

The Decommissioning Landscape in Australia 2026

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INTRODUCTION

Australia's oil and gas industry is entering a sustained phase of decommissioning activity, with a growing pipeline of work expected over the coming decades, as fields mature and infrastructure dating from the 1960s comes to the end of its productive life.

Decommissioning activity is being spurred by increasingly stringent regulatory pressures and requirements in a bid to avoid any repetition of the Northern Endeavour debacle, where the Government was forced to pick up the bill for the decommissioning of the Northern Endeavour FPSO and cleanup when its owner went into liquidation, spotlighting how underprepared the Australian industry and its regulations were for dealing with the decommissioning wave on the horizon and the associated liabilities.

The scale of activity is posing huge challenges in areas ranging from infrastructure to vessel availability and skills gaps as the market's capabilities fail to keep up (The Northern Endeavour FPSO, for example, is being recycled overseas due to the lack of purpose-built facilities equipped to recycle such a large and complex vessel). These in turn are driving cost pressures, adding to what is already an expensive activity.

At the same time, it creates a major opportunity for the creation of decommissioning ecosystems and the development of local industries to support decommissioning activities. With relatively few decommissioning projects having taken place so far, there is a significant opportunity to bring learnings, best practices, technologies and approaches from more mature basins which could be tailored for the Australian decommissioning industry, potentially providing a short cut to more efficient and effective decommissioning. A number of initiatives are already underway in this regard.

A recent report produced by Xodus for the Department of Industry, Science and Resources finds that decommissioning practice and technology have improved since 2020, which is expected to continue, with opportunities for further improvements in efficiency, through operator cooperation, in addition to further technological advances and industry investment in onshore disposal and recycling.

The Offshore Resources Decommissioning Roadmap,

launched by the Australian government in December 2024, gives a pathway to scaling up Australia's local decommissioning industry with the aim of boosting local capabilities and creating jobs, while ensuring timely, safe and environmentally sound decommissioning. It highlights significant opportunities for recycling, repurposing and sustainable project execution, underlining the economic benefits, particularly in regional hubs like Western Australia, where decommissioning activities can generate highly skilled roles and drive economic growth.

The report emphasises coordinated planning and investment, reflecting the increasing importance of efficient, collaborative and sustainable approaches to decommissioning.

MARKET OVERVIEW

According to the Xodus report, the decommissioning liability for all assets in Australian Commonwealth waters is estimated at UA\$43.6bn through 2070, or AU\$66.8bn when adjusted for inflation. This encompasses more than 700 wells, 7,600 of pipelines and 520 subsea structures.

