

# BIMCO Offshore Dismantling Services Agreement



**Sarah Wallace**  
**Senior Claims Executive**  
+44 20 3320 8900  
sarah.wallace@ctplc.com

With the expected increase in decommissioning projects, the time is right to create a standard decommissioning contract which can help to reduce the costly and time-consuming process of negotiation for the parties involved.

## **Decommissioning is on the rise**

Over the coming years, a growing number of offshore oil and gas facilities and installations are to be taken out of service, and there is expected to be a huge increase in decommissioning projects as the oil and gas infrastructure matures and facilities offshore become obsolete or uneconomical to sustain. The opportunities for decommissioning in Asia, the North Sea and the Gulf of Mexico are significant.

## **A complicated contract**

Most offshore facilities are tailor-made, so the ability to reuse the facilities is often limited. This is good news for the decommissioning industry, but also means that contracts for decommissioning works are usually extremely complicated, as drafters wish to include a wealth of information as well as attempt to address every eventuality that may arise.

We have seen a number of bespoke decommissioning contracts through The Standard Club's contract review service. These heavily amended contracts are generally costly and time-consuming to negotiate, so it was felt by a number of people in the industry that it would be in the interest of all parties if a standard contract was available for use worldwide.

## **The BIMCO decommissioning contract**

The development of a decommissioning contract has been on BIMCO's work programme for some time. BIMCO has now initiated a new project to develop a marine services agreement for dismantling oil and gas production facilities and infrastructure. The drafting team includes representatives from Maersk Supply, Bibby Offshore, the International Marine Contractors Association, the International Salvage Union, the UK Chamber of Shipping, The Standard Club, Holman Fenwick Willan and BIMCO.

The subcommittee first met on 5 April 2016. It was agreed that the new contract would be based on BIMCO's WRECKSTAGE 2010. The intention is for the work scope, equipment and personnel needed to be agreed between the parties and annexed to the contract. The contract itself will set out the obligations and liabilities of each party. Drafting is progressing and it is hoped that the new contract will be presented to the BIMCO Documentary Committee for adoption in 2017. In the meantime, members are encouraged to contract on knock-for-knock terms and engage with the club in relation to any decommissioning projects.