

A New Management Approach to Decommissioning

An Opportunity

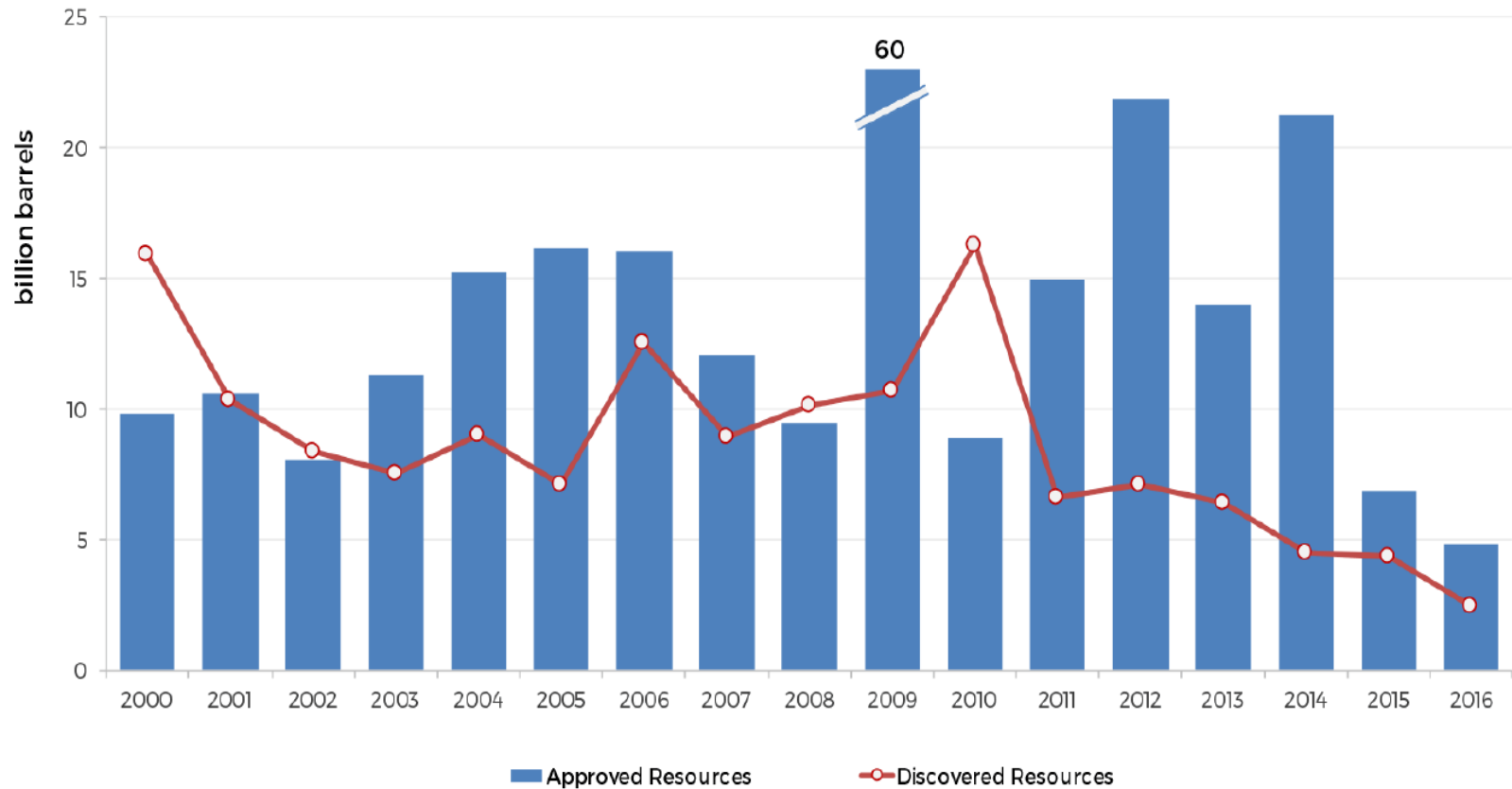
THE BRITISH ISLANDS AND THE NORTH SEA.