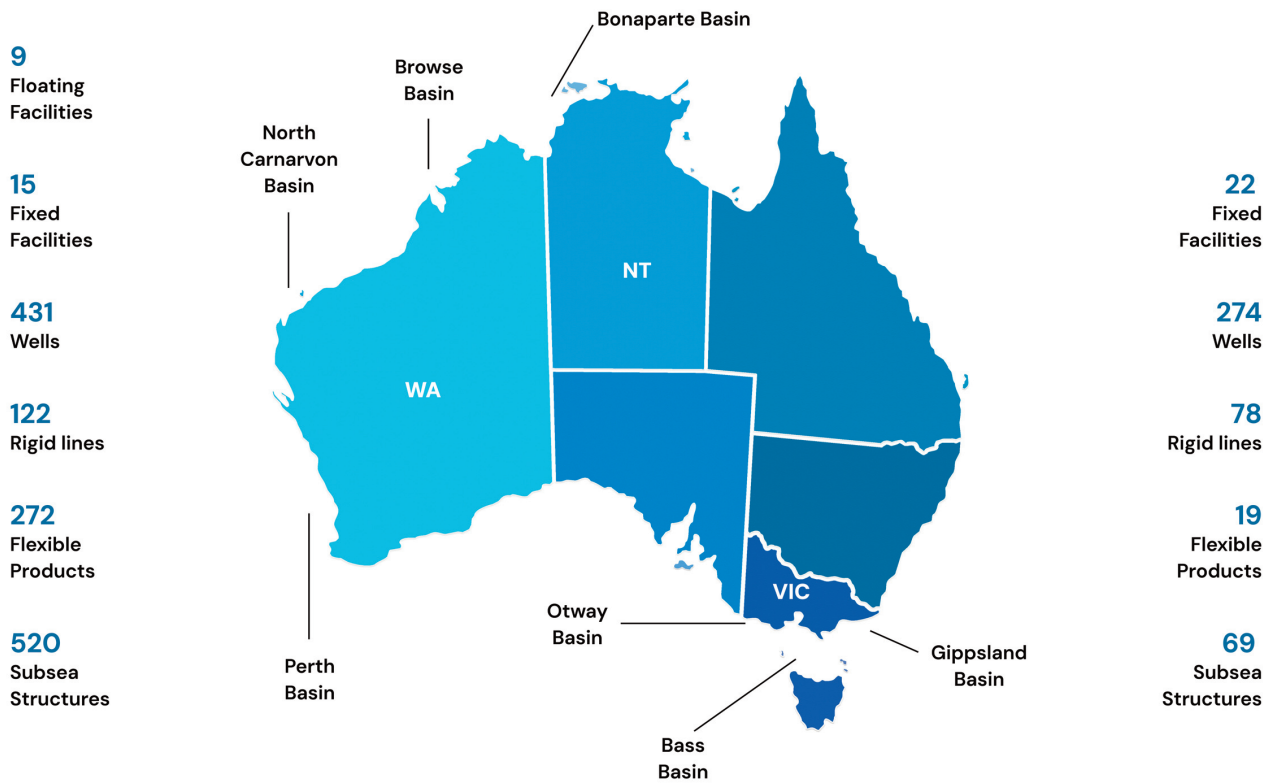
Around 55% of the decommissioning (AU\$25bn) will occur before 2040, with the remaining decommissioning activities mainly occurring by 2050, with the exception of Browse, where most decommissioning is due to take place in the 2060s. Separately, the Centre of Decommissioning Australia (CODA) projects US\$40bn in decommissioning activity over the next 50 years, emphasising well plugging and pipeline removal as primary costs.

Wells represent the largest portion of costs at AU\$17.9bn followed by pipeline decommissioning at AU\$17.85bn, together accounting for 82% of the costs, according to the Xodus report.

The majority of expenditure is concentrated in Western Australia, accounting for AU\$26bn (61%), followed by Victoria (AU\$9.9bn, or 23%) and the Northern Territory at AU\$7.1bn (16%).

The Northern Carnarvon Basin represents the largest portion of decommissioning work, comprising 56% of the total or AU\$24.4bn, with large number of assets located there. Gippsland follows with AU\$7.7bn, Browse with AU\$5.9bn, Bonaparte with AU\$3.1bn, Otway with AU\$1.2bn, Bass with AU\$1.0bn and Perth with AU\$0.2bn.

Liability by Assets and Asset Types



Source: Xodus Decommissioning Liability Report, Adobe Stock

Australia Decommissioning Facts and Figures



Source: Xodus Decommissioning Liability Report

REGULATORY ENVIRONMENT

Australia's decommissioning regulatory environment is shaped by a complex web of international conventions, Commonwealth legislation and state and territory laws, some of it overlapping, alongside evolving regulatory expectations. As such it can be very challenging for operators to navigate and, given the number of regulatory bodies and laws involved, it can also be extremely cumbersome. For example, one permit, licence or approval might need evidence of another approval, which may in turn require yet another approval. Processes might not necessarily run in parallel, causing delays. Understanding how these regulatory requirements interact across jurisdictions and project phases is essential for effective planning, regulatory compliance and safe execution of decommissioning, with co-ordinated compliance needed. Engaging often and early with the relevant authorities is key, but not always easy.

