

Shut-In and Abandonment Decision Economics

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Paper presented at the SPE Hydrocarbon Economics and Evaluation Symposium, Dallas, Texas, April 1991.

Paper Number: SPE-22014-MS

<https://doi.org/10.2118/22014-MS>

Published: April 11 1991

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ABSTRACT

When should producing properties in irreversible decline be shutin? When abandoned? These questions are addressed from an economic perspective. The questions are old, but analyses reveal new, currently relevant facets of decisions to shutin and abandon producing properties.

Keywords: neutral condition, upstream oil & gas, real option, abandonment time, project valuation, shutin, abandonment, project economics, discount factor, asset and portfolio management

Subjects: Asset and Portfolio Management, Energy Economics, Project economics/valuation, Market analysis /supply and demand forecasting/pricing

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