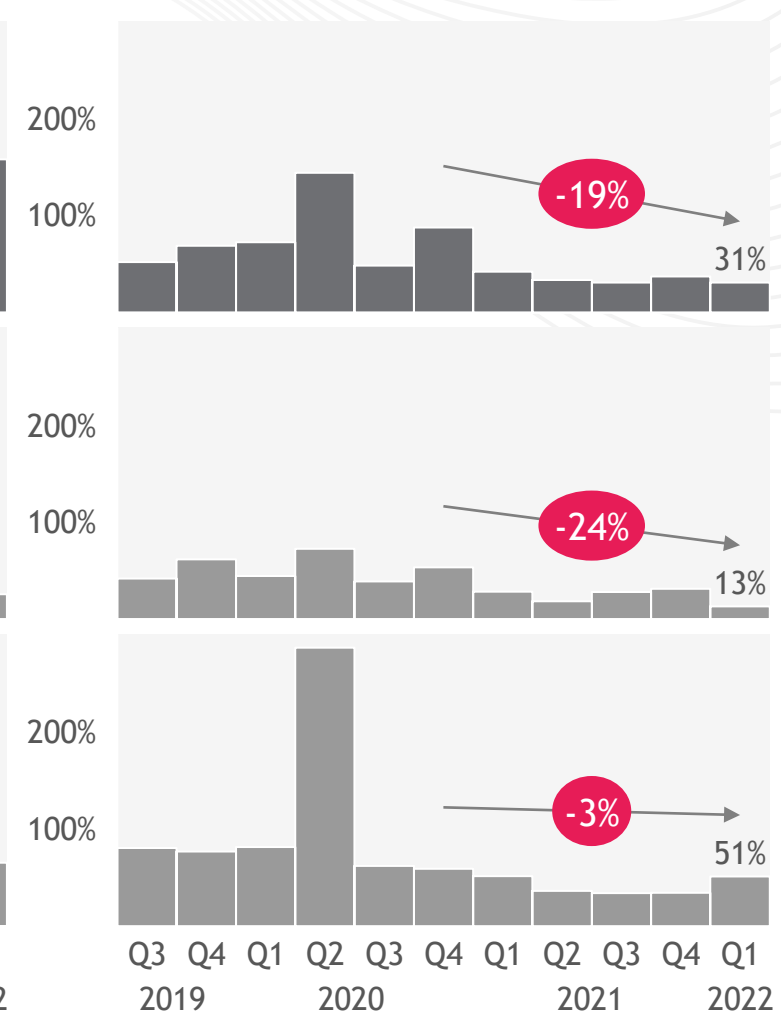
Dividends & buybacks (B\$)



