



ENERGY

Decommissioning in the UK North Sea:

From Late-Life Leadership to Decommissioning Excellence



The UK North Sea is entering a decisive decade in its lifecycle. Over the next ten years, more than £25 billion will be spent on decommissioning activities across the UK Continental Shelf (UKCS). The challenge—and opportunity—facing operators is not merely to remove infrastructure, but to do so in a manner that is **strategic, value-preserving, and aligned with the basin’s net-zero transition**. *Decommissioning must be structured from the outset – this is the decisive lever for value protection in consolidation.*

Alvarez & Marsal’s approach, grounded in late-life leadership and operational transformation, positions decommissioning as a **capital project discipline** rather than an afterthought to production. Drawing on A&M’s *Late Life to Decom* framework, this paper outlines the cultural, operational, and regulatory imperatives driving the next phase of North Sea decommissioning. Disciplined late-life maintenance is the bridge to predictable Cessation of Production (CoP) and a clean decommissioning handover.

CONTEXT: A MATURE BASIN IN TRANSITION

After five decades of continuous extraction, the UK North Sea is a late-life basin facing competing pressures: the need for continued production at best cost, the expectation of safe and environmentally sound decommissioning, and heightened political scrutiny.

The 2025 *NSTA Decommissioning Cost and Performance Update* reports record decommissioning spend of £2.4 billion in 2024, with 1,000 wells expected to be plugged and abandoned over the coming decade. Operators remain challenged by cost inflation, supply chain capacity, and regulatory ambiguity.

The policy environment is also shifting and clarifying:



The **Energy Profits Levy (EPL)** remains in force, extended to 2030, with consultation underway on a potential post-2030 regime; a successor price-based mechanism has been signposted for permanent adoption.



The Offshore Petroleum Regulator for Environment and Decommissioning (**OPRED**) / **OSPAR 98/3 consultation (2025)** seeks to clarify derogation procedures for leaving in situ large offshore structures.



The **NSTA stewardship** (including SE-10 Guidance) emphasises cost-effective decommissioning and transparency in operator performance, and stronger expectations on plan attainment and well P&A timeliness.

IMPLICATION

These developments demand a shift from fragmented, compliance-driven approaches to **integrated lifecycle management** of assets – linking late-life optimisation to predictable CoP and disciplined decommissioning execution. Maintenance excellence (campaign discipline, backlog control, proportionate barrier-health assurance) is the practical lever that makes CoP dates credible and decommissioning schedules deliverable.



DRIVING LATE-LIFE LEADERSHIP

As A&M's *Decom Carousel* articulates, **clarity on the true potential of assets and managing them in a "life-cycle appropriate" mode** is essential. This means making deliberate, data-backed decisions to enter late-life operation, even when that removes optionality for future production. The objective is simple: **production at best cost** with **credible CoP** and a **clean decommissioning handover**.

Key principles of late-life leadership include:



PRODUCTION AT BEST COST

Aligning Opex with remaining reserves and technical reality. Through an economic lens the marginal barrel no longer justifies sustaining capital; protect unit cash flow via operating cost discipline, not growth capex.



BASE MANAGEMENT EXCELLENCE

Maximising uptime and controlling cost while preparing for CoP. Corrective trend and aged backlog require campaign discipline and barrier-health assurance (not more preventive hours)



ORGANISATIONAL RIGHT-SIZING

Aligning structure and staffing with business needs.



REGULATORY PARTNERSHIP

Obtaining early buy-in from the NSTA and OPRED to support credible late-life and CoP plans.



PORTFOLIO/TRANSACTION LENS

in consolidation, decommissioning structuring is always part of the deal design (value protection).

By ceasing drilling and clarifying reserve profiles, operators can increase predictability in production decline and define credible CoP dates, improving fiscal and planning certainty. This results in a predictable decline, a credible CoP, and an operator stance that signals discipline to the regulator, investors, and workforce.



THE THREE-PHASE TRANSITION MODEL

Decommissioning success begins years before production ceases. Once late-life is declared, run the asset with **project-grade discipline** and make outcomes visible. A&M’s model defines a **three-phase transition** from late-life through to full decommissioning execution:



1. LATE-LIFE OPERATIONS

Maintain cost discipline, simplify processes, and embed a culture of value-driven base.

- Turnaround-grade planning for maintenance: scope freeze, complete job packs, spares/permits aligned, critical path protected.
- Zero-based maintenance with verification: reduce preventive where failures aren’t observed; keep safety/statutory intact; confirm via corrective-work and availability trends.
- Result: fewer hours offshore, lower exposure, reliability held flat-to-up.



2. TRANSITION TO CESSATION OF PRODUCTION (CoP)

Develop detailed CoP and decommissioning plans, establish fiscal strategies, and secure long-lead contracts.

- Declare a credible CoP window early with NSTA; agree stewardship cadence (plan attainment, well P&A timeliness).
- Stand-up a transition team (in parallel with operations) with one plan/one dashboard; prepare permitting/EIA content early (including emissions evidence).
- Result: CoP dates become credible; handover to decommissioning is an execution shift.



3. DECOMMISSIONING EXECUTION

Deliver projects with capital project discipline, managing interfaces, supply chain risk, and stakeholder communication.

- Run as a performance-driven capital programme: manage interfaces, quantify supply-chain risk, build cost predictability.
- Contract early and tie outcomes to quality gates; deliver comparative assessments and transparent KPI cadence.
- Result: safe delivery with schedule certainty and cost control—value preserved.

