



Westwood
Global Energy
Group

Westwood Global Energy Group

*UK decom outlook: what, where, when and
who?*

Yvonne Telford
Research Director

10 June 2025
SPE Wells Decommissioning Conference



Agenda

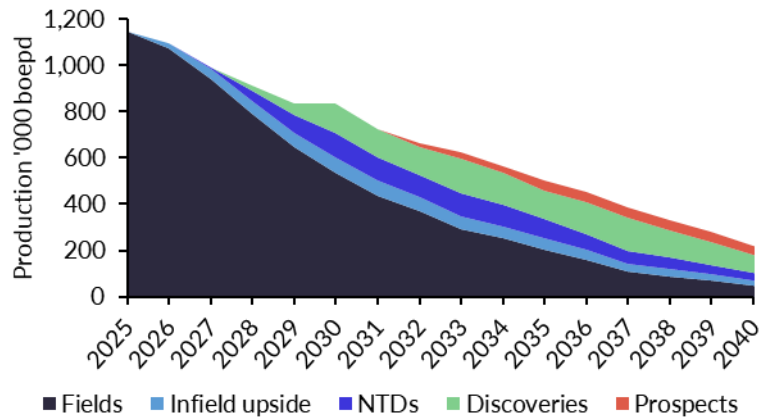
- UKCS outlook
- Challenges for the sector
- Decommissioning is looming: what is the size of the prize?
 - Number fields ceasing
 - Which fields and where?
- Well P&A
 - Wells backlog for P&A
 - Rig outlook
 - Cost risks
- Who are the operators?



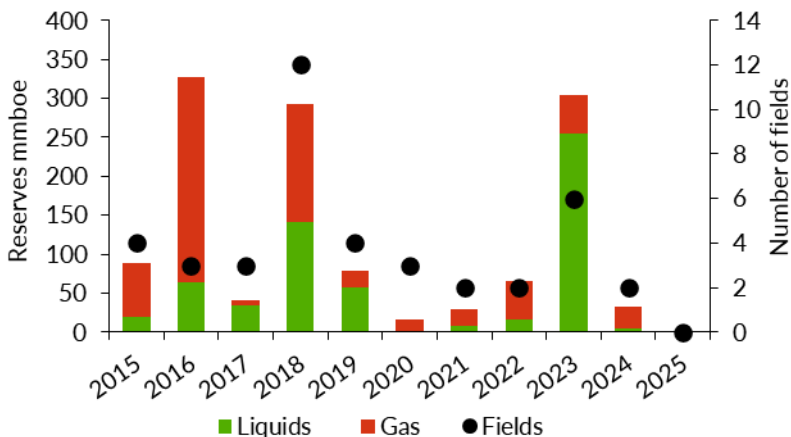
UKCS Outlook

A change in government and overall fiscal instability has undermined investor confidence. Production is in decline and there is low development and exploration activity. Companies are therefore assessing their options

Production forecast



Field development sanctions



Extend hub life

What is the potential impact of brownfield activities and decarbonisation as well as the potential upside from E&A?

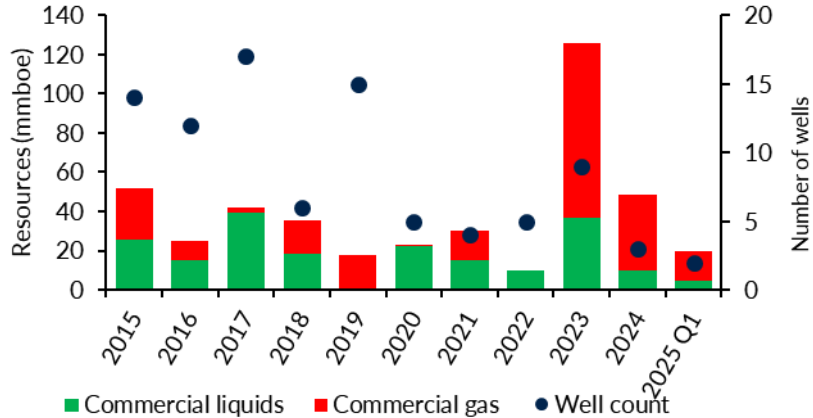
Repurpose infrastructure

What is the opportunity in repurposing assets for CCS?

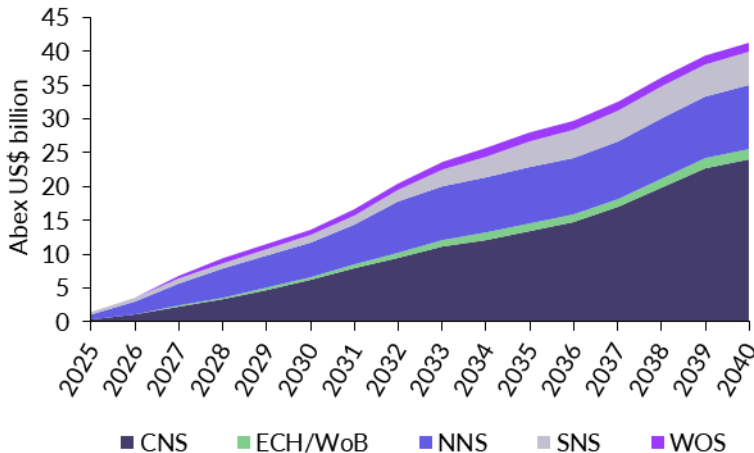
Decommission

What are the opportunities in decommissioning and the challenges faced due to the availability of services?