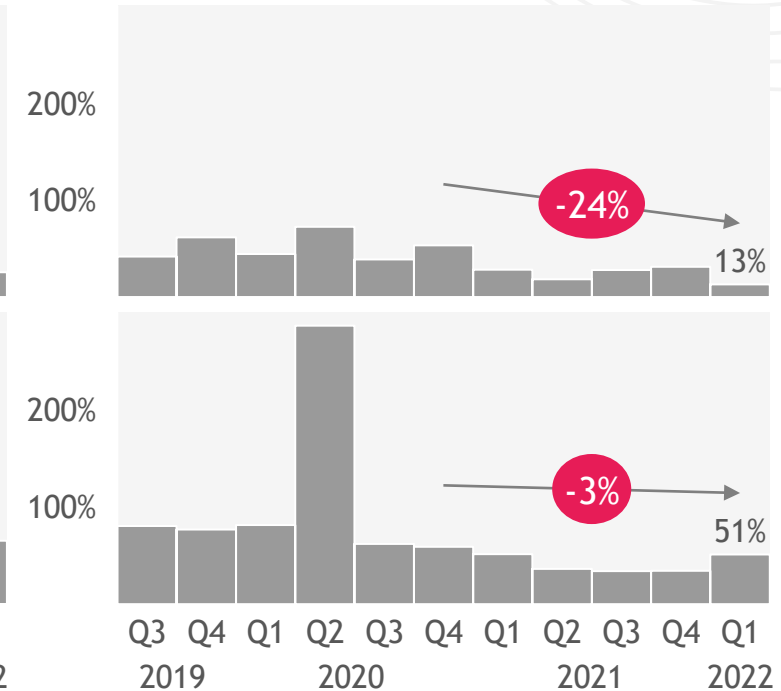
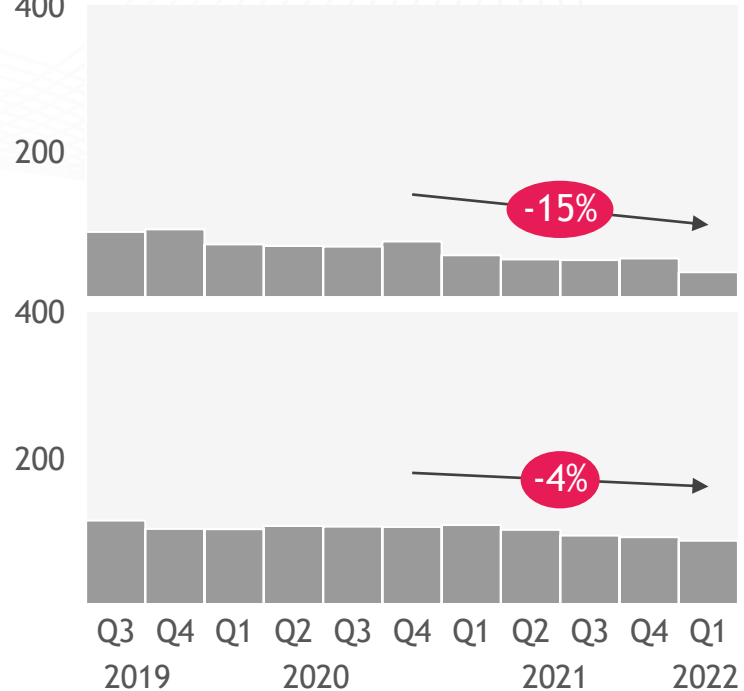
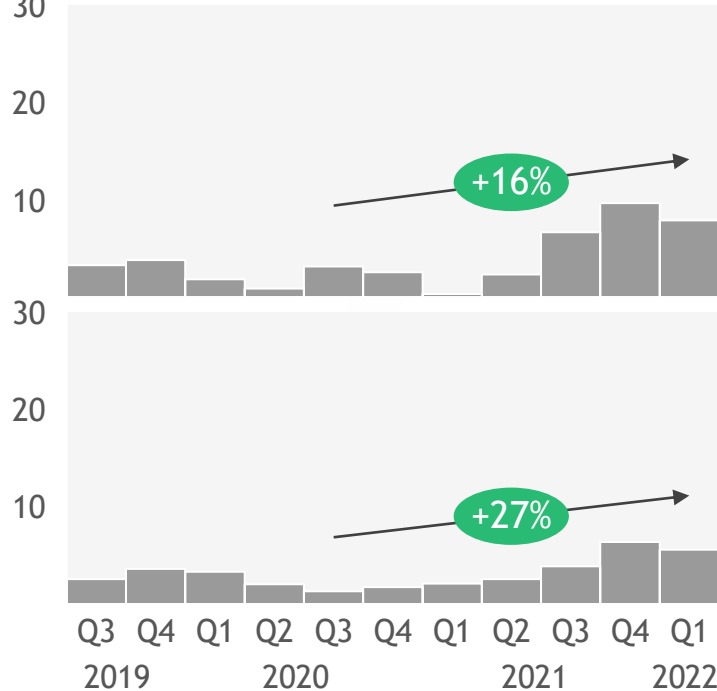
Net debt (B\$)



