



## **KIMO RESOLUTION 2/02**

**Presented by KIMO International Secretariat**

# **LONG TERM LIABILITIES FOR DECOMMISSIONING OF OIL INSTALLATIONS**

### **Introduction**

KIMO has had an interest on the issue of decommissioning of redundant oil installations since 1992 as a result of discussions about the impacts of disposal, both at sea and on land, of these facilities first arose. Many of KIMO members have had a long-term relationship with the oil industry and some had interests in installation fabrication yards and ship building infrastructure which held out potential for attracting future opportunities in this field.

### **Background**

KIMO, as an organisation, has consistently had the view that industry should dispose of its waste responsibly, with minimal environmental impact. As an organisation representing coastal local authorities, that are responsible in implementing and enforcing legislation at a local level it is important that various sectors of the community are treated fairly and in a consistent manner. Opposition to the dumping of the Brent Spar and our subsequent involvement with the development of the OSPAR Strategy with regard to decommissioning of redundant oil installations was based on this principle.

The KIMO position has always been that, in addition to any activities that may impact on the environment, there are social, moral and economic implications that must be taken into account and that these must be weighted equitably. In the case of the oil industry it is not acceptable that a major industry is allowed to dispose of its waste irresponsibly whilst ordinary citizens are encouraged and required to do otherwise.

Taking into account KIMO RESOLUTION 1/95 (amended 98), KIMO is still of the view that all redundant installations including associated operational structures (pipelines etc) should be removed and reused or returned to land for reuse, recycling or disposal. However it is also understandable that, for safety and technical reasons, in some cases this may not be currently possible. However it is not acceptable that installations should be left in situ based solely on cost implications alone. Any case for derogation must also be independently assessed.

The oil industry has been at the forefront of developing technology and improving its safety record when operating in extreme climate and environmental conditions when it has an

incentive to develop new fields. If required, it could also use this expertise in the future to develop the technologies that currently are not available to improve the risks associated with total removal of these installations. It is our view that as the decommissioning industry develops over the successive years some of these problems may be overcome. Therefore KIMO believes that the oil industry and European Governments should develop financial mechanisms to fund such research and to undertake removal at a later date. KIMO also believes that should any derogation be given by OSPAR, it should contain a condition that these issues are reviewed at a reasonable period. (10 to 15 years)

KIMO is also of the opinion that at no time should public funds (i.e. taxpayers) be used to undertake the long-term liabilities for the maintenance, compensation and insurance issues that will result in approval for derogation under OSPAR Rules of Procedure. **Any future financial burdens must remain with the company.** KIMO is aware that under current financial regimes companies will be responsible at least until when production licences expire. It welcomes the requirement from some North Sea States for this liability to remain into perpetuity.

However KIMO is also aware that discussions have been initiated by the industry on this issue and urges OSPAR to urgently develop a strategy on this issue. Until such an international agreement is ratified it is the KIMO view that it is the companies responsibility to address this issue within their Cessation Plans and that before it is authorised to proceed with this work it should undertake to provide a financial guarantee (for instance setting up an independent Trust with sufficient funding to invest for future requirements) to fully cover the long term liabilities issues.

KIMO also believes that if installations are to remain in place the existing exclusion zones must be maintained indefinitely and appropriate measures should be installed to police infringements.

## **KIMO**

**Recognising the need for a clean environment in and around Northern Seas and applying the principle of not creating environmental and financial problems for future generations;**

**Urges European Governments, OSPAR and the European Commission and others;**

- **to take urgent action in order to develop a Strategy to secure robust financial arrangements to deal with the long term liabilities with regard to the decommissioning of off shore installations,**
- **to take urgent action in order to develop an International Convention with the regard to the decommissioning of seabed pipelines and cables.**
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**KIMO members:**

**Agree to submit this Resolution to all National Governments, the European Commission and other relevant organisations.**

\*This Resolution was agreed unanimously by Delegates at the 12<sup>th</sup> KIMO International Annual General Meeting in Aberdeen, UK on October 20<sup>th</sup> 2002 and became KIMO policy upon that date.