



The Rt Hon Matthew Hancock MP  
Department of Energy & Climate Change  
3 Whitehall Place  
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13 January 2015

*Dear Minister,*

I write to express our exasperation following a meeting which we attended at BIS on Wednesday 7 January to discuss our plans and progress regarding the eight inshore underground coal gasification (UCG) licences which we hold around the UK coast for the purpose of converting this country's vast coal reserves efficiently and cleanly into gas. We have now spent an intensive two years advancing the concept of offshore coal gasification to Government (including meetings with your predecessor and with Jo Johnson MP in the No 10 Policy Unit), to the press, to UK fund managers and to individual Members of Parliament. Simultaneously we have made significant operational progress in terms of adding value to our licenses with particular regard to the Firth of Forth, North Wales and Cumbria.

It came, therefore, as a considerable shock to realise during our meeting, which was attended by [REDACTED] of DECC's Office of Unconventional Oil and Gas, that our belief that DECC fully understands and supports the urgent need to advance the concept of offshore UCG is completely unfounded. [REDACTED] who indicated that he accords UCG matters around one third of his time, was entirely supine and did not appear to have grasped the concept in general or our company's role, preferring instead to source his information on UCG from environmental literature. [REDACTED] described UCG as embryonic and a new technology, yet the UK were world leaders in UCG with Newman Spinney as far back as the 1950's and it was only politics that killed it off at that time. Subsequently there has been significant evolution of UCG globally and the evidence base now exists to support development of UCG in the UK. The DTI invested significantly in UCG up to 2006 and all the reports indicated positive ways forward with no major environmental or technical challenges that could not be mitigated. These conclusions remain valid.

(It should be noted that the meeting was also attended by Dr Stuart Edwards of BIS who seemed better informed and did demonstrate a willingness to facilitate the development of industrial relationships.)

It is fundamental to our cause that we obtain endorsement from Government - otherwise we shall be unable to raise the risk capital required to advance our investment in the UK's energy future. We have repeatedly sought to enlist DECC's engagement with us in this endeavour to promote this new major source of energy with its vast implications for the survival of the UK's petrochemical industry inter alia and a future Hydrogen economy.



It is indeed accordingly thoroughly dispiriting to discover the bland and, indeed, cynical attitude which apparently obtains currently within DECC. We were asked to supply "evidence based information" that the process will work. Such a question was never posed to the oil companies (of which my company was one) forty years ago when they embarked on the highly hazardous programme of North Sea oil exploration which was ultimately so successful and beneficial to our country.

There is a tremendous opportunity here to create something of national significance with material macro-economic, supply chain, employment, and tax revenue benefits, as well as a renewed UK petrochemicals industry, not to mention enhanced energy security and supply. But if we are to meaningfully develop this opportunity, Government support is required.

Last year we were encouraged by DECC's level of engagement and the subsequent statement by Michael Fallon in Parliament on 29 November 2013 (see below) that the Government had set up a Working Group specifically to look at UCG, involving DECC and the Coal Authority. However over a year later, we are disappointed to have had no involvement in this Group (despite being one of the UK's two largest licence holders) and at the apparent lack of any tangible progress this Group has made in putting a framework in place for UCG.

I know that much of your time in recent months has been devoted to other energy matters including the traditional coal mining industry. However, deep offshore UCG provides Britain's vast but increasingly stranded coal resource with a new role in the provision of abundant and indigenous energy for the UK.

I hope we can count on your support to take our plans forward.

Statement by Michael Fallon in Parliament on Friday 29 November 2013:

*"We are keen that Government play their part in creating a regulatory environment which helps rather than hinders those with ambitions in the sector. With this in mind we will shortly launch a Working Group involving both DECC and the Coal Authority to look at the current licensing processes and in particular the interaction between underground coal gasification and coal bed methane. The group will consult with the relevant parties as part of its work."*

Yours sincerely

Algy Cluff  
Chairman & Chief Executive  
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