Exploration activity & discovered resource



Cumulative abandonment spend

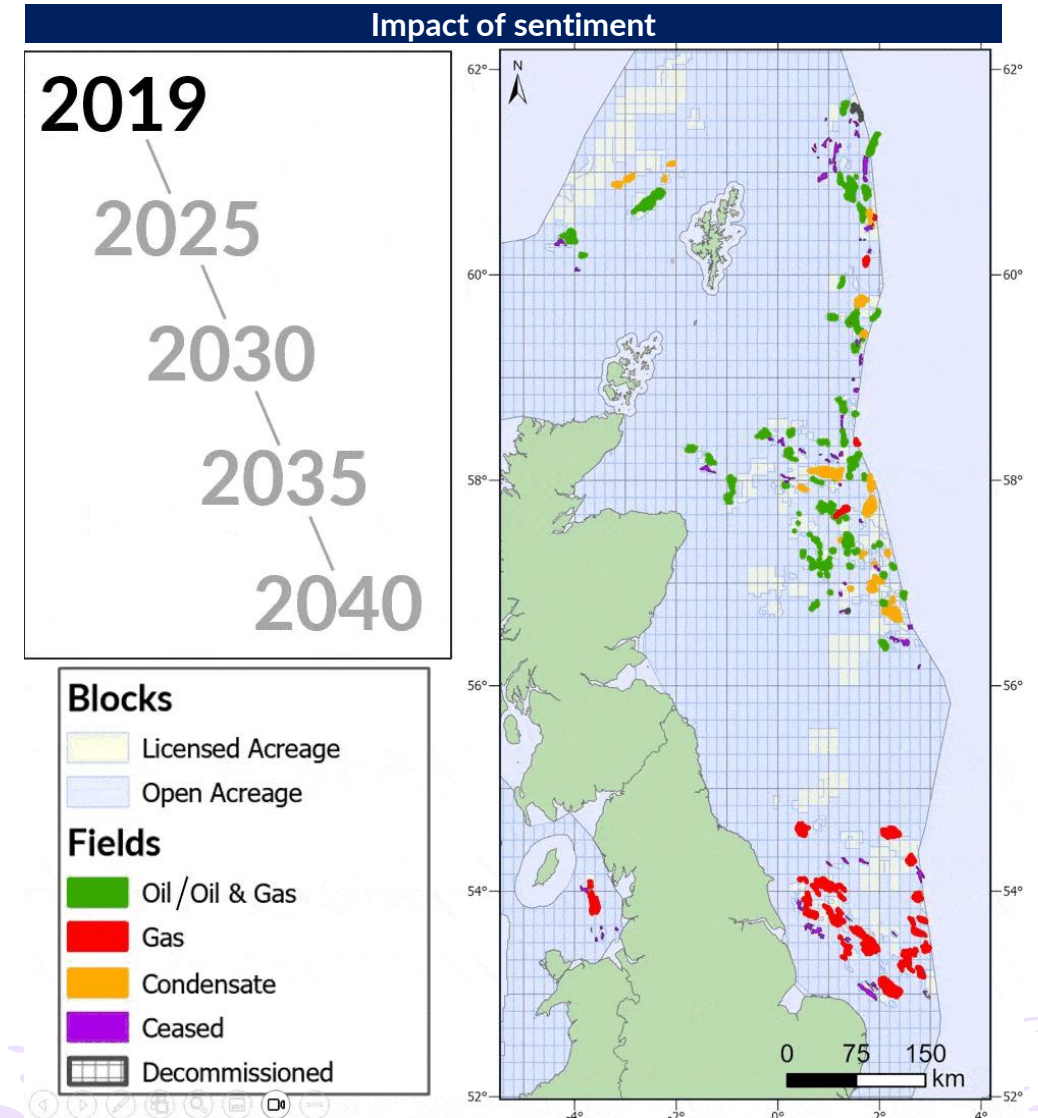
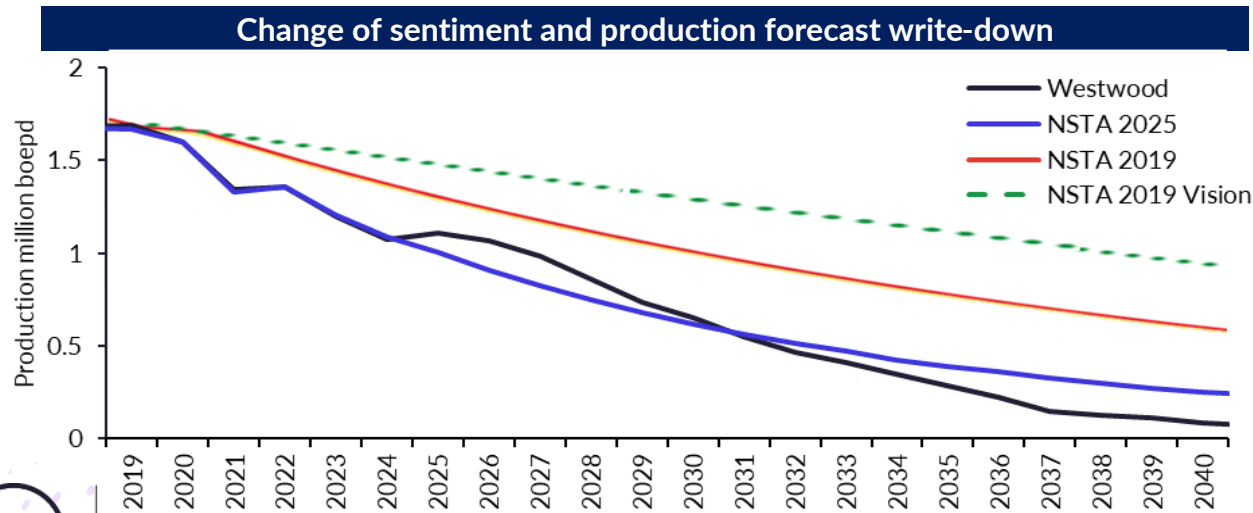
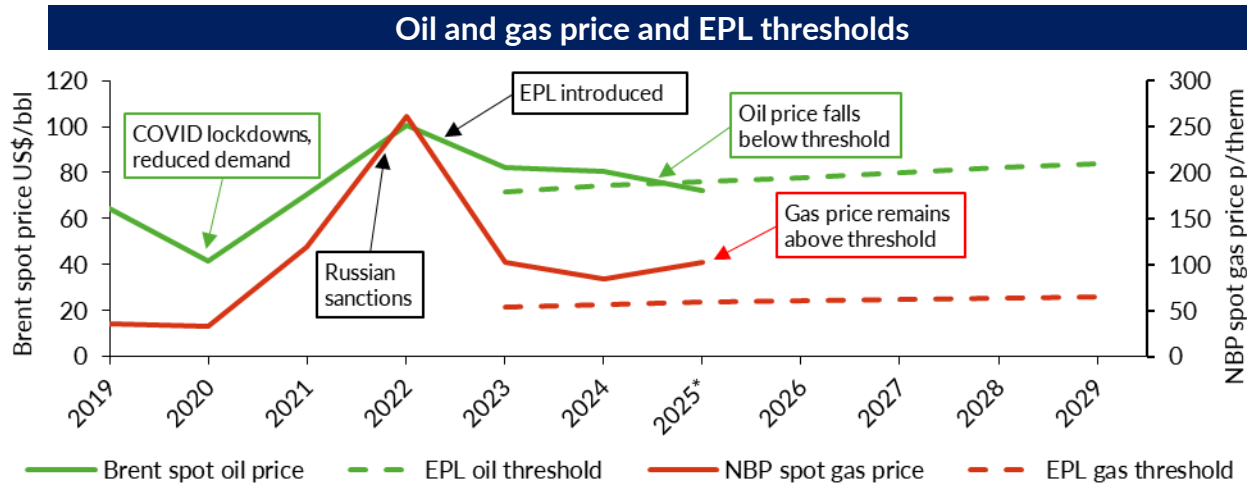


Westwood
Global Energy
Group

Source: Westwood Atlas

Challenges for the sector

67 hubs are currently producing or under development, which is expected to decrease to 20 by 2035, based on current firm investment plans. The outlook has changed over time, the opportunities in the geology have not