The Department of Industry and Resources regulates oil and gas activities in Australian waters under the Offshore Petroleum and Greenhouse Gas Storage Act 2006, the main legislation governing offshore decommissioning. This requires titleholders to maintain all structures, equipment and property in a title area in good condition and repair, remove these when no longer being used and remediate the seabed.

Under the regulations, removal of all property is the "base case". Options other than full removal must comply with the OPGGSA and its regulations, including the principles of ecologically sustainable development, and must deliver equal or better environmental outcomes compared to complete removal. In practice, the criteria are very tough, potentially acting as a disincentive, in contrast with the situation in the Gulf of America, for example, where 'Rigs to reefs' initiatives are increasingly seen.

Reflecting an increasingly stringent approach, amendments to the Act have since been implemented to ensure titleholders fulfil their decommissioning obligations, including the strengthening of trailing liability provisions and increased focus on titleholders' ability to fulfil their obligations. The trailing liability provisions are designed to ensure the costs and liabilities associated with decommissioning will be borne by the oil and gas industry, and not the government or Australian taxpayer, thereby avoiding a repeat of the Northern Endeavour. Taking a leaf from the book of more advanced regions such as the Gulf

of America, the provisions allow former titleholders or related corporate entities to be forced to undertake remedial work, usable when a current titleholder is no longer capable of decommissioning assets or if issues arise in relation to previously decommissioned assets.

NOPSEMA, the regulator for Australia's offshore energy industry, plays a key role in implementing Australia's decommissioning framework, by proactively monitoring and enforcing titleholders' compliance to ensure they hold approved plans for decommissioning and meet their decommissioning obligations in a timely, safe and environmentally responsible manner. It assesses title holders' permissioning documents to determine whether safety, well integrity and environmental risks have been appropriately identified and will be managed to levels that are as low as reasonably practicable (ALARP).

As per NOPSEMA's Decommissioning Strategy Compliance targets, all structures, equipment and property must be decommissioned to approved end-state within five years of permanent ceasing of production; all wells must be plugged and closed off with an accepted abandonment report within three years of production end; and moored or tethered buoyant property should be removed within 12 months after permanently ceasing production.

NOPSEMA expects titleholders to be planning for decommissioning from the design and construction stage and through the life of the project. It stresses the importance and benefits of proactive planning and progressive decommissioning, such as improved safety, better environmental outcomes and reduced costs, a key lesson that has been learned from the decommissioning experience in other global jurisdictions.

"Experience in Australia and internationally has shown the ability to decommission safely and cost effectively becomes increasingly challenging the longer the wait between ceasing production and completion of decommissioning," says NOPSEMA.

Decommissioning procedures include the requirement to submit certain documents to NOPSEMA, including an environmental plan, well operation management plan and safety case. The environmental plan is potentially the most problematic given the recent legal challenges to NOPSEMA's environment plan approvals, which could potentially see them subject to more scrutiny and titleholders and NOPSEMA taking a more cautious

approach. Law firm Pinsent Masons advises that operators should ensure that EPs are undertaken in a comprehensive manner with a close eye on recent legal and scientific developments.

In November 2025, the DISR released a consultation paper proposing reforms in areas including decommissioning planning, financial planning and assurance, decommissioning and financial capacity risk assessments, compliance and enforcement tools and title surrender.

While a study carried out by CODA in consultation with stakeholders has identified opportunities to improve coordination, streamline approval processes and enhance clarity within the regulatory environment. It emphasises the need for more aligned and efficient regulatory pathways to support safe, timely and effective decommissioning at scale, recommending measures such as stronger collaboration between agencies, clearer guidance materials and more support for industry in understanding regulatory requirements.

CODA CEO Francis Norman said the report provides a foundation for ongoing regulatory evolution as decommissioning activity continues to grow.

DECOMMISSIONING ACTIVITY

While decommissioning activity remains at a relatively early stage, operators such as ExxonMobil, Santos, Woodside Energy and Chevron are now progressing major decommissioning programmes. Key projects illustrate progress and the transition from strategy to execution, with valuable experience and learnings gained.

