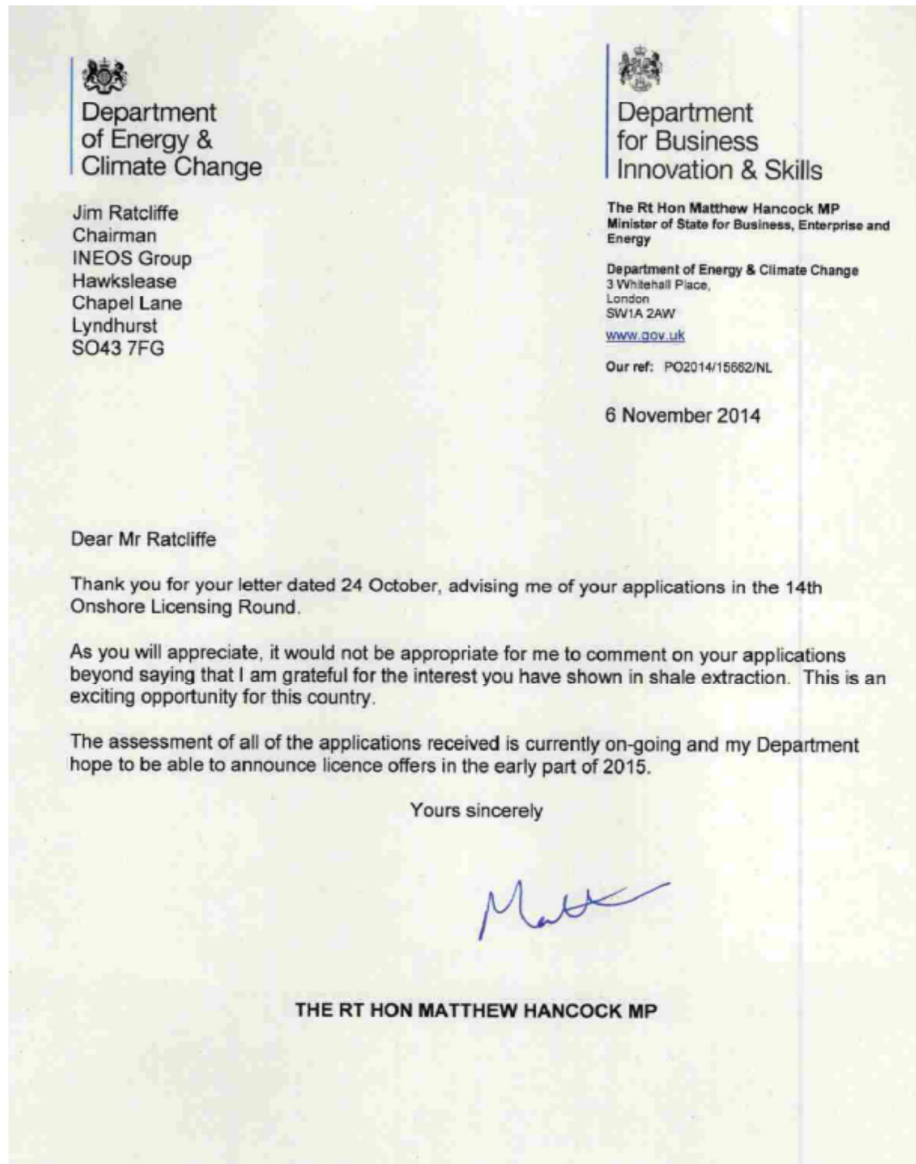


## ANNEX B

### Information held by the Department in terms of FOI/EIR request 2015/05770 for INEOS

- *E-Mail from 6 November 2014*



- *E-Mail from 28 October 2014 & Letter from 24 October 2014*

**From:** [REDACTED@petroineos.com](mailto:REDACTED@petroineos.com) REDACTED

**Sent:** 28 October 2014 14:51

**To:** Correspondence (DECC)

**Subject:** Letter for Rt. Hon. Ed Davey MP, Secretary of State for Energy and Climate Change

Please find attached a letter for Rt. Hon. Ed Davey MP, Secretary of State for Energy and Climate Change, from Jim Ratcliffe, Chairman of INEOS.

We will follow up with a hard copy.

