

Brazilian Outlook of Life Extension at Oil & Gas Facilities

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In Brazil, the oil and gas production started on land fields during the 1940s, followed by offshore fields on late 1960s. In this context, some of the production facilities have been in operation for more than 70 years.

Due to low profitability or assets obsolescence, entire fields or some portion of them may be decommissioned. On the other hand, for facilities and equipment at late life located in fields that are still profitable, operators can submit to the National Agency of Petroleum, Natural Gas and Biofuels (ANP) an application for life extension.

Typically, the production phase of a Brazilian concession agreement last for 27 years. The ANP analyzes the lifetime extension, both under the economic and safety aspects. When the operator is interested in the production cessation, then there are specific requirements concerning decommissioning rules and conditions related to the returning of areas, as per ANP Resolution n° 27 from 2006.

Regarding the number of applications in the Brazilian context, by the end of 2016, 63 decommissioning requests have been submitted. Among those requests, 37 involve decommissioning offshore assets and 26 involve land fields.

In terms of life extension, ANP has received three applications over the last two years, two offshore and one onshore field, on fields which the earliest concession agreement expire in 2025. Therefore, the year 2016 was a milestone for ANP as it outlined the beginning of technical criteria, studies and information needed for life extension applications. The volume of information submitted and its analysis varies in accordance with the installation facility complexity.

Due to the number of decommissioning submissions, ANP has been applying resources primarily for those processes rather than life extension processes. Nevertheless, for submitted life extension applications, ANP has agreed on schedules with different operators, which established dates for studies submission related to integrity, obsolescence, personnel and risk management. The documentation shall be developed and assessed in accordance with the most updated unit's safety and environment philosophy, standards and recognized best practices.

The initial purpose is to obtain an updated overview of the actual conditions of the installations facilities under life extension processes, as well as to ensure a proper safety management system already implemented. In this way, it is necessary to identify the investments needed to ensure facilities can operate safely during extended life stage.

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