

Standard Bulletin: Offshore Special Edition

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Welcome to the 10th Offshore Special Edition of the Standard Bulletin. This bulletin focuses on decommissioning – the topic recently covered at our Offshore Forums in London and Singapore on 13 May and 3 June respectively.

With the decline in North Sea oil and gas, and with reserves increasingly expensive to recover, the spectre of decommissioning costs is becoming a harsh reality for field operators.

The Convention for the Protection of the Marine Environment of the North-East Atlantic (or OSPAR Convention) is the current legislative instrument regulating international co-operation on environmental protection in the North-East Atlantic. OSPAR requires all redundant man-made structures in the region to be removed for disposal on land at the end of their operational life.

The onshore recovery of almost all the North Sea's remaining 475 platforms, as well as 10,000km of pipelines and plugging of 5,000 wells, is forecast to cost about £40bn between now and 2040.

Given the extent of decommissioning work planned for the coming years, **Stephen Gordon**, Managing Director at Clarksons Research, kicks off this bulletin by looking at the potential upside to our Offshore members.

The decommissioning of topsides, jackets and concrete gravity base substructures, as well as drill cutting piles, presents significant technical challenges due to age (many rigs were constructed in early 1970 without computer-aided design and with a projected life of 20 years), extensive corrosion and the hostile environment of the North Sea. **Alan Clifton**, Managing Director at LOC Norge AS, looks at these technical challenges and gives guidance on the decommissioning and removal processes.

Nick Rock, a Partner at Reed Smith LLP in Norway, goes on to consider the movement of waste in the context of decommissioning projects but also underlines the broader relevance to members involved in the onshore and offshore supply chain.

Thank you to the authors for their contributions and to Rosanna Unwin, an Underwriting Assistant in the Offshore Syndicate for her input on decommissioning generally. We value feedback from all who read this bulletin and we are always interested in hearing your suggestions for content for the bulletin or future Offshore Forums.



Given the technical challenges of offshore decommissioning, various issues need to be taken into consideration from an insurance perspective, including damage to third-party property and liability exposures under both convention and contract. **Simon Jackson**, a Partner at Clyde & Co LLP, gives guidance on decommissioning exposures and the market insurance solutions available. **John Croucher**, Underwriting Director, and **Sian Dinnadge**, Deputy Underwriter, in the Offshore Syndicate, go on to look at the scope of P&I cover available to members involved in decommissioning projects.

To conclude our forums in both London and Singapore, Rob Dorey introduced The Standard Syndicate 1884, which started underwriting from 1 April as a traditional marine syndicate at Lloyd's of London focussed on hull, marine and energy liability, energy physical damage, D&O and E&O, marine and energy-related property and cargo covers. The Forum was therefore a good opportunity to introduce The Standard Syndicate to members and to ask for their future support.

This bulletin concludes with a spotlight on **Ollie Paine**, Energy Class Underwriter at The Standard Syndicate, in charge of writing physical damage, operator's extra expense/control of well and construction coverage for marine energy businesses covering mobile and fixed platforms and associated onshore facilities, including their decommissioning.