Global Energy
Group

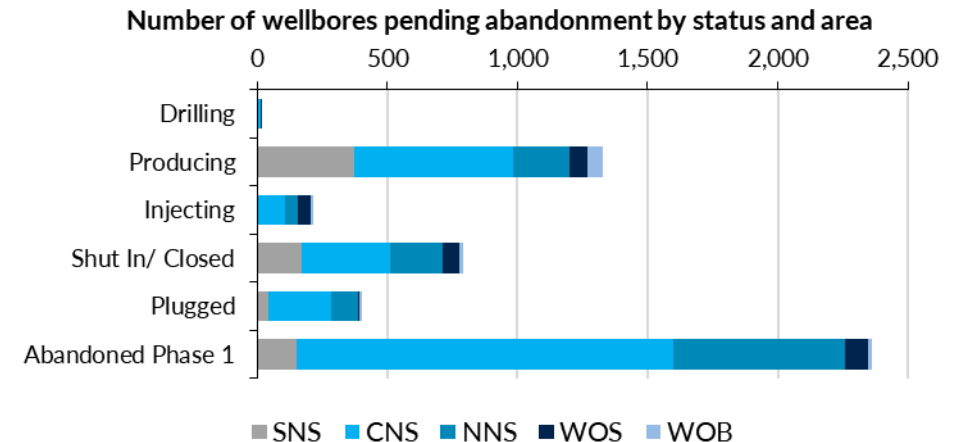
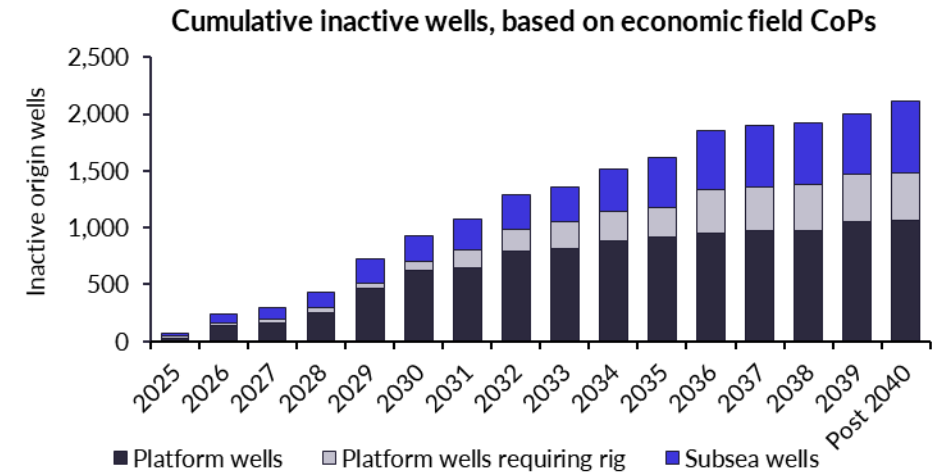
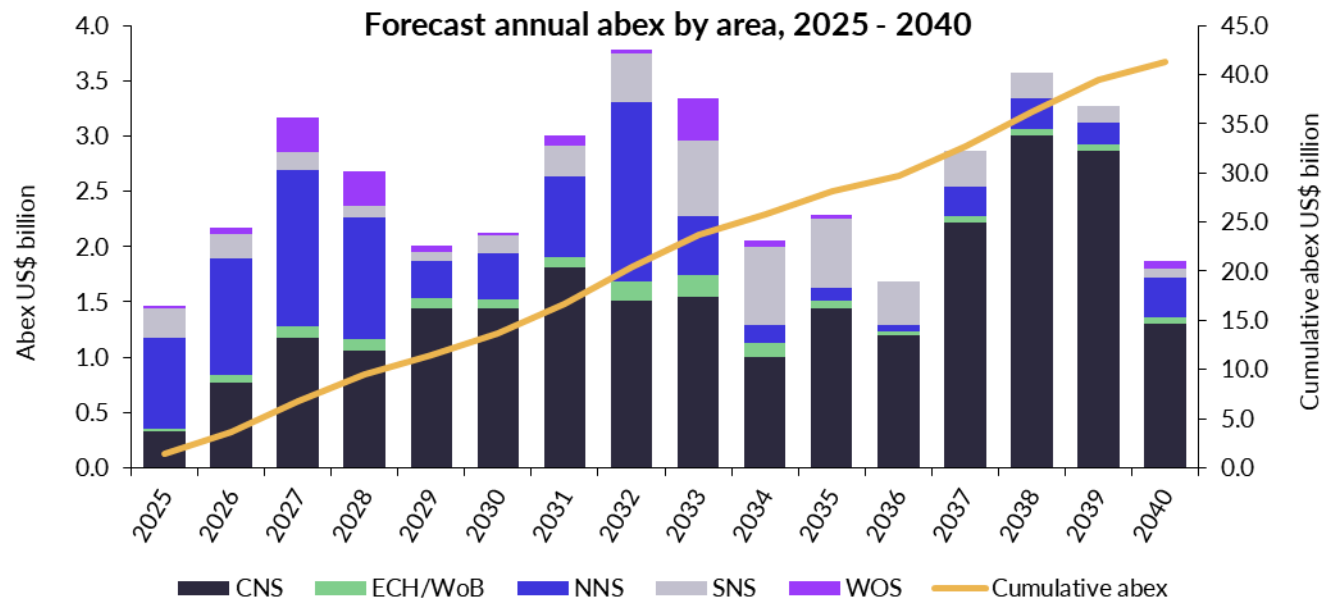
Sources: Westwood Atlas, Reuters, EIA, NSTA

Decommissioning is looming: what is the size of the prize?

Over the next 10 years, >US\$26 billion is expected to be spent on decommissioning. Over 1,600 origin wells will become inactive in the next 10 years, out of a total of >2,500 requiring P&A activities. CNS will be busiest

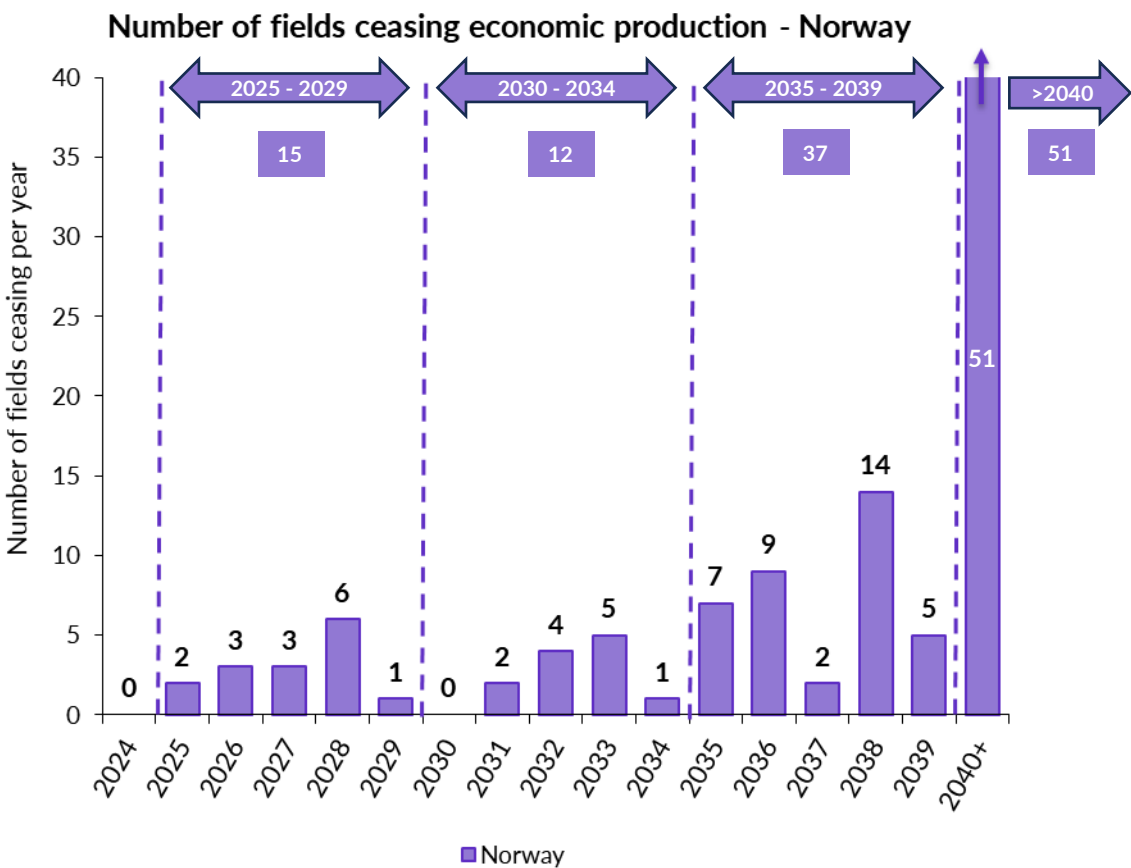
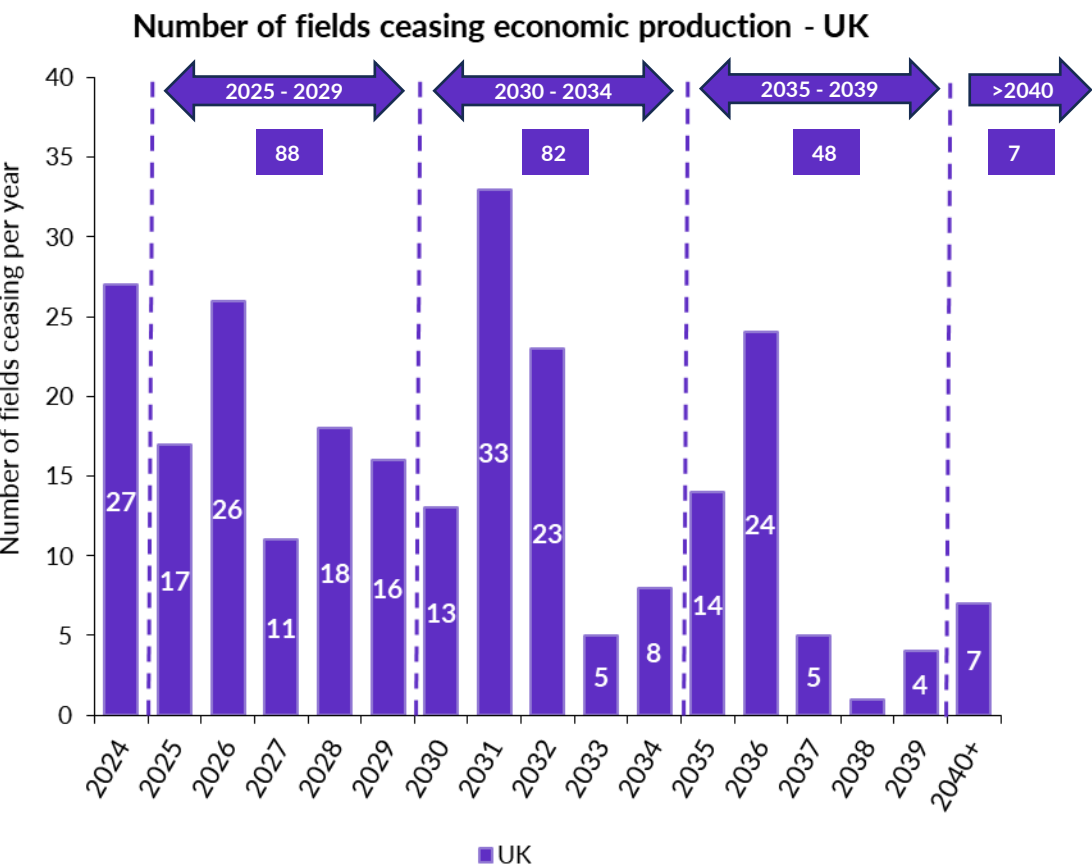
Decommission