Bass Strait Project – The ExxonMobil Australia / Woodside Bass Strait programme, the nation's largest decommissioning effort, advanced significantly in 2025/26. ExxonMobil reports that the team has permanently sealed more than 200 wells, using specialised equipment to install cement plugs at depths equivalent to a 20-story building. These plugs undergo rigorous pressure testing to ensure long-term integrity and environment protection, ensuring they remain in a safe state until final decommissioning occurs. Twelve platforms are being secured and prepared for removal, with the Allseas Pioneering Spirit vessel scheduled to commence lifting operations in 2027. Once removed, the structures will be transferred to barges and transported to Barry Beach Marine Terminal, where they will be dismantled and recycled on impermeable barriers consistent with international best practice. This ensures safe handling and maximises material recovery. The Bass Strait Well P&A programme is among the largest of its kind globally, relying on close collaboration across a multidisciplinary team including geoscientists, well integrity engineers, reservoir specialists, regulatory experts and HSE professionals to ensure each well is retired safely, responsibly and in full compliance with environmental expectations.

Northern Endeavour – The decommissioning of the 43,000 tonne FPSO is being managed by the Australian government and carried out in three phases. Phase 1 is now operationally complete, and the FPSO has been safely delivered to the Modern American Recycling Services (MARS) Europe's ship recycling facility in Frederikshavn, Denmark, where the hazardous waste will be disposed of in an environmentally sustainable way and



the recovery of recyclable material will be maximised. The focus is now on Phase 2, which includes permanently plugging and abandoning nine wells in the Laminaria and Corallina oilfields and removing the well infrastructure, including dismantling and removing wellheads and connected subsea equipment. The tender process to appoint a lead contractor is underway. The final phase will focus on removing the remaining subsea infrastructure, recycling and waste management, including over 12,000 tonnes of steel, managing the subsea infrastructure after removal, including decontamination, recycling and disposal, and restoring the marine environment.

Barrow Island / WA Oil – Chevron in 2025 commenced the decommissioning of the Barrow Island Joint Venture oil facility, better known as WA Oil, which is set to be one of the largest and most complex decommissioning projects to be undertaken in Australia. Stage 1, from 2025 to 2031, includes the plugging of around 888 wells and the decommissioning and removal of infrastructure including separator and waterflood stations, around 1,500km of pipelines and flowlines, 570km of roads, terminal tanks, a 10km loading line, historical accommodation facilities, and power, water and waste facilities. Stage 2 of the project will focus on remediation, landforming and rehabilitation.

This project follows the successful decommissioning of onshore and offshore infrastructure at the Chevron-operated Thevenard Island oil facility, a logistically complex project given its remote location, as well as a technically challenging one given it is a nature reserve. Chevron conducted rehabilitation activities on Thevenard Island to restore the environment and protect its unique biodiversity, working with local partners and the Onslow Indigenous Sea Rangers to plant more than 120,000 native seeds, supporting local jobs and businesses in the process. Monitoring of rehabilitation will be carried out over the next few years. It is a project which can be seen to have had positive outcomes for the environment and the local community.

Faced with regulatory as well as cost pressures, operators are increasingly employing strategies and practices that will help them deliver projects more efficiently. Portfolio-wide decommissioning strategies are emerging, allowing companies to increase efficiency, share costs and manage environmental risks across their entire portfolio. Learning from global projects and employing leaner teams help to reduce costs, and there is an increased focus on advance planning to avoid expensive gaps in execution. Santos for

example, stresses in its 2025 annual report its structured approach to decommissioning, with a focus on best practice in environmental management, safety and community engagement, and plans that address its decommissioning obligations, including regulatory and sustainability requirements. Attention is focused on decommissioning right from the outset and continues through the project lifecycle with decommissioning strategy and cost estimates defined as part of the project investment decision. The company has embedded the Decommissioning Project Process and Technical standards throughout its regional business units, for safe and efficient project delivery. Other operators are adopting a similarly forward-looking approach.

