

## Andreas Dracoulis, Maren Strandevold in Insurance Day: Legal Focus: The Challenges of Insuring Decommissioning Risks

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**PRACTICES** Insurance Recovery, Energy, Power and Natural Resources, Offshore Oil and Gas

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Progress in the decommissioning of offshore oil and gas fields is, on a global scale, still very much in its infancy. It will, however, become a growing area of work considering the large number of offshore facilities around the world that will come to the end of their operating life in the near future. In this context it is important for those involved in overseas decommissioning projects – including insurers providing coverage to the supply chain of contractors and service providers – to consider the risk factors involved.

The decommissioning of offshore installations involves a potentially broad range of activities, including both the isolation of wells and pipelines and of offshore structures and facilities like topsides, jacket structures and subsea equipment. There are a range of (often competing) factors of potential relevance including, in particular, challenges associated with the different sources of law that might apply in the context of an overseas decommissioning project. This would include guidelines and regulations applicable to offshore oil and gas activities (whether at an international, regional or local level), more generally applicable local laws and other wider issues such as human rights and trade sanctions.

Ensuring compliance with the applicable laws is likely to be a challenging task in what will be an evolving landscape. This is particularly so given that many jurisdictions where offshore fields are only now starting to approach the end of their operating life have less well developed regulatory frameworks. Offshore contractors and service providers undertaking overseas decommissioning activities must therefore establish adequate systems to identify, understand and address the risks.

Excerpted from *Insurance Day*. To read the full article, click [here](#). (Subscription required)