What are the opportunities in decommissioning and the challenges faced due to the availability of services?



Number of fields ceasing in the UK and Norway

27 fields ceased production in the UK in 2024. CoP levels expected to be sustained over next 10 years. Norway decommissioning ramp-up is not for another decade at least -> timely opportunities post UK decommissioning

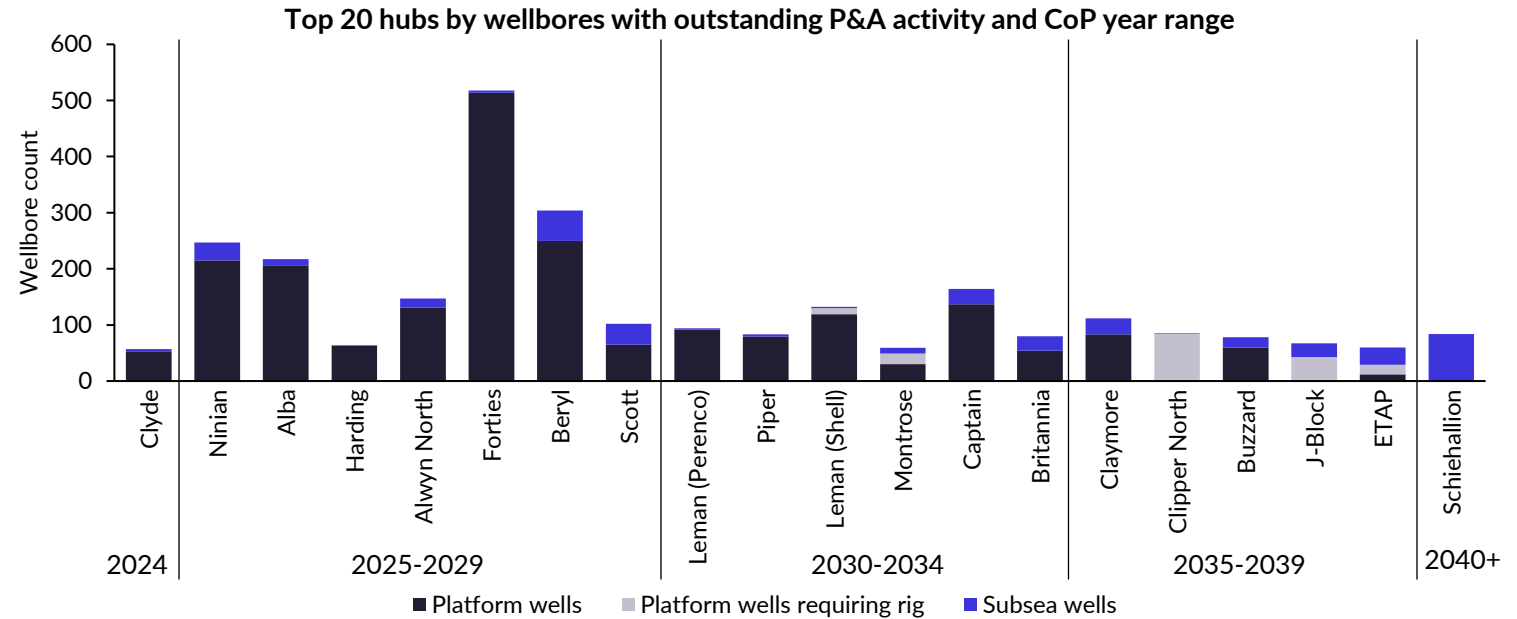
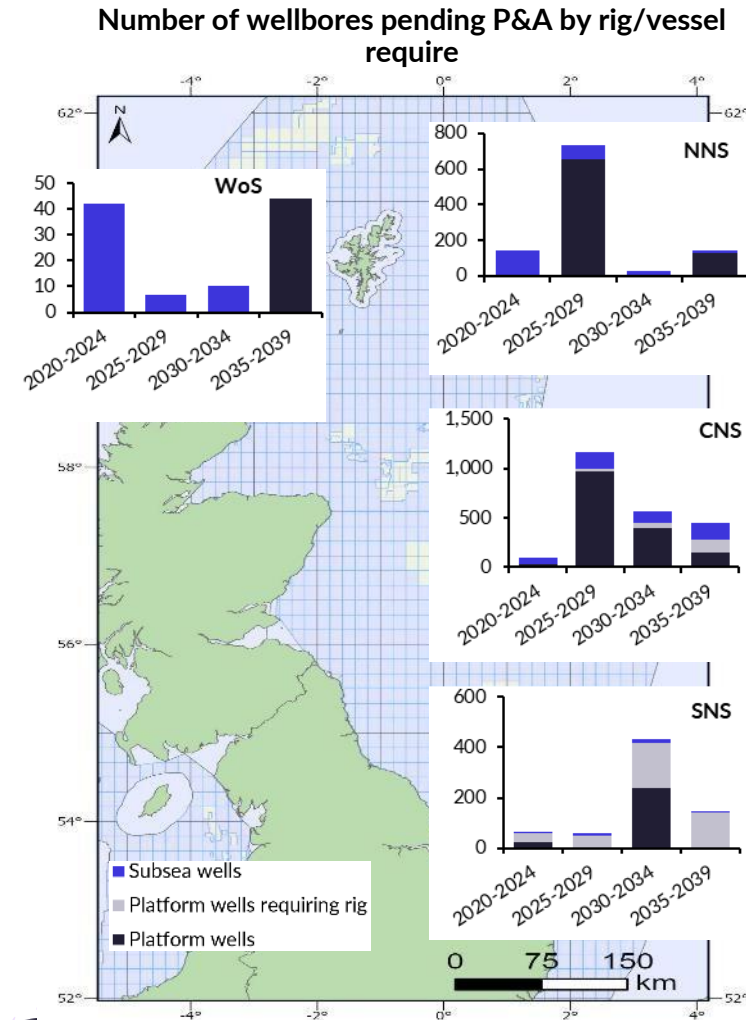


