

New requirements the way for US Gulf players

Asset decommissioning rules set for change

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US Gulf of Mexico operators are optimistic they will see friendlier requirements for furnishing financial proof of their ability to decommission ageing assets later this year, *writes Caroline Evans*.

Fieldwood Energy chief executive Matt McCarroll says the new rules are expected to be unveiled in "weeks and months, not years", likely before the end of 2018.

"We don't have a final resolution yet but we're very optimistic we will be getting a set of requirements that work for all parties," McCarroll tells Upstream.

The Obama administration had moved to tighten up plugging and abandonment policies in recent years following the high-profile bankruptcy of ATP Oil & Gas, contending that taxpayers should not be left at risk of having to clean up oilfield kit once it outlives its useful life.

The Trump administration last year put the requirements on hold while they are under review.

The industry had argued that the US system already ensured that previous leaseholders were responsible for unmet liabilities.

It has also found fault with estimates produced by regulators for how much additional bonding should be required.

McCarroll says US Gulf players have asked the US Bureau of Safety & Environmental Enforcement (BSEE) to use operators' estimates of their remaining obligations, rather than the government's estimates.

Their argument is that operators know more about their properties and that regular audits ensure the numbers are current.

"Those are discussions that are still happening between BSEE and industry and we hope to reach some resolution with that," he says.

"It's something that we have a lot of data on and it's something that our auditors spend a lot of time on. Conversely, BSEE comes up with their own estimates of what that work will cost in the future, and those estimates vary greatly among operators."

McCarroll also says the Obama-era policies made harsh demands on operators already battered financially by the low oil price environment. "There have been a number of companies that have gone through bankruptcy and gone out of business in the Gulf of Mexico over last 20 years and for the most part, without exception, the industry has figured out a way to keep the government from having any exposure financially for those abandonment obligations," he adds.

"So we do a pretty good job as an industry of managing this problem, or the potential problem ourselves. Too much government intervention in this would be very problematic."
