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## DW Monday: Coming Decommissioning Boom to be Driven by UK

The oil price collapse has been bad news for nearly every company involved in the industry, but one group that could actually benefit from it are specialist decommissioning companies. For these companies there is an opportunity to be part of removing the huge tonnage of infrastructure that exists in the North Sea. With oil prices forecast to remain low, life extension work that has kept many North Sea platforms producing long past their design life no longer makes commercial sense. The Dunlin platform (producing since 1978) is an early casualty having been abandoned last year.

Douglas-Westwood's (DW) new *North Sea Decommissioning Market Forecast 2016-2040* predicts that the UK will dominate decommissioning expenditure. Costs could exceed \$50 billion (bn) using current removal methods or \$43bn if SLVs (such as the *Pioneering Spirit*) are utilised. This \$7bn saving is due to the number of extra-large platforms that will require removal, which would lead to high costs using current techniques. The most common decommissioning method is reverse installation and while this is well established and safe, it is time consuming, resulting in high costs. SLVs can complete lifts much quicker, lowering offshore costs substantially. This will only happen however, if the *Pioneering Spirit* is a success and embraced by the industry, something that will be required before other SLVs are commissioned.

DW anticipates that 146 platforms will be removed from the UK during 2019-2026 – 51% of all UK platform removals over the forecast. This is due to the high number of ageing platforms in the UK, which have an average age of over 20 years and are uneconomic at current commodity prices, as a result of high maintenance costs and the expensive production techniques required for mature fields. However, many of the largest platforms will remain in place until the 2030s, mainly due to tiebacks that have increased production late in life.

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