CoP years reflect economic cessation year based on existing, firm investment plans
Note that Near Term Developments are not included in this dataset, only producing and under development fields



UK well stock to be abandoned

Remaining abex in the UK is over US\$47 billion, of which >50% will be spent in the next 10 years. The top 20 hubs are expected to account for 53% total abex spend, with well abandonment accounting for c. 50% of abex



- c. 4,000 wellbores associated with fields still in production or under development
 - 70% of NNS wellbores in fields expected to CoP in 2025 - 2029
 - 51% of CNS wellbores in fields expected to CoP in 2025 - 2029
- 54% of wellbores needing P&A activity will need a rig, jack-up or vessel/workover unit
- SNS fields benefitting from recent gas pricing and exploration successes
- Pre-2025 WoS CoPs driving P&A activities in that region



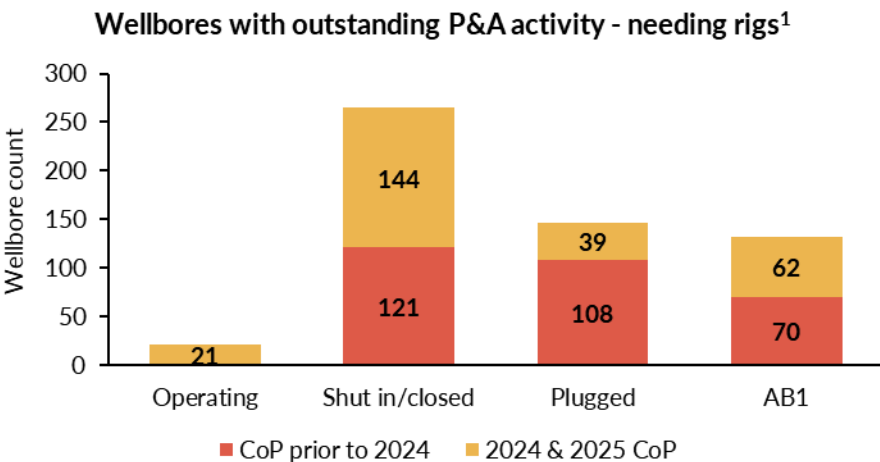
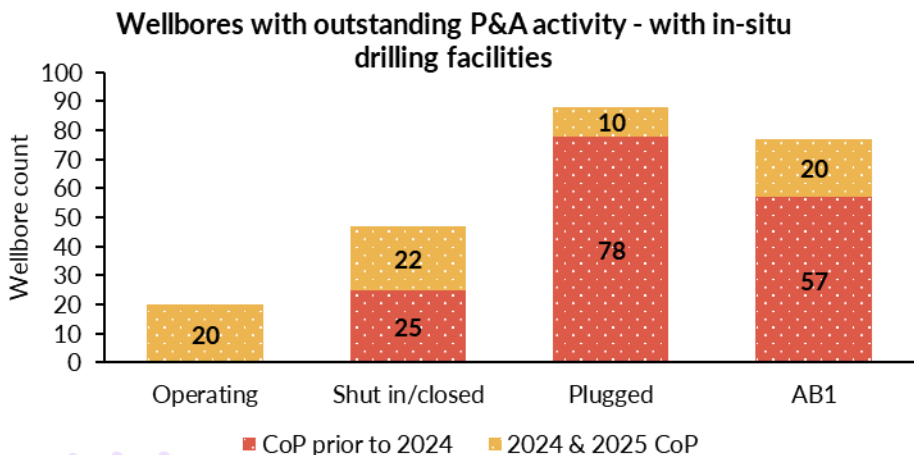
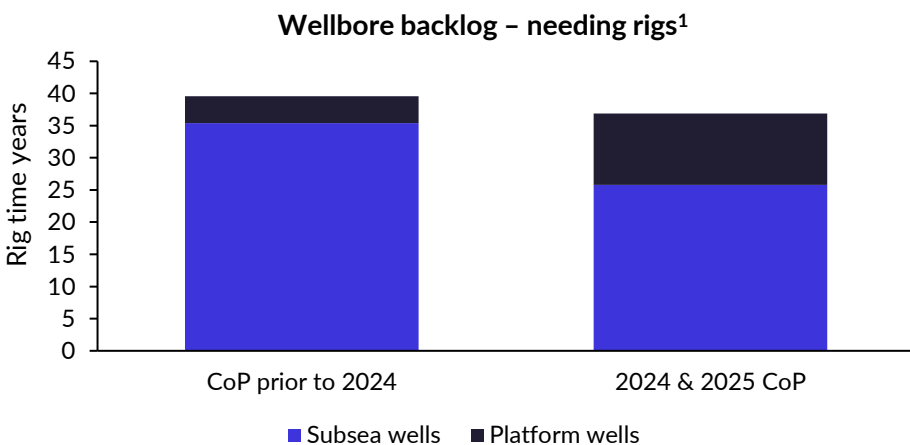
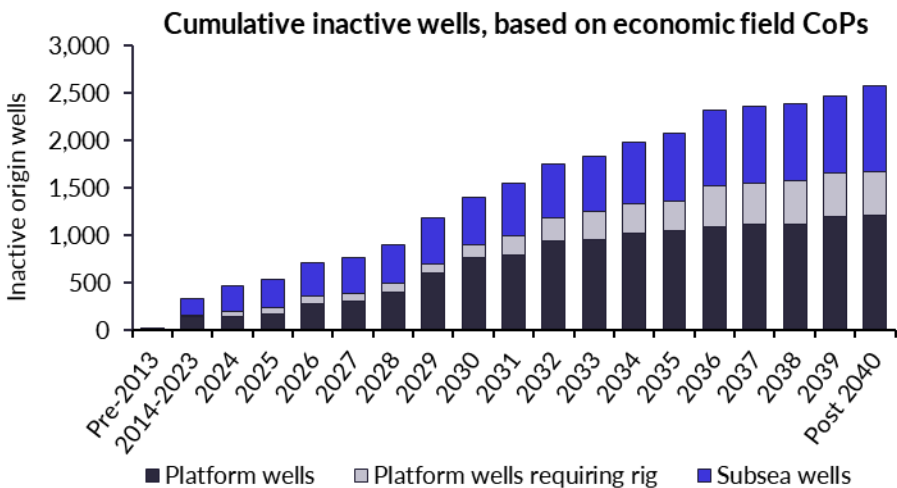
Westwood
Global Energy
Group

Note: CoP years reflect economic cessation year based on existing, firm investment plans

Source: Westwood Atlas Decom

Well P&A backlog

Substantial P&A backlog. >300 of the 450 wellbores on fields ceasing prior to 2024 require downhole abandonment with a mobile drilling unit = c. 35 years of work. Another 25 years for 2024/2025 wellbores



