

1. Introduction

Decommissioning is the final stage of an oil or gas project. At the end of a field's life, when production has ceased, decommissioning is the process whereby the hydrocarbon reservoirs are isolated and associated infrastructure is removed and disposed of, so that the producing area is left in a safe and environmentally acceptable condition. Decommissioning is a long, costly and complex process, requiring co-operation by the key stakeholders to manage technical, economic, operational, social and environment issues.

As decommissioning is the last set of activities to occur on assets with a lifespan of typically 30–50 years, it is not often an area of great focus until near the end of an asset's lifespan. This poses significant risks to the country and its citizens.

If decommissioning activities are not properly executed, there can be potentially disastrous consequences to the environment, public health and safety, as well as negative impacts on other economic activities. Additionally, decommissioning costs are significant and will be required at a time when there is little or no income from a project. If not planned for appropriately in advance, there may not be sufficient funds available to execute decommissioning activities, which can result in significant cost to taxpayers.

It is therefore important that decommissioning is adequately addressed by the government in its capacity as the regulatory authority for the sector.

Decommissioning must be planned and considered throughout the lifespan of projects, to safeguard the country's interests.

This document seeks to provide guidance to governments on:

1. What decommissioning is, and the factors that can influence the timing and costs.
2. The key issues associated with decommissioning and their implications for governments.
3. What constitutes a robust regulatory framework for oil and gas decommissioning. A checklist is included to assess and identify areas for strengthening in the existing regime (see Appendix C). Illustrative legal provisions are also provided for countries to consider (see Appendix D).
4. Recommendations for effective management of oil and gas decommissioning.