



Department  
of Energy &  
Climate Change

Department of Energy & Climate Change  
3 Whitehall Place,  
London SW1A 2AW  
[www.gov.uk/decc](http://www.gov.uk/decc)

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Our ref: 14/0117

13 February 2014

Dear REDACTED

**REQUEST FOR INFORMATION UNDER THE FREEDOM OF INFORMATION ACT 2000.**

Thank you for your *email* of 17 January 2014 where you requested the following information:

*I would like to know the source for the figures recently quoted by the department in regards to shale gas extraction and the amount of money local communities can expect to receive. Namely the following figures: Business rates amounting to £1.7 million a year for a typical site (please also clarify what is meant by 'site'). 1% of revenues amounting to £5 - £10 million per site over its lifetime (again please clarify 'site')*

We have considered your request in accordance with the Environmental Information Regulations 2004 (EIRs) as the information you have sought disclosure of, does in our view, fall within the definition of 'environmental information' as stated in the EIRs.

The information you requested is as follows:

The estimate of up to £1.7m a year for a typical site per annum is based upon the Valuation Office Agency's estimate of around £3.5m rateable value for a 12 well shale gas site.

This is based on the use of industry estimates and has been reached by using the same valuation approach as is currently adopted for on-shore oil wells on the 2010 rating list. The value of such sites will vary annually in line with production volumes. The Valuation Office Agency will have to come to a view on how to rate shale gas developments in due course.

The estimated rates bill has then been calculated from the provisional non-domestic rating multiplier for 2014/15 which is 48.2p of rates bill for every £1 of rateable value.

The definition of a well site for the purpose of these questions is a well pad, typically consisting of up to 12 wells.

The 1% of revenues amounting to £5 - £10 million per site over its lifetime was based upon the mid case scenario in the Institute of Directors (IoD) Shale Gas report in May 2013. This can be found at the following link:

<http://www.iod.com/influencing/policy-papers/infrastructure/infrastructure-for-business-getting-shale-gas-working>

This figure was first used by the UK Onshore Operators Group in their Press Notice of 27 June 2013, see following link. <http://www.ukoog.org.uk/news.php>

The definition of a well site for the purpose of these questions is a well pad, typically consisting of up to 10 wells with up to 4 laterals each.

## **Appeals Procedure**

If you are dissatisfied with the handling of your request, you have the right to ask for an internal review. Internal review requests should be submitted within 40 working days of the date of receipt of the response to your original letter and should be sent to the Information Rights Unit at:

Information Rights Unit  
Department for Business, Innovation & Skills  
1 Victoria Street  
London  
SW1H 0ET  
E-mail: [foi.requests@bis.gsi.gov.uk](mailto:foi.requests@bis.gsi.gov.uk)

Please remember to quote the reference number above in any future communications.

If you are not content with the outcome of the internal review, you have the right to apply directly to the Information Commissioner for a decision. The Information Commissioner can be contacted at: Information Commissioner's Office, Wycliffe House, Water Lane, Wilmslow, Cheshire, SK9 5AF

Yours sincerely,

REDACTED

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Department of Energy and Climate Change,  
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