Cheers,

REDACTED

REDACTED  
INEOS Europe AG

Ph REDACTED  
Mob REDACTED  
Email [REDACTED@ineos.com](mailto:REDACTED@ineos.com)



**INEOS Upstream**

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24<sup>th</sup> October 2014

Rt. Hon. Matthew Hancock MP  
Energy Minister

Rt. Hon. Ed Davey MP  
Secretary of State for Energy and Climate Change

**14<sup>th</sup> Round**

I write to express my strong personal commitment to our bid for acreage in the 14th Licensing Round.

INEOS has sales of 50 billion dollars and is the 200<sup>th</sup> largest company in the world. We operate the largest manufacturing facility in Scotland, Grangemouth, together with several other large petrochemical complexes in the North West and North East of England. Grangemouth and Runcorn both consume immense quantities of gas and power. We have considerable gas infrastructure in the UK including many salt dome gas storage caverns in Cheshire and several gas pipelines that run across Northern England and Scotland where the main shale deposits exist.

INEOS has considerable exposure to shale gas. In the USA we buy 200 bcf\* of shale gas per year, equivalent to one months total UK consumption\*\*. In addition, we pioneered the liquefaction and transportation of huge quantities of ethane gas (100 bcf per year) from the USA shale fields to our gas crackers in Scotland and Norway. This required the building of eight new 200 metre long dedicated gas-carrier ships plus new import and export terminals. In total a cost of approximately \$2 billion.

I firmly believe that Shale Gas has the potential to transform UK manufacturing, and the UK's energy base, in the way that it has in the United States. Two small facts help illustrate this I believe. The Marcellus Shale in Pennsylvania produced no gas 6 years ago. Today it produces 3 times the total consumption of gas in the UK. Secondly, chemicals in the USA had become moribund ten years ago. There was little investment as it suffered high energy and feedstock costs and most investment in this industry was taking place in the Middle East and the Far East. Today it is very different. There are now 150 billion dollars of announced new builds in USA Chemicals. This is an astonishing turnaround.

We are a great believer in Shale and we will get it to work in the UK. We have recruited the team from Mitchell Energy that created the great shale breakthrough in the Barnett Shale in 1998. Their accumulated knowledge is second to none in the world.

Our programme of work for the 14<sup>th</sup> Round totals \$1 billion.

We are very committed and INEOS is the type of company that will get it done.

Yours sincerely,



Jim Ratcliffe  
Chairman  
INEOS Group

\* bcf = billion cubic feet

\*\* UK's consumption of gas is 6bcf per day.

Note : Given the interest other parts of Government have been taking in INEOS' entry into shale, I'm copying this letter to the Chancellor, the Secretary of State for Business and Cabinet Secretary.

- *E-Mail from 29 September 2014*

**From:** REDACTED@ineos.com

**Sent:** 29 September 2014 07:41

**To:** PS Edward Davey

**Subject:** INEOS Announces Shale Gas Community Benefits Package

Dear Secretary of State ,

Due to your interest in this issue, I wanted to let you know that INEOS is today announcing proposals to share 6% of its future shale gas revenues with local communities. We anticipate that this could result in INEOS contributing over £2.5bn to local communities, which would have a substantial impact on regional economies. I attach a copy of our press release for information.

INEOS is looking to move into shale gas extraction as part of its long-term business plan to secure its manufacturing base in the UK, which depends on access to competitive energy and chemical raw materials. We want to make clear, at this stage, that we are committed to ensuring local communities receive their fair share of the rewards from extraction. The revenue-sharing promise we are making today far outstrips previous industry proposals and is intended to democratise shale gas in the UK.

Under our scheme, 4% of revenues would be shared with homeowners and landowners directly above wells, and 2% would go to the local community. Based on our estimates, a typical 100km<sup>2</sup> development (with 200

wells) would generate £375m for the community over its lifespan. £250m of this would go to homeowners and landowners, and £125m to the community in general, which might be spent on new schools, parks, community centres, and hospitals.

At the same time, INEOS is committed to consulting communities fully about development and addressing any concerns they may have about extraction. INEOS has proven capabilities in serious oil and gas operations in the UK, and an excellent environmental and safety record. To complement our surface expertise, we have recently recruited a team of world-leading subsurface shale gas specialists from the USA, so communities can be confident that any operations will meet the highest safety standards.

Extracting shale gas is an opportunity for the UK to reduce its dependence on imported gas while creating tens of thousands of jobs, and generating tax revenue and growth. It is especially important to the future of the UK chemicals industry, and will bring huge benefits to local communities. The scientific consensus is that it can be done safely while meeting our carbon reduction commitments.