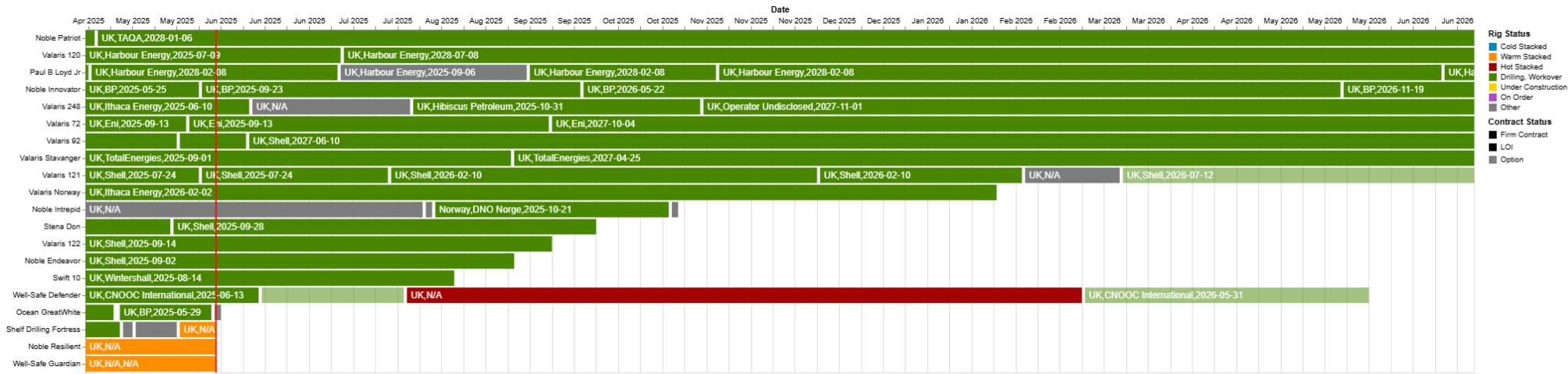
¹ Note these wellbores include subsea wells and platforms wells where there are no in-situ drilling facilities

Rig supply – Fleet timeline by rig name

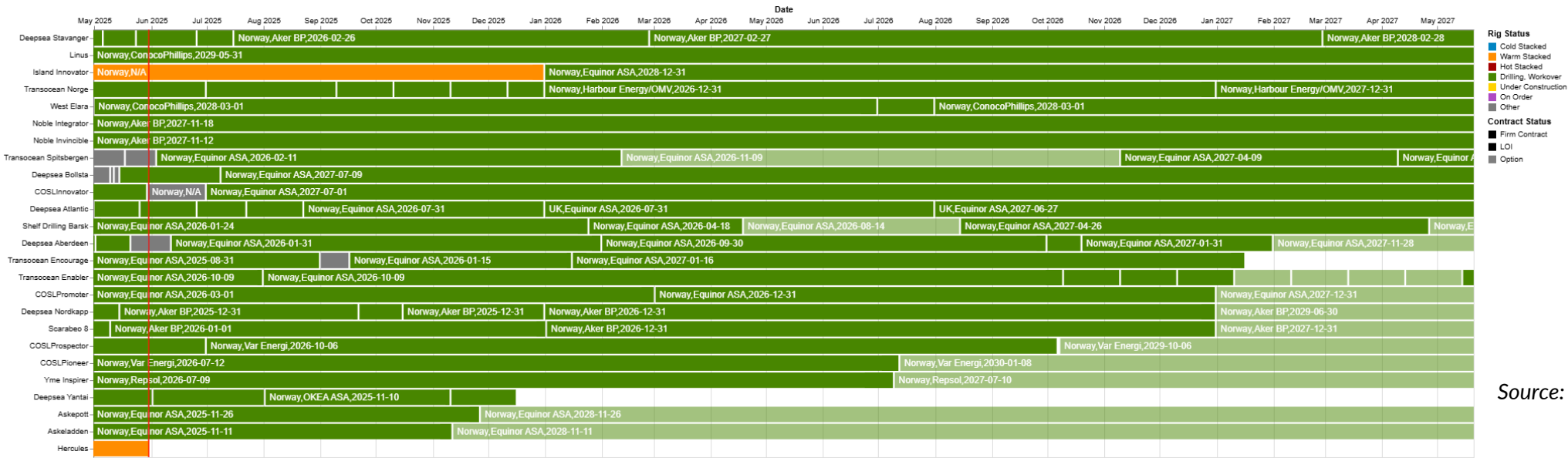
Rig utilisation rates in the UK should be higher, based on P&A requirements. Many reasons for lack of P&A execution, but there is a gap in contracts outlook. Rigs are exiting the UKCS. Norway’s activity outlook is healthier