INFRASTRUCTURE AND SUPPLY CHAIN CONSTRAINTS

Infrastructure bottlenecks and supply chain constraints pose severe challenges for operators, as supply cannot keep up with rapidly growing demand.

Ports – While Australia has existing ports infrastructure in areas adjacent to the main offshore oil and gas production areas in the north-west and south-east of Australia (Barry Beach Marine Terminal (BBMT) for Victorian assets and Henderson and Onslow for Western Australian assets) studies have showed that no port has all the attributes needed to handle all the types and size of materials from offshore decommissioning (some cannot handle vessels over a certain size, for example, or are far from recycling or smelting facilities). They are not fit for purpose for large-scale intake, with other industries also competing for port access, and the challenges can only grow as decommissioning activity accelerates. There is a role for government and industry collaboration to help coordinate planned investment activities, including managing competing demands on infrastructure. Coordinating planned activities across jurisdictions can help to create efficiencies and reduce costs.

Dismantling and disposal – There is also a lack of an established domestic dismantling and disposal capability, with FPSOs and large structures having to be processed overseas due the lack of licensed facilities in Australia. With the exception of FPSOs, all assets are required to be brought to shore for dismantling, cleaning and recycling due to Australian legislation prohibiting mixed waste without initial processing, as well as international treaties

relating to hazardous wastes. Decommissioning yards are mainly set up on a job-by-job basis, increasing costs. Dedicated permanent large disposal sites could reduce the cost of dismantling and cleaning, but the dispersed location of offshore facilities and intermittent requirement means it might not necessarily be an attractive option. Experience is however building with temporary disposal sites. There is a push to build onshore reception centres and retain value in Australia. Key challenges for operators and waste managers include limited decontamination facilities (Sandy Ridge is the only storage facility approved for NORM), and mismatched facility capabilities.

Vessels & equipment - Remote locations increase costs and risk, adding to logistics complexity, with high mobilisation costs for large construction vessels. There is also limited access to fleets or local barges and available tugs. Regulatory requirements make it difficult to add new projects at a late stage to a vessel scope, with limited flexibility before and during execution; early engagement is key. There are long lead times to obtain heavy lift vessels given global competition, underlining the need for advance planning. Single and multi-operator campaigns to share the high costs of mobilising vessels and equipment across a portfolio of projects make sense. Aligning decommissioning campaigns with offshore wind construction, which will require similar vessels, could reduce vessel mobilisation rates.

Workforce constraints - High labour costs and skills shortages across offshore crews, engineering and planning along with challenges posed by remote operations, such as housing shortages and fly-in-fly out challenges, could risk project and workforce efficiency.

TECHNOLOGY INNOVATION

The deployment of new innovative technologies and engineering practices has the potential to significantly improve decommissioning project outcomes and substantially reduce costs, as operators face the challenge of balancing tough well integrity, safety and environmental requirements with cost pressures. Here again, technologies developed elsewhere in the world that are proven or currently under testing can help, particularly for P&A, the most expensive part of the decommissioning process. For example, the Wells Decommissioning Collaboration, a multi-operator collaboration through the UK's Net Zero Technology Centre to develop, test and pilot technology for well decommissioning, is developing a standardised Global TQ framework to streamline the acceptance and use of alternative materials for use in P&A. It is also pioneering technologies including a tracer gas-based verification method for P&A operations, through tubing cement logging and alternative sealing products.

Current focus areas include:

Alternative barrier materials – current methods for well P&A are time consuming and not cost effective. Materials such as resins, polymers and bismuth, have the potential to provide more reliable and resistant isolation compared to cement. An electrically-run bismuth plug being developed by Wellstrom enables abandonments offline and can halve the costs of P&A in comparison to section milling and cement remediation, providing a low-carbon solution for sealing, remediating and plugging wells.