Please contact me if you would like further information.

Yours sincerely,

REDACTED

*(See attached file: PRESS RELEASE INEOS Share the benefits.pdf)*

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- *E-Mail from 19 August 2014*

**From:** REDACTED@ineos.com

**Sent:** 19 August 2014 10:40

**To:** PS Edward Davey

**Subject:** INEOS acquires licensing rights to pursue shale gas exploration and development in the Midland Valley of Scotland

Dear Secretary of State,

I am pleased to inform you that INEOS has today acquired licensing rights to pursue shale gas exploration and development in the Midland Valley of Scotland. We now look forward to working with regulators, stakeholders, and the local community to win the necessary formal consents and social licence to move ahead with this exciting opportunity for the region.

INEOS Upstream has purchased a 51% share of the shale section of Petroleum Exploration and Development Licence (PEDL) 133 from BG Group. The licence covers an area of 127 square miles around INEOS' refinery and petrochemicals complex, including the Firth of Forth, Grangemouth, Falkirk, and part of Stirling. Dart Energy owns the remaining 49% of the joint shale licence.

INEOS is a safe pair of hands to undertake exploration in the region, with a large UK asset base, proven capabilities in serious oil and gas operations, and an excellent environmental and safety record. We have built up a team of world-leading shale gas specialists, and are committed to meeting

all regulatory requirements and consulting the community fully about development. With our downstream petrochemicals operations we are also well placed to ensure that the UK extracts maximum value from shale gas as a chemical raw material as well as a fuel.

Extracting shale gas is an opportunity for the UK to reduce its dependence on imported gas while creating tens of thousands of skilled jobs, and generating tax revenue and growth. It is especially important to the future of the UK chemicals industry, and would bring huge regional benefits to the Midland Valley. The scientific consensus is that it can be done safely while meeting our carbon budget commitments as an enabler for the transition to a low carbon future.

Attached is a copy of our press statement for your information and I will keep you updated on any developments relating to PEDL 133, but please do contact me if you would like any further information at this stage.

Yours sincerely,

REDACTED

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- Letter from 8 May 2014

# INEOS

## Olefins & Polymers Europe

8 May 2014

The Rt Hon Ed Davey MP  
Secretary of State  
Department of Energy & Climate Change  
3 Whitehall Place  
London  
SW1A 2AW

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Dear Secretary of State

### Sir Ian Wood Review – UKCS Maximising Recovery

I write to request a meeting to explore how we can add further value to the recently published Wood Review by addressing the specific and parallel needs of the downstream petrochemicals industry.

As you will be aware our chemical business at Grangemouth is a significant part of the local, UK, and Scottish economy and the INEOS Olefins and Polymer UK business has been a major user of UKCS gas as a feedstock for our ethylene cracker.

Indeed following the completion of our survival plan and, the accompanying investment, the site's cracker will have the capability of producing 650ktonnes of ethylene per annum consuming around \$1bn of gas feedstock.

Overall we believe that the review's conclusions are to be welcomed and will improve the environment for our chemical assets in the UK, including our Grangemouth site.

However we strongly believe that the review, by not specifically considering the downstream business, has failed to capture the full potential to further enhance our industry whilst also delivering increased value to the wider economy.

In particular we believe that added value could be delivered through a further report (or annex to the original report) addressing the regulatory and infrastructural needs of the downstream industry.

In particular we would be keen to explore, and assist in the development of a framework for:

- the creation of a chemical manufacturing strategy to match the offshore production strategy with regard to feedstock gases.
- interaction with the new regulatory body to ensure that transparent data is available from both upstream and downstream assets informing the market and hence ensuring a competitive environment.
- the stewardship of aging assets and ensuring the reliability of the assets.

The Rt Hon Ed Davey MP  
Secretary of State

- 2 -

8 May 2014

I look forward to our further discussion of these points and working with you and your officials to build on the good work begun by the Wood Review.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Gordon Grant', with a long horizontal flourish extending to the right.

**Gordon Grant**  
on behalf of INEOS Chemicals Grangemouth Limited

cc: Michael Fallon - Minister of State

Paul Hodgson – Special Adviser to Secretary of State  
Chris Nicholson – Special Adviser to Secretary of State  
James Wild – Special Adviser to Minister for Energy  
Tom Wintle – Head, Wood Review