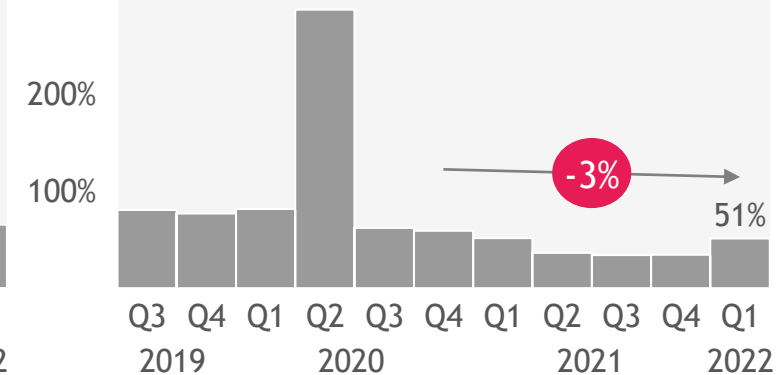
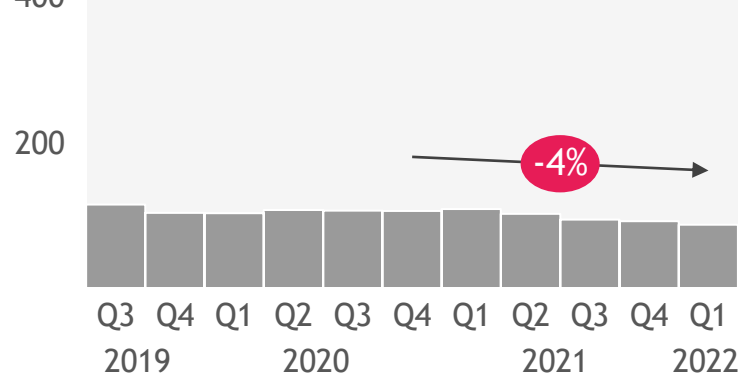
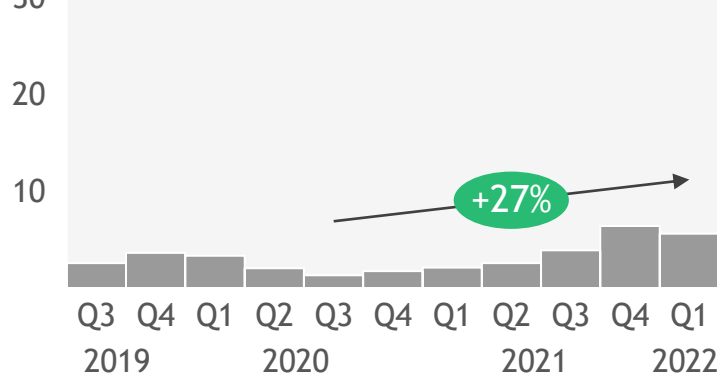
Reinvestment rate (Capex/CFFO)