This map shows the British Isles, including Great Britain and Ireland, with various regions colored in shades of orange, yellow, and pink. It includes a grid of latitude and longitude lines, numerous place names, and a compass rose. A small inset map in the top right corner shows the location of the British Isles within the North Atlantic Ocean.

A detailed map of the Orkney and Shetland Islands. The title "THE ORKNEY AND SHETLAND ISLANDS." is prominently displayed at the top. Below the title, there is a small scale bar and a note: "Map of the Orkney and Shetland Islands." The map shows the Orkney Islands to the north and the Shetland Islands to the south, with numerous smaller islands and skerries labeled. The surrounding waters are labeled "ATLANTIC" and "OCEAN". A coordinate grid is overlaid on the map, with latitude and longitude markings. The map is oriented with North at the top.

A detailed map of the Channel Islands, showing the English Channel, the coast of France, and the islands of Jersey, Guernsey, and the Channel Islands. The map includes a scale bar and a compass rose.









Conventional Crude Oil Resources Discovered & Sanctioned



IEA Analysis on Rystad data



Recent North Sea Deals

Acquirer	Vendor	Transaction	Consideration
		<p>24th January 2017</p> <p>Acquisition of 25% of BP's interest in Magnus, Sullom Voe Terminal and associated pipelines, becoming new operator. <i>(Expected closing date 6-12 months hence)</i></p>	<p>\$85m, with an option on the remaining 75% for \$300m.</p> <p>BP retaining 70% of decommissioning liabilities.</p>
<p>THE CARLYLE GROUP</p> 	<p>GDF SUEZ is now</p> 	<p>17th May 2017</p> <p>Acquisition of 70% of Engie's worldwide exploration and production assets in 12 countries, including N Sea. <i>(Expected closing date TBC)</i></p>	<p>£3.7Bn plus up to £1.1Bn of decommissioning liabilities.</p>
 <p>CHRYSAOR</p>		<p>31st January 2017</p> <p>Purchase of UK North Sea assets, (Buzzard, Beryl, Bressay, Elgin-Franklin, J-Block, the Greater Armada cluster, Everest, Lomond and Erskine, plus a 10% stake in Schiehallion) <i>(Expected closing date H2 2017)</i></p>	<p>Up to \$3.8bn.</p> <p>Shell will retain up to \$1Bn of decomm liabilities from an expected total of \$3.9Bn.</p>
		<p>Announced 13th January 2016 completed 29th April 2016</p> <p>Acquisition of assets in Central North Sea, W of Shetlands & Southern Gas Basin</p>	<p>£120m</p> <p>E.On to provide £240M in tax refund for decommissioning.</p>

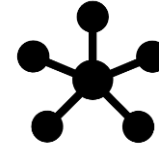
Financial Development Opportunities



Late Life Production	<ul style="list-style-type: none">• Divestment• M&A• “Bad banks” model
Decommissioning Optimisation	<ul style="list-style-type: none">• Trust funds• Tax management• Insurance
Re-Purposing	<ul style="list-style-type: none">• Re-financing

2017 UK Government Consultation: “Part of this investment could include new, innovative investors taking over older, late life assets.”

Supply Chain/Market Opportunities



Late Life Production	<ul style="list-style-type: none">• Risk management
Decommissioning Optimisation	<ul style="list-style-type: none">• Sustainable workflow• Career path development• Shared learning
Re-Purposing	<ul style="list-style-type: none">• Workforce planning• Rigs to Reefs