Each phase requires a progressively specialised team, evolving from operational to project-oriented, supported by financial planning, tax structuring, and regulatory alignment.





GREAT PROGRAMME MANAGEMENT IS KEY

Effective programme management differentiates successful decommissioning projects. As highlighted in A&M's *Decom Click Through* materials, **strategic ambiguity destroys value** – clear ownership, governance and a single plan of record are essential.

Four pillars underpin this management approach:



LIFE-OF-FIELD

Extend CoP where economically viable, driving down Opex while sustaining production.



OPERATING MODEL

Streamline decision-making and align performance measures with cost and safety outcomes. Run one plan/one dashboard with daily/weekly/monthly cadence so activity turns into outcomes.



SUPPLY CHAIN

Quantify uncertainty, share risk through innovative contracting, lock long-leads early, vendor quality gates to avoid race-to-bottom outcomes and drive cost predictability.



DECOM EXCELLENCE

Build capability in project management, engineering, and compliance to ensure delivery confidence.

A&M's methodology ensures projects are structured as *performance-driven capital programmes*, not administrative closures.

BUILDING THE TRANSFORMATIONAL DECOMMISSIONING TEAM

The transition from late-life to decommissioning requires a **fundamental organisational shift**. A&M's *Late Life to Decom Playbook* describes this as evolving the team's DNA across three phases, with clarity, owned with metrics, and communicated on a single plan of record:



LATE-LIFE LEADERSHIP PHASE

Teams focus on Opex reduction, unit cost ownership, and critical-path production continuity.



TRANSITION PHASE

The organisation adds a dedicated team in parallel to operations taking in commercial, tax, and regulatory expertise; scenario planning and supply chain contracting dominate activity. Governance and decision rights are defined.



DECOMMISSIONING PHASE

The team becomes a project-based entity with clear accountability, safety leadership, and stakeholder alignment. Run as a performance-driven capital programme: manage interfaces, quantify supply-chain risk, enforce vendor quality gates, and deliver comparative assessments on schedule.

Strong leadership, transparent communication, and change management are crucial in maintaining morale and clarity during this evolution.



SUCCESS FACTORS FOR THE NEXT DECADE

Decommissioning in the UKCS will increasingly hinge on six critical success factors drawn from A&M's industry experience:

01

CLEAR STRATEGY

Define scope, cost, and schedule expectations early. Publish a credible CoP window to anchor decisions.

02

SETTING EXPECTATIONS (NO STOP / START)

Decommissioning cannot be a part-time effort; once launched, it must continue to completion.

03

LEAN PRINCIPLES

Apply productivity tools from manufacturing to offshore removal operations, e.g. turnaround -grade planning to maintenance/removal; clean the backlog; compress vessel/crew days.

04

RISK MANAGEMENT

Anticipate resource bottlenecks, regulatory delay, and cost inflation; lock long-leads early and maintain a live risk register and contingencies.

05

STAKEHOLDER ALIGNMENT

Manage multi-party JV dynamics and maintain regulator confidence. Using one plan of record and cadence; early engagement sustains confidence.

06

TRANSPARENCY AND TECHNOLOGY

Use digital reporting, AI-driven planning, and benchmarking to demonstrate stewardship and performance.

A disciplined focus on these factors enables safe, cost-effective, and reputation-enhancing outcomes.

EXTERNAL LANDSCAPE: POLICY AND MARKET DEVELOPMENTS

The broader landscape in 2025 reinforces the urgency of disciplined execution:



REGULATORY REFORM

The UK Government's *2025 OSPAR Consultation* clarifies comparative assessment obligations and encourages earlier engagement with OPRED.



FISCAL CHANGE

The *Energy Profits Levy Consultation (2025)* explores transitional relief mechanisms for decommissioning expenditure.



MARKET DYNAMICS

Supply chain capacity is tightening, with heavy-lift vessel rates up ~15% year-on-year. Early contracting remains a critical enabler of cost control.



ENVIRONMENTAL MANDATE

OPRED is aligning offshore waste frameworks with circular economy principles, targeting >95% materials reuse by 2030.

Together, these developments are redefining what "good" decommissioning looks like: transparent, efficient, and environmentally responsible.



THE PATH FORWARD

To achieve decommissioning excellence, operators must:

01

Treat late-life and decommissioning as a continuum, not separate disciplines, making decommissioning schedules predictable.

02

Develop integrated, data-driven plans linking Opex, CoP, and decommissioning budgets (with a single plan and dashboard).

03

Invest early in organisational capability—decommissioning excellence is a people challenge as much as a technical one. Stand up the transition team in parallel with operations; define governance and decision rights.

04

Forge genuine partnerships with regulators and suppliers, built on transparency and shared risk management. Lock outcome-based contracts with suppliers, backed by vendor quality gates.

05

Embed ESG and circularity metrics into every stage of the decommissioning value chain.

By applying these principles, UK operators can lead the global transition to responsible and efficient basin closure.



KEY CONTACTS



Al Carnrite
Managing Director
acarnrite@alvarezandmarsal.com



Nick Carnrite
Managing Director
ncarnrite@alvarezandmarsal.com



Al Fox
Director
alistairfox@alvarezandmarsal.com



Juliet Crosby
Associate Director
jcrosby@alvarezandmarsal.com

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