

20 March 2013

## **UKOOG welcomes measures announced in Budget Statement**

UKOOG, the representative industry body for onshore oil and gas operators, both conventional and unconventional welcomes the announcements made by the Chancellor today with respect to Community Benefits, Planning and Taxation.

Ken Cronin, Chief Executive of UKOOG commented: "The UK is currently entering an important phase in terms of the exploration of shale and other forms of unconventional oil and gas. The industry believes there is a very meaningful amount of gas in place in the UK and the public deserves to know and understand the potential of these natural resources to deliver energy security, jobs and growth. The announcements in the Budget today will help the industry to take the next steps in assessing this resource.

"The results from this phase will develop understanding of what will be technically and economically recoverable going forward. Above all, we are firmly committed to working with local communities and operating to the highest standards of both safety and environmental management"

Commenting on the specific measures announced:

### ***Community Benefits***

The Chancellor today has announced his intention to bring forward proposals with respect to a community benefit scheme.

"The industry and the Government are in complete agreement on the principle that local communities should benefit from hosting our operations. We will continue to engage actively with the Treasury, the new Office for Unconventional Gas and Oil and local authorities as the proposals are developed."

### **Planning**

The Chancellor has announced that the Government will bring forward technical guidance with respect to planning during the exploration phase and further guidance thereafter.

The first sites in the exploration phase are temporary sites which will be used to gain greater understanding of the geology, costs and flow rates. The results from these sites are critical for the industry and the UK at large to understand what could be technically and economically recoverable.

"We will work with local authorities and communities to create a better understanding of our operations and their impact. It is vital that we have a planning process that works efficiently and UKOOG will work alongside local planning authorities and DCLG to achieve this."

## **Taxation**

The Chancellor has today announced an intention to introduce a shale gas field allowance, following consultation, in the Finance Bill 2014 and will consult on other forms of onshore unconventional gas

"The proposed taxation measure will be a catalyst for increasing UK drilling activity and thereby attracting new and additional investment. This increased activity will reduce future capital costs in addition to improving the economic threshold for exploitation. UKOOG will take a full part in the proposed consultation process"

*Contact: Ken Cronin:*

## **About UKOOG**

UKOOG is the representative body for the UK onshore oil and gas industry including exploration, production and storage. The organisation's objectives are to enhance the profile of the onshore industry, promote better and more open dialogue with key stakeholders, deliver industry-wide initiatives and programmes and to ensure standards in safety, the environment and operations are maintained to the highest possible level. Membership is open to all companies active in the onshore industry including those involved in the supply chain.

## **History of Onshore Oil and Gas in the UK**

The onshore gas and oil industry has been around for a very long time. The first indigenous supply came from the production of oil from shale in 1851 in the Midland Valley of Scotland reaching a peak of 6,000 barrels of oil per day.

Wells drilled in 1895 at Heathfield in Sussex, to provide water for a hotel and railway station, also encountered gas becoming the first natural gas well in the UK, with production of 1000 cubic feet per day.

Today there have been some 2000 wells drilled in the UK, producing over 20,000 barrels of oil equivalent per day.

10% of existing wells have been hydraulically fractured in the UK with the first some 50 years ago.