Fleet timeline by rig name

UK



Norway

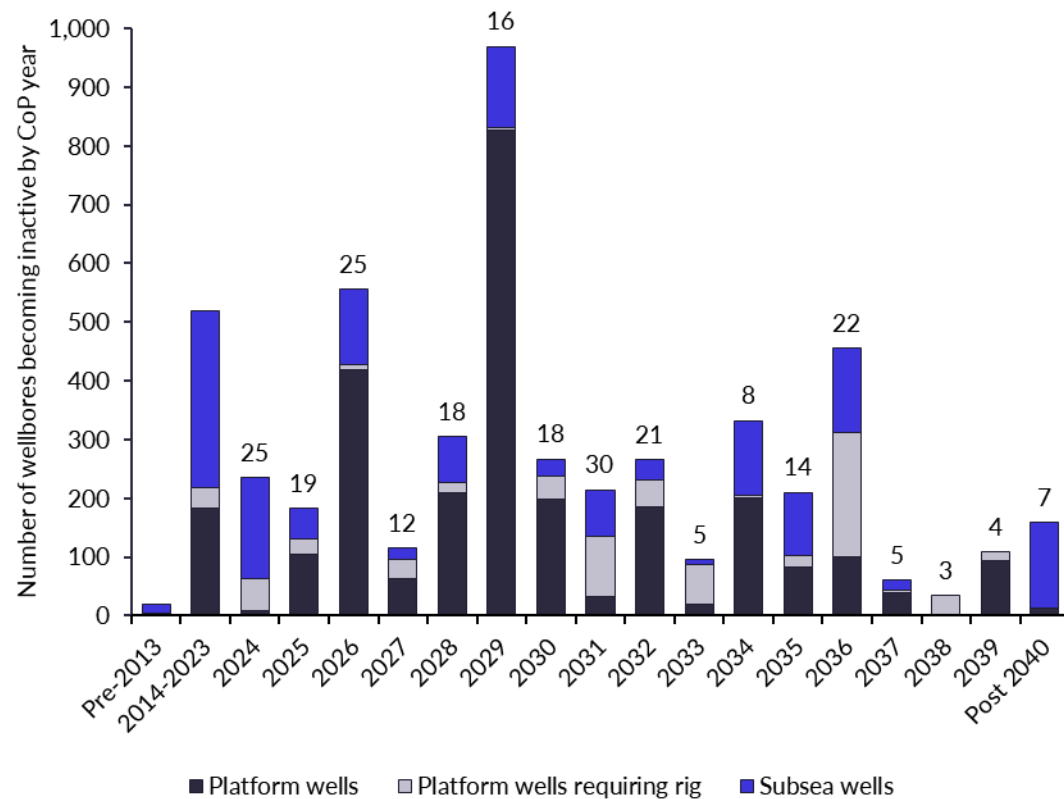


Source: Westwood RigLogix

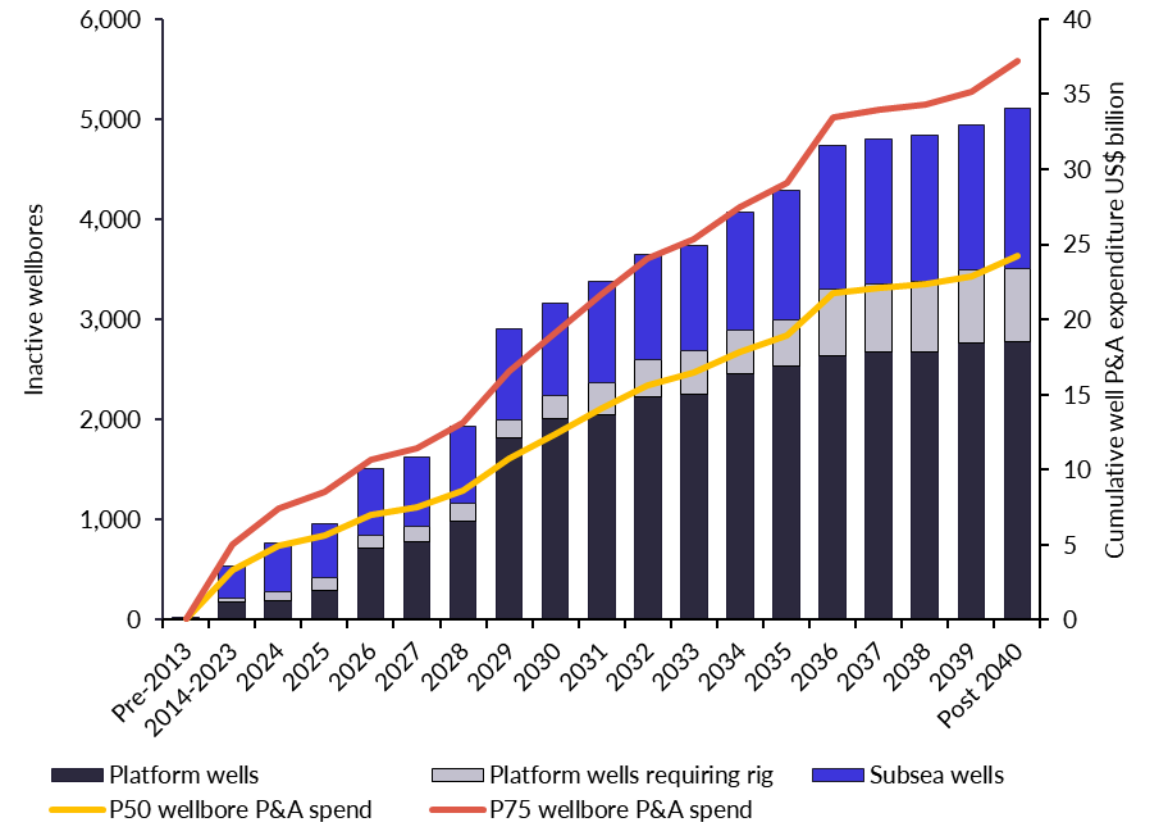
UK wellbores: numbers and P&A cost risks

Increased competition for rigs and platform drill crews in next 10 years as P&A demand ramps up. NSTA P50 costs gives projected well P&A spend of c. US\$19 billion, but increases to US\$29 billion in the NSTA P75 case

Number of wellbores becoming inactive by CoP year and number of associated fields



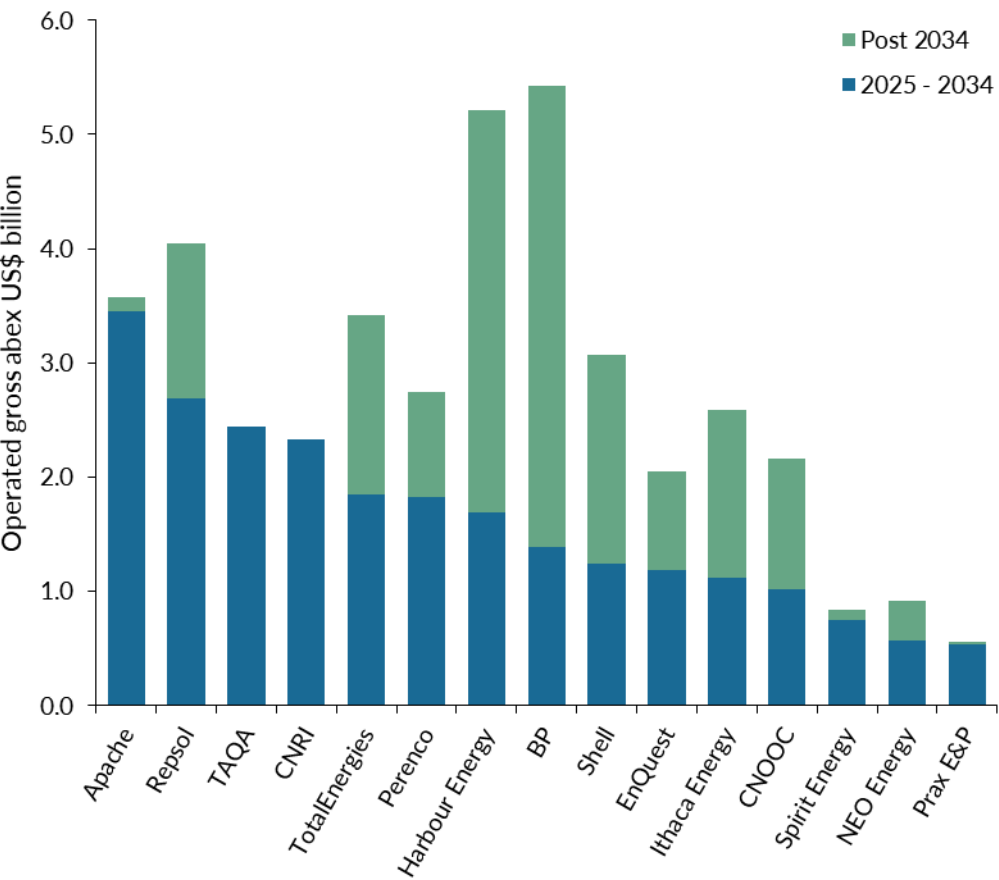
Cumulative inactive wellbores, based on economic field CoPs



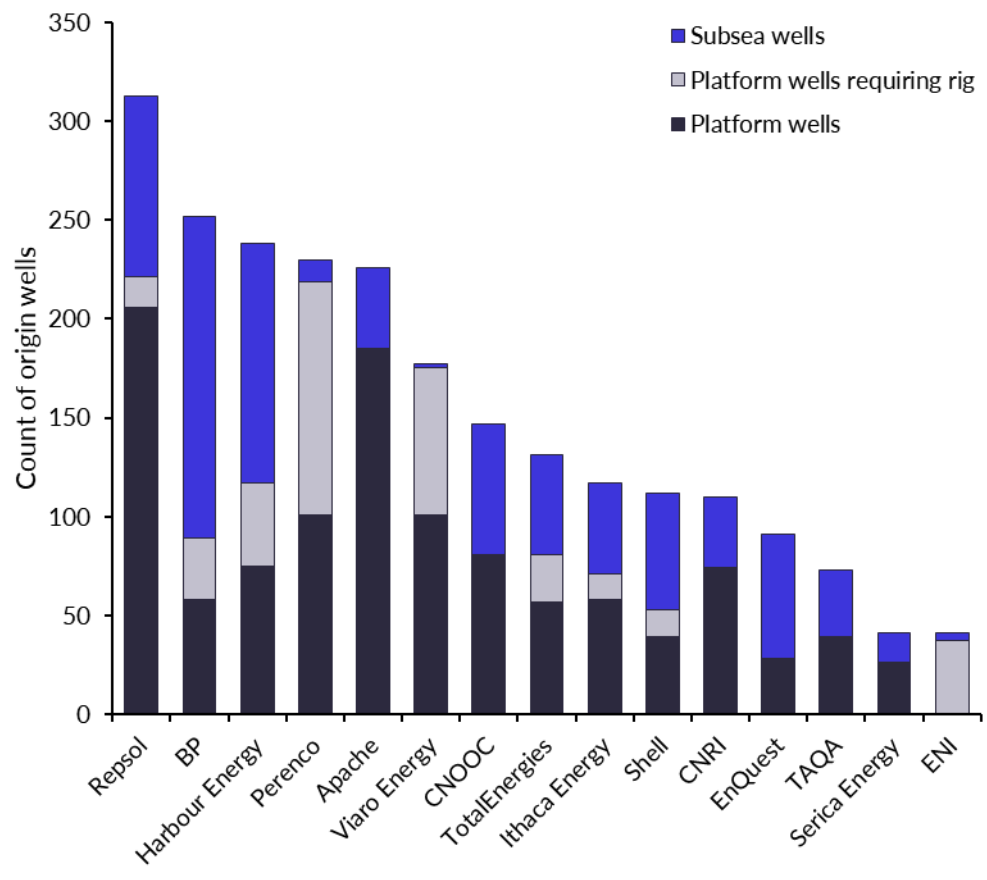
Who manages the expenditure?

