



## ANP SHARE INSIGHT INTO BRAZIL'S INTEGRITY & P&A MARKET OUTLINING THE FUTURE IMPACTS OF CHANGING REGULATIONS

Offshore network spoke with ANP to better understand the impact of changing regulations on the Brazilian well intervention market, most specifically future integrity & P&A projects. Below you can find comments on how the integrity & P&A market is changing and how to strategize for this going forward.

### RAFAEL AUGUSTO DO COUTO ALBUQUERQUE, REGULATORY SPECIALIST, ANP

#### 1. How would you describe the current well intervention market in Latin America?

Well intervention, as the rest of oil industry in Brazil, is in a recovery phase with slight increase in the number of activities. The main Brazilian Operator has recently started a divestment program, which means that new Operators will probably increase interventions activities in order to maximize this fields production.

#### 2. Do you believe P&A activity is about to increase in the region & why?

Nowadays, there is an increase worldwide concern about well P&A once it represents roughly 50% of decommissioning cost. Brazilian Petroleum Agency recently update well P&A regulations in order to limit unmonitored well (both closed and temporary abandonment) period to 3 years. Therefore, there shall be an increasing in well P&A activities in Brazil whenever the cost of well monitoring overcomes the P&A cost. Besides, the fields acquired at Bid 0 are coming to the end of its life probably leading to decommissioning campaigns.

#### 3. How will the future of Brazil's P&A be impacted by the updates in regulations implemented by ANP?

Brazil has approximately 30.000 oil and gas wells. Almost half of these wells are in a temporary abandonment (or closed) status. The great majority of these are unmonitored wells.

Certainly, the new well integrity regulations are going to impact Brazilian P&A activities because it will drive Operators to avoid postpone well abandonment activities. Besides, the Brazilian operator of the wells majority has to deal with several ones in unmonitored state, which provides a scenario that encourage search for better P&A solutions and innovation.

#### 4. How do you feel operators can strategize best to be prepared for the changes in the Brazilian P&A market?

The strategy should follow two paths. Firstly, the operators have to program a P&A campaign to address the higher risk wells and ones that are hard/costly to monitor. Secondly, they must pursue new P&A technologies and design all the new wells considering abandonment layout and maximum period of unmonitored T&A abandonment according to regulation.

#### 5. How important is the development of technology for the future of P&A in Brazil?

The development of new technologies is crucial to hit P&A target in effective way. The high P&A cost and the elevated number of wells to be abandoned shows that innovative solutions are necessary to achieve the regulatory demand. Besides, there are ancient wells and others with structural damage that challenge P&A projects to be adequate to current regulations and best practices.

#### 6. What do you hope to achieve from your participation at OWI LATAM, September 17th & 18th in Brazil?

OWI LATAM will provide the opportunity to elucidate the Operators main doubts about well abandonment regulation. It will also enable feedback about Agency action to fill the gaps in P&A encouraging the focus on safer offshore interventions and innovative solutions.

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**MARIANA RODRIGUES FRANÇA, PETROLEUM, NATURAL GAS AND BIOFUELS REGULATION SPECIALIST - OPERATIONAL SAFETY & ENVIRONMENT DEPUTY SUPERINTENDENT COORDINATOR, ANP**

**1. How would you describe the current well intervention market in Latin America?**

*Currently, the well intervention overtook drilling and well testing as the most common rig activity. It showed up on recent production activities increase in comparison to exploratory campaigns. The offshore operators invest in well intervention to increase or, at least, maintain field production. It was not unused to observe modern drilling rigs performing well intervention last years. Most recently, Brazil offshore market received some specialized intervention rigs to focus on those type of activities in a more cost and performance effectiveness. Although, it still space to continuous improvement on those type of activities for a safer and faster intervention for field life extension or abandonment activities.*

**2. Do you believe well integrity activity is about to increase in the region & why?**

*This market is increasing significantly in Brazil due to the end of adequacy period for Well Integrity Management System ANP Regulation (SGIP) implementation for all offshore Operators owning at least one offshore well in Brazilian waters. The adequacy period expired last November and Petrobras - the main operator in the region - requested to postpone it to the end of 2020 due to the extremely high number of wells and activities to adequate. However, the market already observes well integrity related activities even for Petrobras, which has a huge plan to implement SGIP for all onshore and offshore wells. Therefore, the ANP regulation can be the main first reason for well integrity activities grow up. But hopefully, besides improvement on safety and environment protection, the well integrity management system will show Operators other benefits, like decreasing production shortages related to well integrity incidents.*

**3. How will the future direction of well integrity in Brazil be impacted by the updates in regulations implemented by ANP?**

*As mentioned above, the most recent ANP operational safety regulation SGIP, stands for well integrity management system in Portuguese and it is mandatory to all Operators that have activities in Brazil. However, well integrity should be an Operator matter besides a regulatory concern due to its benefits for the management system and a recognized best practice. This regulation requires, for instance, two independents well envelop barriers throughout well life cycle. Furthermore, it establishes a maximum period for the well to be as temporary abandoned. Therefore, it is expected a better asset management regarding well integrity verification, monitoring and data organization, besides more specialized professionals on well integrity matters. The regulation will then bring forward some activities for compliance, even though the major operator still has an adjustment period.*

**4. How do you feel operators can strategize best to be prepared for the changes in the Brazilian well intervention market?**

*First, Operators need a better understanding of the regulations, an improved well data management and well equipment reliability to better plan field development up to decommissioning it, all in advance. The investment in well intervention new technologies shall be a strategy to be in accordance to legislation and to maintain all envelop barriers required throughout all well life cycle up to P&A it.*

**5. How important is the development of technology for the future of integrity in Brazil?**

*It is very important to invest in safer and more efficient solutions for well intervention, especially for well life extension or permanent abandonment. Monitoring solutions it is also a target for investment to forecast well integrity incidents and make well interventions less frequently needed. The monitoring and intervention activities can add benefits to predictive maintenance, artificial intelligence, big data which all linked can avoid production shutdowns and accidents.*

**6. What do you hope to achieve from your participation at OWI LATAM, September 17th & 18th in Brazil?**

*From OWI LATAM, I hope it brings me up to date on well intervention initiatives that improves safety and cost efficiency. I hope to meet outstanding professionals, learn and listen about novel solutions and technologies which add to Latin America Offshore Market development and continuous improvement.*

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