NOCs



Indies

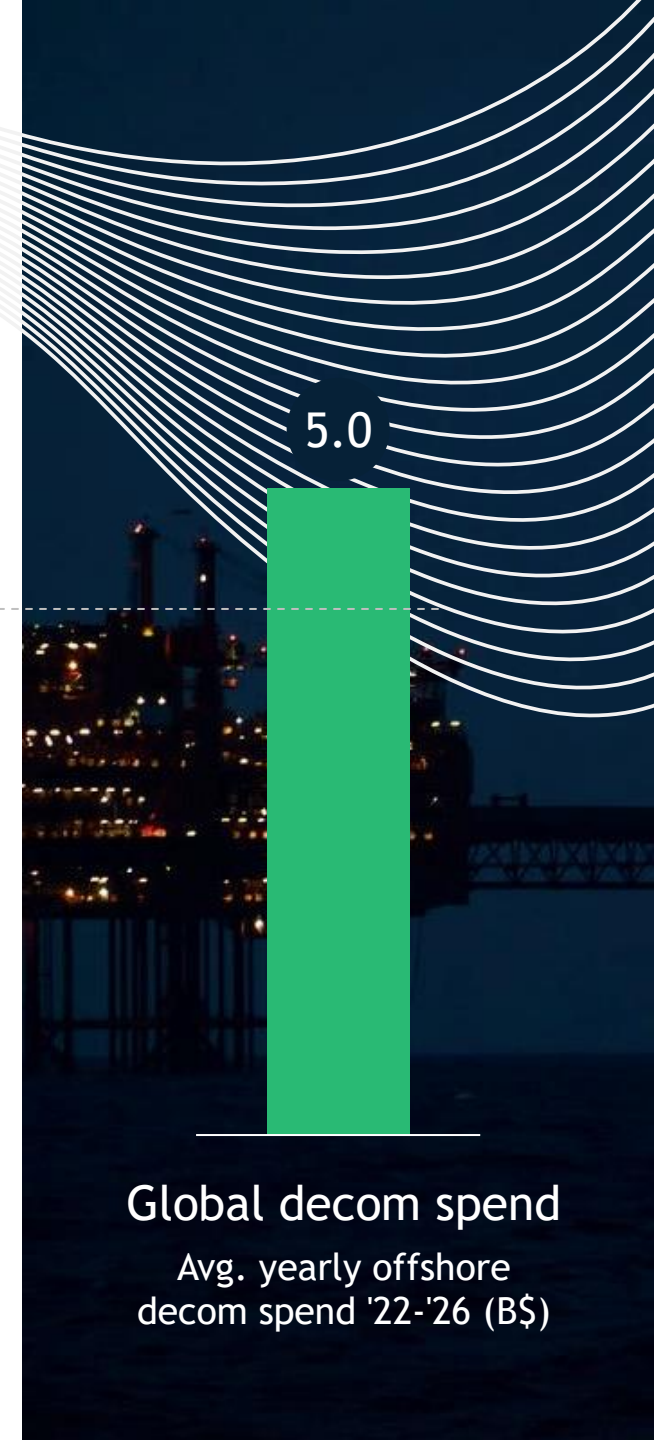
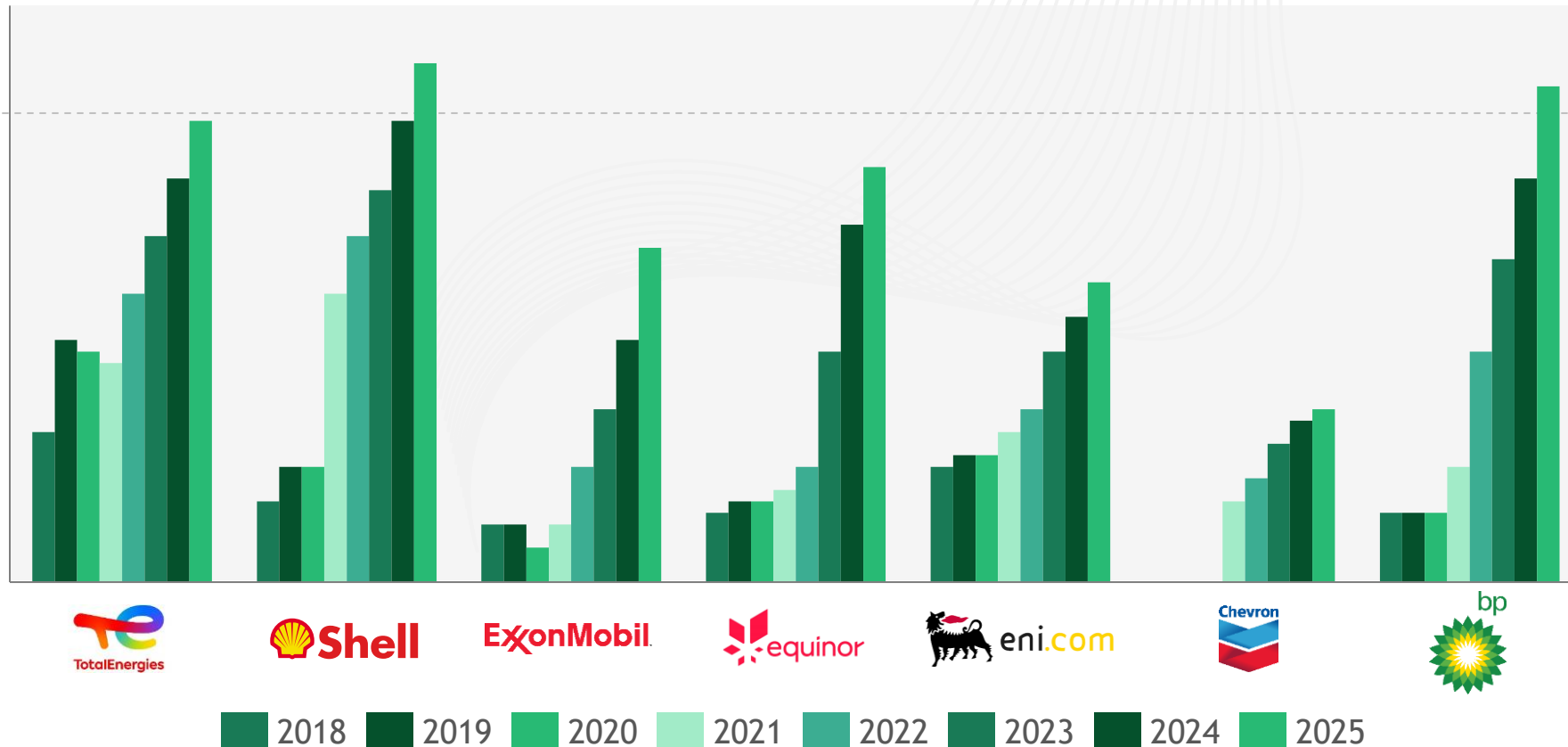