Subsea cutting and recovery technologies – The UK's National Decommissioning Centre and Claxton have



developed an underwater laser cutting solution which reduces the time and cost to perform decommissioning activities compared with conventional cutting methods. It involves a new purpose-built underwater laser cutting head designed to make internal and external cuts on tubulars. Submar reports it has achieved a significant improvement in waterjet cutting of multistring conductors, reducing cutting time from approximately 12 hours to four.

Phase 0 planning – Unity's Phase 0 Well Integrity

Verification for example provides a full health check of the wellhead and in-well equipment prior to P&A operations, informing and derisking the decommissioning process

Advanced downhole logging tools – ensure long-term well integrity by verifying cement barriers, mapping annual fluid flow, detecting internal corrosion etc, providing real-time data. SLB's dual-string barrier evaluation, powered by sonic and ultrasonic measurements, makes it possible to evaluate barrier integrity without removing the inner pipe, allowing full rig-less P&A and shortening a P&A campaign from weeks to days.

High-resolution imaging and well diagnostics – identify and pre-empt unforeseen problems, assessing well integrity. DarkVision's HADES platform combines high-resolution acoustic imaging technology with advanced robotics to deliver unparalleled downhole imaging capabilities, clarifying downhole challenges and de-risking interventions.

RECYCLING & CIRCULAR ECONOMY

The huge amount of waste materials generated from current and upcoming decommissioning campaigns creates strong potential for the creation of a local recycling industry, in alignment with Australia's circular economy and net zero goals. Titleholders are required to appropriately manage the materials and waste arising from decommissioning activities. Decommissioning will produce a significant volume of recyclable and potentially reusable materials, including steel, concrete and plastic (3,500 kilotons of steel, 1,400 kilotons of concrete, 400 kilotons of plastics and 60 kilotons of hazardous material, according to CODA estimates).

The majority of this material will need to be brought onshore for processing. Currently metals are mainly exported, as a result of limited domestic processing capacity. Here again, lessons could be learned from other

mature basins, such as Norway, where recycling of oil and gas infrastructure, particularly steel, is the norm.

Initiatives such as green steel manufacturing and investment in steel making could increase the demand for recycled steel. The Australian government has stated its commitment to work with states and territories to link decommissioning industry participants with green metals manufacturers, and promote onshore value-adding opportunities for decommissioning offshore infrastructure. Firms are growing capacity to manage more recycled materials coming from decommissioning as well as accelerating commitments to build a circular economy.

Addressing knowledge gaps could help to improve outcomes, the DISR notes. These include the impact of contaminants on the environment and ecosystems, new recycling technologies, and better cleaning and waste management processes.

Operators are increasingly committing to recycle waste materials and adopt circular economy principles. Exxon Mobil for example has its stated aim to recycle more than 95% of the mostly steel material from the Bass Strait decommissioning project in a "huge and co-ordinated recycling effort". Most of this will either be sent offsite in trucks, or via ships for onward transportation to recycling facilities. Industry is keen to see a domestic recycling capability, but proof is needed of sustained demand.

A CODA study proposes opportunities to improve collaboration, communication and consistency across operators, regulators and the waste supply chain, recommending a shift in focus from 'waste' to 'materials of value'.

COLLABORATION

The Australian decommissioning market is fragmented, competitive and still immature, but collaboration is increasing out of necessity, with a need for shared learnings. Offshore Network's D&A Aus 2026 conference, Australia's leading decommissioning and abandonment conference, taking place from 23-24 June at the Crown, Perth, will provide the platform for regulators, operators and solution providers from Australia's decommissioning industry to come together to share insights, experiences and best practices.

<https://events.offsnetwork.com/DAAUS2026#/>

CONCLUSION

Australia is entering a critical decommissioning cycle, characterised by growing liabilities, regulatory enforcement and supply chain constraints.

The industry's success will depend on collaboration across stakeholders, regulatory alignment and investment in domestic capability, along with the adoption of best practice and enabling technologies, incorporating learnings from more mature basins.

That being the case, Australia can look forward to the prospect of a robust, safe, responsible and economically sound decommissioning industry characterised by mature, repeatable execution models in the long term.

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