
Well Decommissioning Cost Estimating and Liability Provisioning Training Course

20 – 24 June 2027
Zoom





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Ref: 130_14897 Date: 20 – 24 June 2027 Location: Zoom Fees: 1700 GBP

Programme Summary

Well decommissioning cost estimating and liability provisioning is a five-day training course for senior well, decommissioning and finance leaders at advanced level, culminating in a defended plug and abandonment cost estimate and provision paper for a group of wells. Forecasts for well abandonment are often the item that moves most between estimate cycles in mature portfolios. The approach links barrier design and campaign planning to probabilistic ranges and the provision. Mars Training Centre UK delivers this programme in well decommissioning cost estimating and liability provisioning.

The Business Case

When plug and abandonment estimates are built well by well without a common structure, ranges are understated, campaigns start late and the provision drifts from the engineering view, inviting challenge from partners and auditors. Rig capacity is then secured at short notice and higher rates, and security arrangements fall behind the true size of the obligation. A shared estimating method lets engineering and finance present one consistent number.

- Liability Accuracy: Improves as the provision rests on a phase-based estimate with stated ranges.
- Campaign Unit Cost: Falls as wells are grouped to capture learning and share mobilisation.
- Estimate Credibility: Rises with partners and auditors as assumptions and contingency are traceable.

Principles and Evidence Base

- NORSOK D-010: Its permanent abandonment barrier requirements are used in Session 2 to test how design choices change scope and cost.
- Industry Well Decommissioning Guidelines: Their abandonment phases and well categorisation structure the estimating work breakdown built in Session 1 and Session 2.
- Probabilistic Cost Estimating: P50 and P90 ranges, contingency and Monte Carlo simulation shape the uncertainty analysis in Session 3.
- IAS 37 Provisions: Recognition, present value measurement and unwinding of the discount frame Session 4.

Intended Participants

- Leaders who approve the scope and budget of well abandonment across a portfolio.
- Managers who prepare or challenge decommissioning cost estimates for partners and boards.
- Finance leaders who measure and disclose the decommissioning provision.
- Joint venture leads who negotiate cost sharing and security for abandonment.



The programme serves operators, national energy companies, well services contractors and energy finance teams.

Learning Outcomes

1. Participants will be able to construct a plug and abandonment estimate structured by well category and abandonment phase.
2. Participants will be able to evaluate how barrier design and intervention method change abandonment cost.
3. Participants will be able to justify P50 and P90 ranges and contingency using probabilistic methods.
4. Participants will be able to prioritise wells into campaigns that reduce unit cost and backlog risk.
5. Participants will be able to measure and explain a decommissioning provision and its movements under IAS 37.

Programme Structure

Day 1: Well Decommissioning Cost Estimating Foundations

What makes up the cost of abandoning a well, and how is it structured?

- Abandonment Phases to Conductor Removal
- Well Inventory, Status Data and Categorisation by Complexity
- Cost Breakdown Structure for Rig Spread, Services and Waste
- Estimate Classes and Basis of Estimate Documentation
- Days per Well and Cost per Well Benchmarking

Day 2: Barrier Design and Cost Drivers

Which technical choices drive time and cost on each well?

- NORSOK D-010 Permanent Barrier Requirements and Cost Effects
- Sustained Casing Pressure, Cement Logging and Remedial Scope
- Section Milling versus Perforate, Wash and Cement Methods
- Rig versus Rigless Intervention Options
- Risk-Based Barrier Design and Plug Count Optimisation

Day 3: Uncertainty, Ranges and Contingency

How is a defensible range placed around a well abandonment estimate?

- Three-Point Estimates for Duration and Rate Inputs
- Monte Carlo Simulation and P50 and P90 Outcomes
- Weather Downtime and Unplanned Event Allowances
- Contingency Setting and Risk Register Linkage
- Reconciliation Between Estimate Cycles



Day 4: Liability Provisioning and Financial Security

How does the engineering estimate become a provision and a security position?

- IAS 37 Recognition and Measurement of Decommissioning Provisions
- Escalation, Discount Rates and Unwinding of the Discount
- Provision Movement Analysis and Disclosure Narrative
- Joint Venture Decommissioning Security Agreements
- Bonds, Guarantees and Trust Funds for Abandonment Obligations

Day 5: Campaign Planning and Estimate Defence

How are abandonment campaigns sequenced and the full estimate defended?

- Campaign Grouping, Learning Curves and Shared Mobilisation
- Application of Category Estimates to a Multi-Well Campaign
- Applied Range and Contingency Review of the Campaign Estimate
- Provision Impact Test of the Campaign Schedule
- Completion of the Cost Estimate and Provision Paper

Methodology

The programme uses a data workshop built on anonymised offshore and onshore well inventories. Short briefings lead into group estimating, simulation runs and challenge sessions in which peers review an estimate as a partner or auditor would. Each exercise feeds the capstone file, so the final session assembles work already tested in class.

- Suggested activity: Categorising a well inventory into a phase-based estimate.
- Suggested activity: Comparing rig and rigless ranges in a Monte Carlo model.
- Suggested activity: Reconciling an engineering estimate to the booked provision.

Capstone Output

Each participant completes a plug and abandonment cost estimate and provision paper for a group of wells. It holds the well categories, basis of estimate, P50 and P90 ranges, campaign sequence, provision calculation and a security proposal, ready for a partner meeting or budget submission.

Frequently Asked Questions

Is well decommissioning cost estimating training suitable for finance leaders without a drilling background?

Yes. It is set at advanced level and assumes you work with abandonment estimates or provisions. Session 1 and Session 2 explain the operations that drive cost.



Which standards support well decommissioning cost estimating and liability provisioning?

The programme rests on NORSOK D-010 for barrier requirements, industry well decommissioning guidelines for phases and categories, probabilistic estimating for ranges and IAS 37 for the provision.

How is the plug and abandonment cost estimate and provision paper used at work?

You can use it as the basis of estimate for your next budget cycle, in partner discussions on cost sharing and security, and as evidence for auditors.