Notes: Updated 24th, May 2022; Corporate capital allocation for peer group; Source: S&P Capital IQ; BCG Center for Energy Impact

Companies' low carbon capex is \$1B-\$2B vs. a \$5B decom market

Corporate capital allocation

Low carbon capex (B\$)

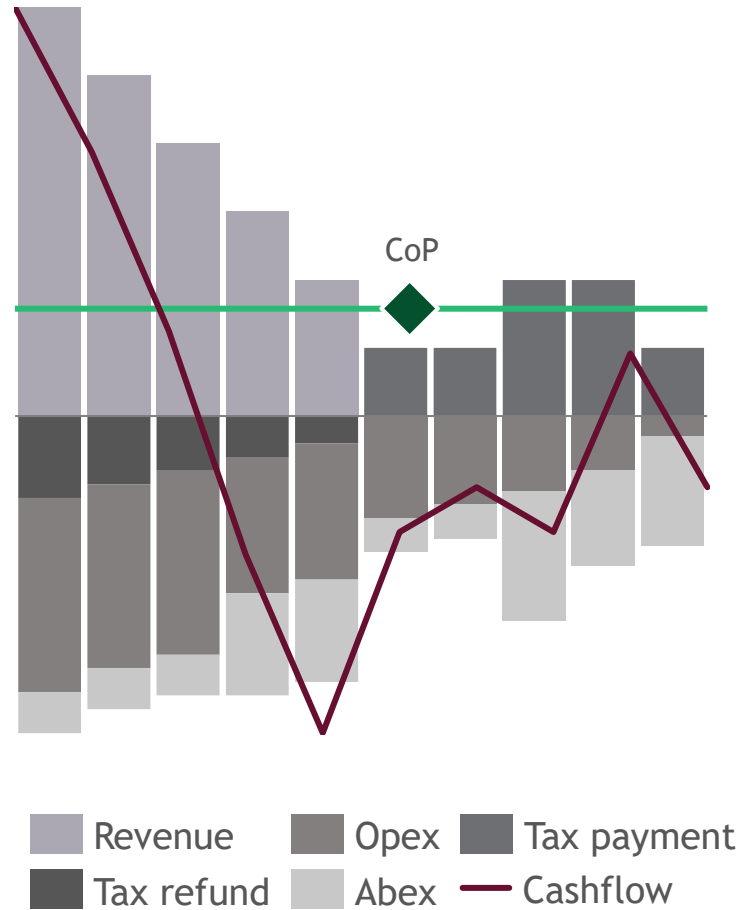


Global decom spend

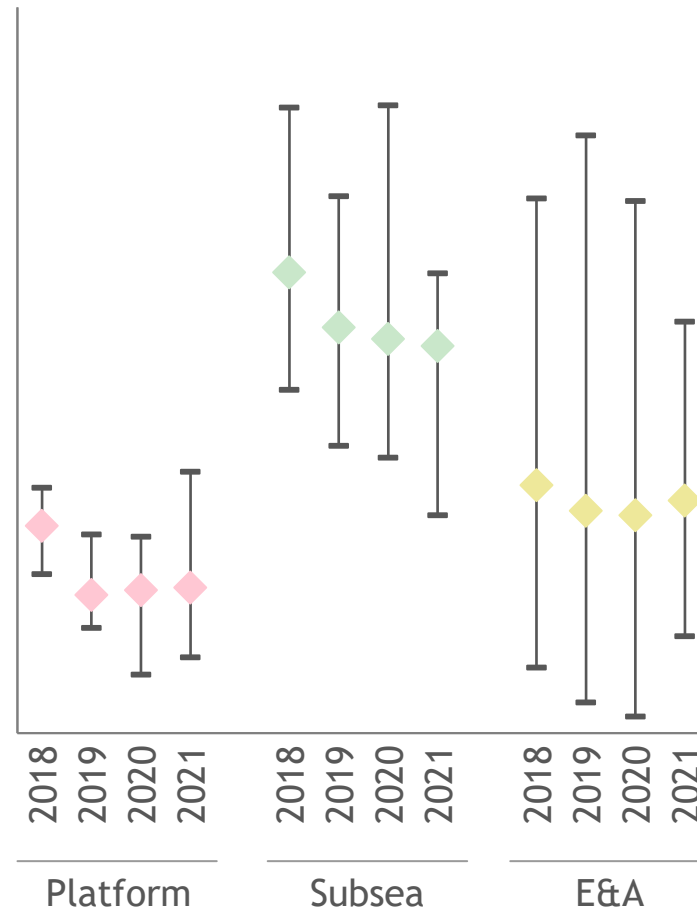
Avg. yearly offshore decom spend '22-'26 (B\$)