4 operators will manage >40% of abex to be spent in next 10 years. Platform wells account for c. 50% of the 2,500 wells. 5 operators manage 56% of platform wells, 3 operators manage 41% of subsea wells and 2 manage 41% of platform wells needing rigs/mobile units

Gross remaining abex spend - top 15 operators ranked by 2025 – 2034 spend



Gross number of wells to decommission - top 15 operators

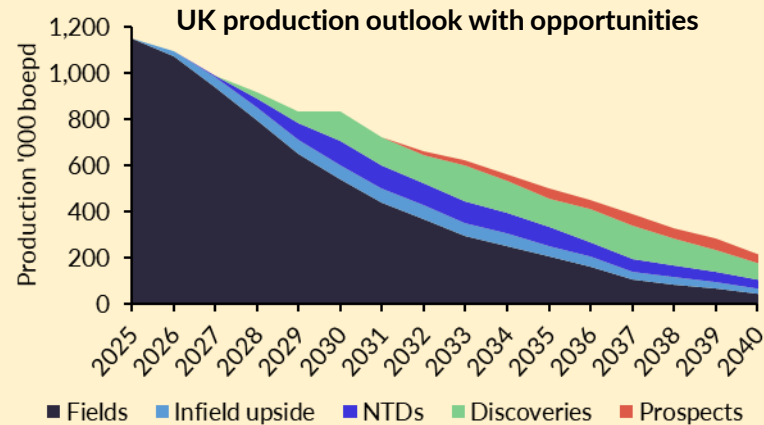


Note: Remaining abex excludes near term developments

Key takeaways

Need production. Need planned decommissioning. Need oil and gas recognised as fundamental part of energy transition and UK business plan

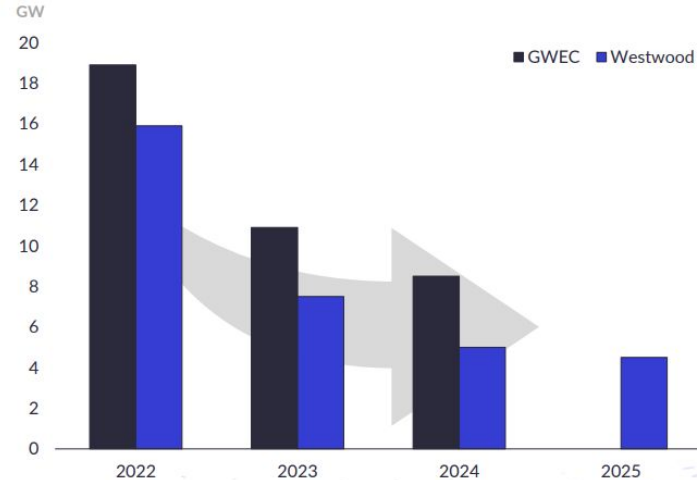
Production



- Production is in decline
- But there are opportunities
- Risk of decommissioning tax liabilities exceeding oil and gas tax receipts by early-mid 2030s

Renewables

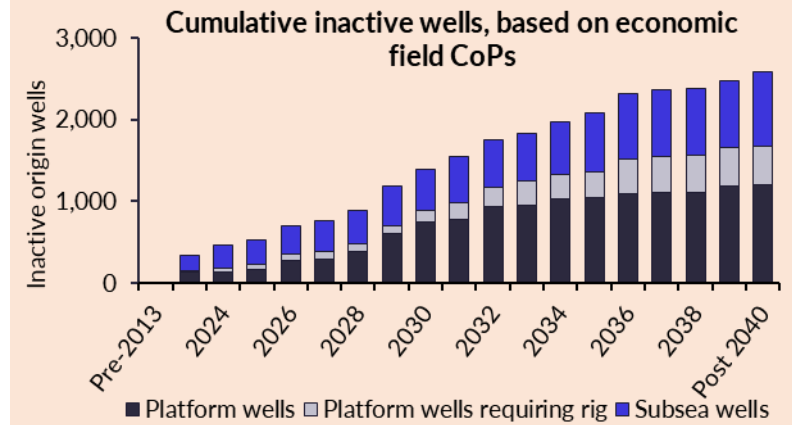
2030 Floating Wind Capacity Forecast Changes from 2022 to 2025*



*At the time of publication, GWEC had not released their 2025 forecast

- Ramp-up of UK renewables is not on target
- Cost challenges increasing
- Global wind capacity forecasts being revised down

Decommissioning



- Decommissioning prize is large
- Current lull in activity
- Risk of 'too much too soon'
- Cost increases impact HMRC



Energy diversification is critical

The irony of the Norway photo opportunity




Norway's Energy Minister meets Ed Miliband on 7 May, only two days before the APA 2025 Round is announced.

Source: Energy Voice, 8 May

NOS News • Wednesday, April 23, 2:00 PM

Agreement on more gas extraction in the North Sea

 **Rob Koster**
reporter economy

The government and oil and gas companies have signed an agreement to extract more gas from the North Sea. The cabinet considers this necessary to avoid becoming completely dependent on gas from abroad. Since 2018, the Netherlands has been a net importer of gas. This is due to the phasing out and later termination of gas extraction from the Groningen field.



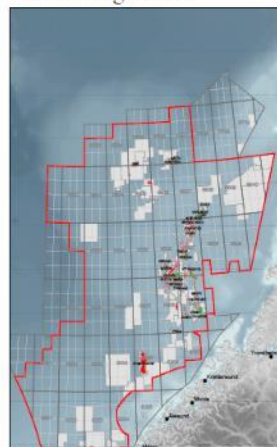
Journalism for the energy transition

APA 2025 Round announced 9 May

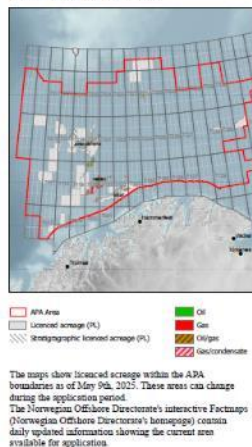
The North Sea



The Norwegian Sea



The Barents Sea



09 May 2025, 13:39 Benjamin Wehrmann | Germany

Germany's new energy minister calls for "reality check" of costs and risks of renewables

... "renewable energy sources alone will not be able to reliably and affordably supply an industrialised nation like Germany with electricity" and added that the planned auctions for up to 20 gigawatt of new gas-fired power plant capacity would be launched quickly.



Westwood
Global Energy
Group

Disclaimer

This presentation has been prepared by Westwood Global Energy Group and all rights, whether pertaining to the body of this report or any information contained within it, are reserved. This report is confidential and must not be made available by you to any other person.

This presentation is based on Westwood Global Energy Group's experience, knowledge, and databases as well as publicly available sources. No representation or warranty, whether express or implied, is made by Westwood Global Energy Group as to the fairness, accuracy or completeness of any information (whether fact or opinion) contained in this report. The information included in this report is subject to change and we do not undertake to advise you of any changes to such information. The report does not constitute (i) an offer or recommendation to buy or sell any securities; or (ii) investment, financial, legal, tax or technical advice. Westwood Global Energy Group does not accept liability in respect of any actions taken or not taken based on any or all of the information contained in this report, to the fullest extent permitted by law. Do not act upon the information contained in this report without undertaking independent investigations and assessments.

© Westwood Global Energy Group
Mindspace
Metro Building
1 Butterwick, Hammersmith
London
W6 8DL
United Kingdom
Published September 2022