Technological Opportunities



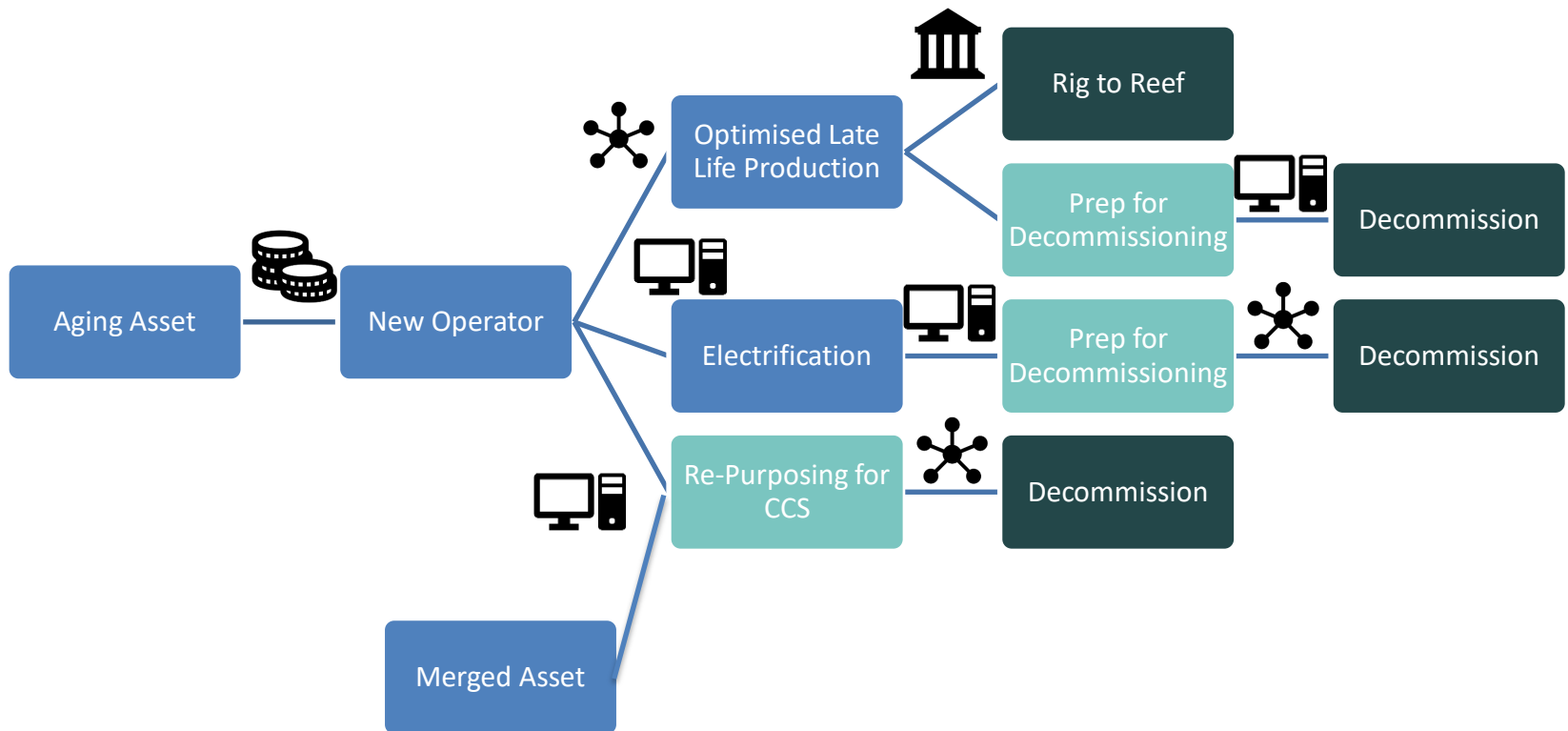
Late Life Production	<ul style="list-style-type: none">• Electrification• Enhanced Recovery (EOR)
Decommissioning Optimisation	<ul style="list-style-type: none">• Corrosion scanning• Laser measurement• Pipeline cleaning• Data management
Re-Purposing	<ul style="list-style-type: none">• Carbon Capture and Storage (CCS)• Renewable energy• Gas to Wire (GtW)

Regulatory Opportunities



Late Life Production	<ul style="list-style-type: none">• CCS - Carbon credits/offset
Decommissioning Optimisation	<ul style="list-style-type: none">• Trust funds• Tax management
Re-Purposing	<ul style="list-style-type: none">• Rigs to Reefs• OSPAR

A Managed Approach to Decommissioning



The background of the slide is an underwater scene. It features a dense field of small, light-colored bubbles rising from the bottom. Sunlight rays penetrate the water from the top, creating a bright, hazy glow in the center. The overall color palette is a range of blues and greens, from deep teal to bright white where the light hits.

Thank you