There is no return in decom but there is improvement opportunity

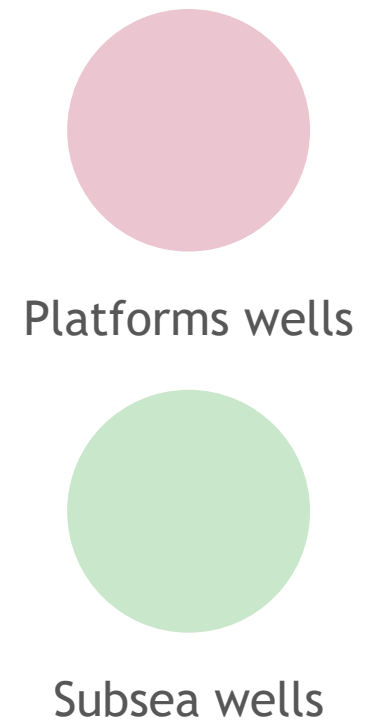
Cashflow profile for an end-of-life asset¹



Estimated cost per well, (M£)²

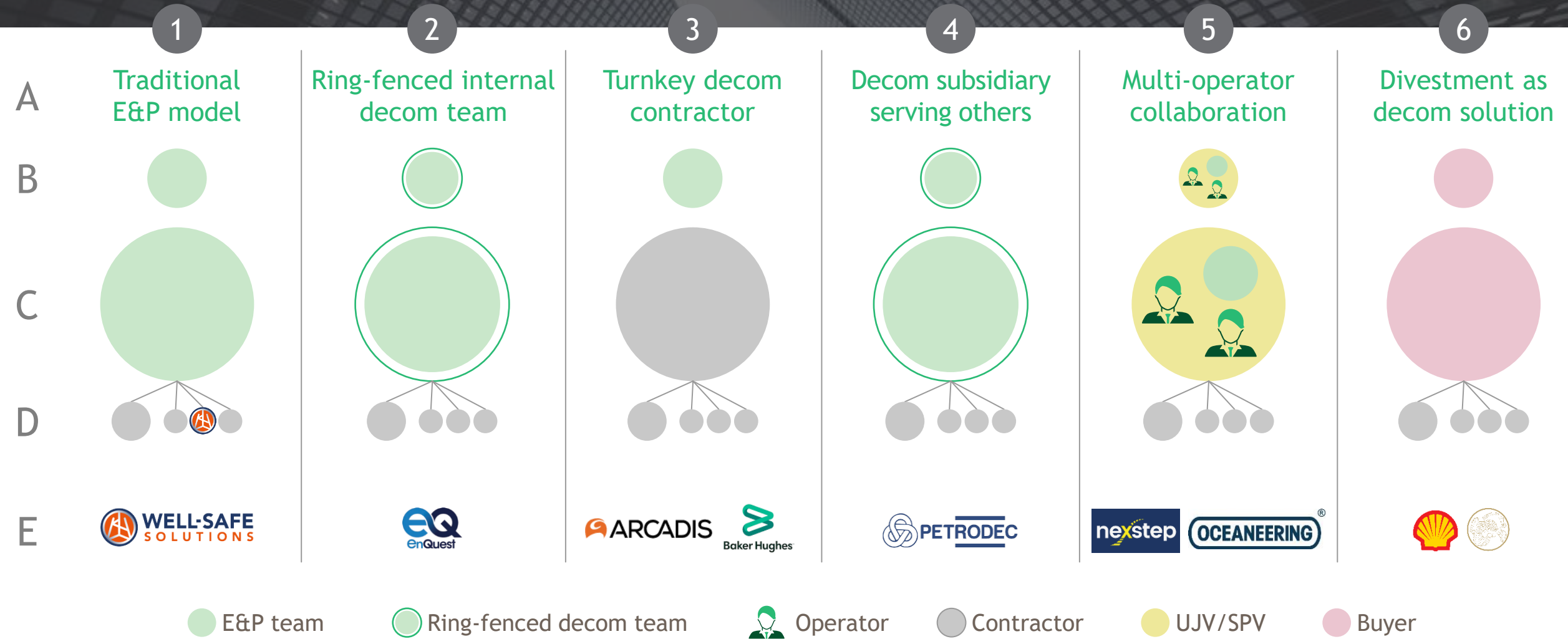


Median size of P&A campaign in UK



¹ Example for an offshore asset; ² Average forecast P&A costs per well 2021-30 in the Northern and Central North Sea and West of Shetland; Source: BCG O&G Decommissioning; OEUK; NSTA

Some alternative models are demonstrating value

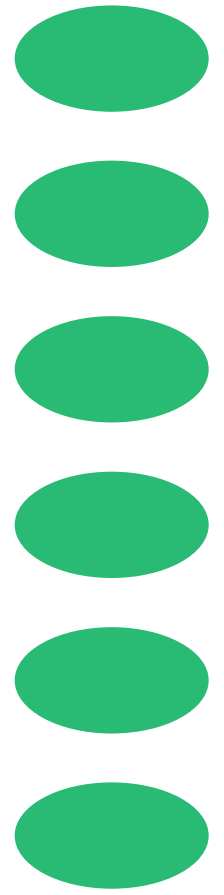
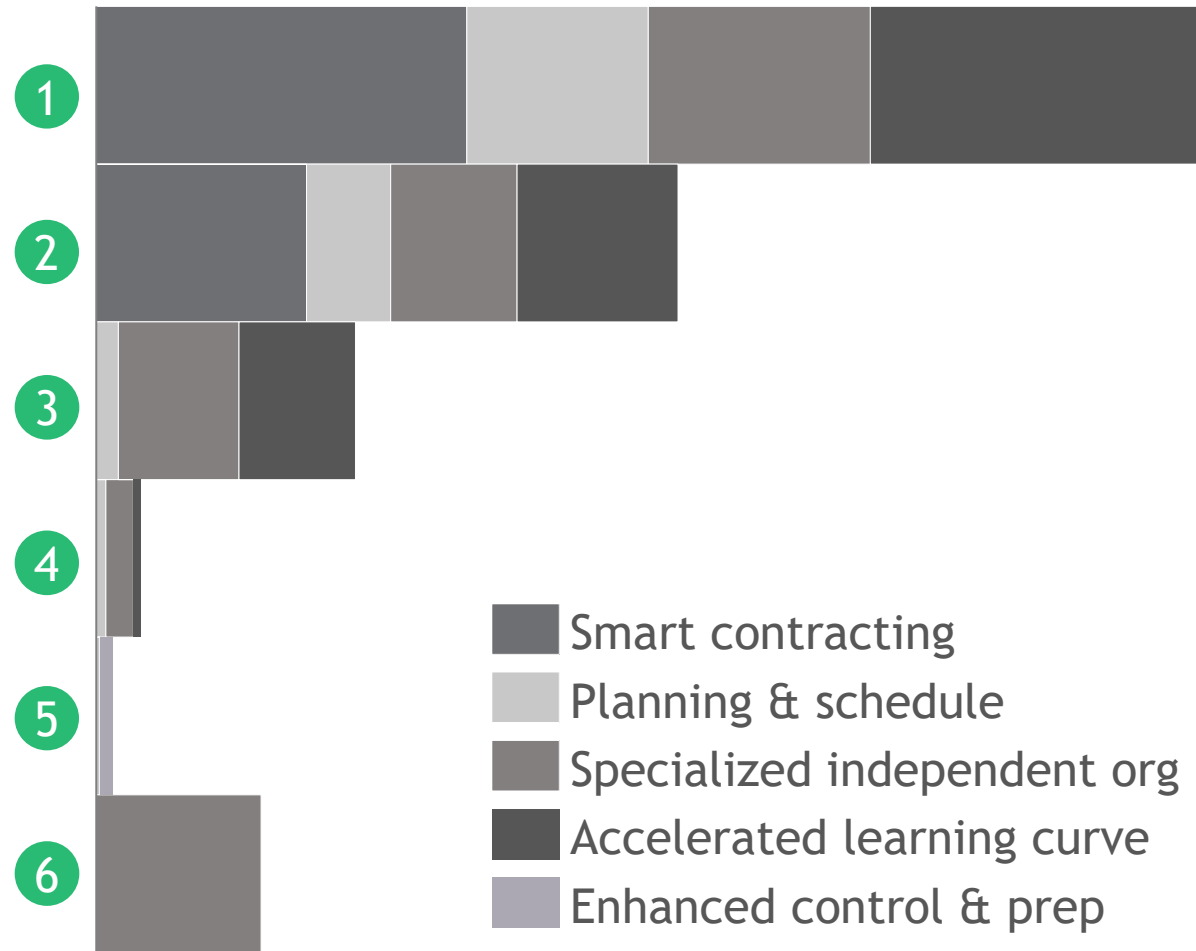


A = Model Name; B = Strategic, Financial & Legal decision rights; C = Design, Planning & Contracting decision rights; D = Field Execution; E = Examples
 Source: BCG Article "Oil and Gas Needs Decommissioning Models That Work at Scale"



Our analysis indicates alternative models can unlock ~ 25% cost savings vs. base case

Decommissioning cost estimates savings for a multi-operator collaboration model (M\$)



xx% Savings as a % of initial cost estimate

1 Subsea ad LWI P&A; 2 Jack-up P&A; 3 Subsea infrastructure; 4 Toppers <2kt removal; 5 Post-CoP opex; 6 Project Management
Source: BCG O&G Decommissioning

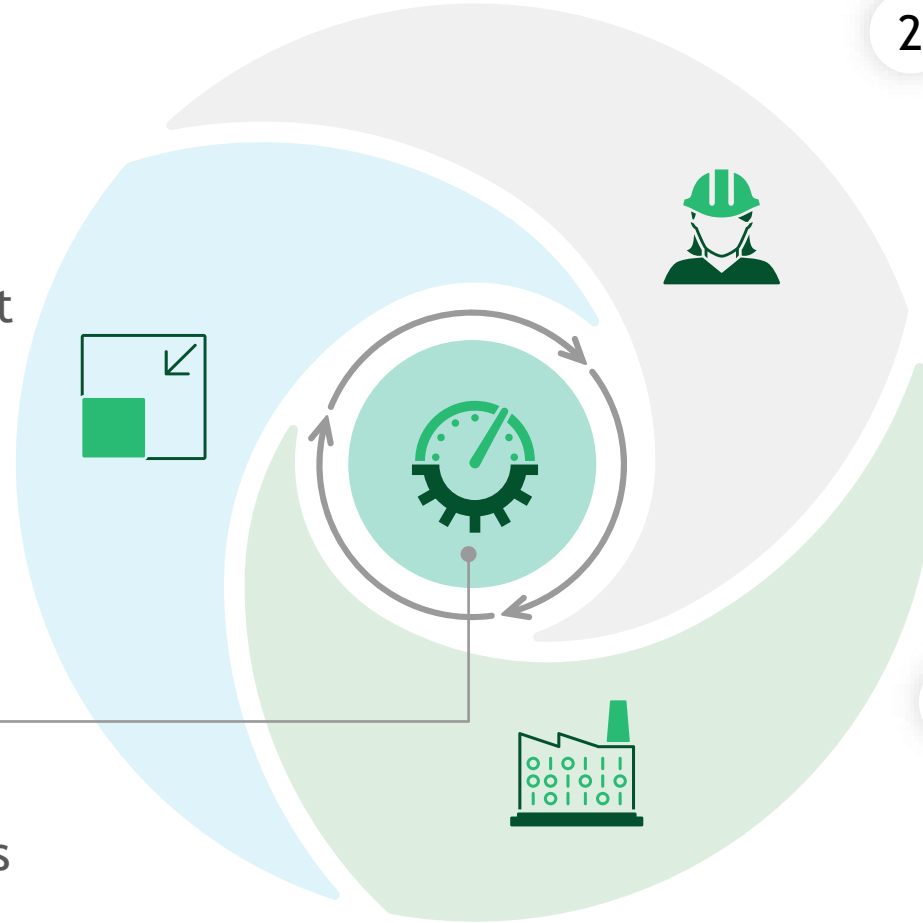
Decom excellence requires four ingredients

1 Scale
Economies of scale and learning curve are the foundation of improvement potential

2 Specialization
Specialist and experienced onshore and offshore staff that carry lessons from project to project

4 Collaboration
Unlocks innovation and could greatly ease access to sources of value

3 A tailored context for decom
Adapted standards, processes and assets to enable efficient designs, execution and learning





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