

UK ONSHORE OPERATORS GROUP

Response to the Department of Energy and Climate Change

A call for evidence on the role of gas in the electricity market

1. The **UK Onshore Operators Group, UKOOG**, is a not-for-profit organisation whose members are UK onshore DECC hydrocarbon Licence holders. UKOOG's aim is to enhance and strengthen the onshore exploration and production gas and oil industry in the United Kingdom by working closely with government and other stakeholders to address the important issues.

UKOOG's Objectives are:

- To act as a representative body for, and be the voice of, the onshore UK exploration and production gas and oil industry
- Enhance the profile of the onshore industry
- Promote open dialogue with key stakeholders
- Develop and deliver industry wide initiatives and programmes
- Strive to ensure safety, environmental and operational standards are raised and maintained

2. UKOOG welcomes the fact that the Department is including the future of Unconventional Gas in the call for evidence.

The purpose of this submission is to participate in the debate on the question 6.1 and in particular the last sentence: ***"What impact will unconventional gas have on the case for investing in gas generation and the supporting infrastructure?"***

3. We take the term "unconventional gas" to mean shale gas and coal seam gas (also called coal bed methane or CBM). The term "unconventional" is used simply to distinguish between gas produced from permeable sandstones (conventional) and gas produced directly from source rocks (unconventional). The gas itself is not "unconventional" being identical to North Sea gas nor are the techniques used to extract unconventional gas significantly different from North Sea oil & gas operations.

4. There have been several studies that have published predictions of the UK shale gas production for example the reports by Poyry and IGEM. Our view is that these reports in general do not reflect the uncertainty, do not discuss in detail the geological data available, and do not comment sufficiently on the lack of geological data. Our view is that these reports while adequately estimating the low-side underestimate the high-side of the UK unconventional gas resource.

5. Considerable exploration, appraisal and pilot production work is required in the UK before the uncertainty in the UK unconventional resource is reduced to a level where it is possible to predict confidently the long-term resource. A large amount of geological and other data are being acquired by our members that will greatly increase the understanding of the potential unconventional gas resource in the UK. The BGS are in the process of re-estimating the shale gas resources and we recommend that their report, when published, and future updates are used as part of the evidence.

6. Because of the large uncertainty and lack of data only production predictions with a very wide range of outcomes are valid. However we wish to point out the possibility that onshore gas production, largely from unconventional gas, could exceed UK North Sea gas production in the medium to long term. Onshore gas production is unlikely to be large in the next five years but in ten years or possibly longer onshore gas production could exceed UK North Sea gas production.

UKOOG will update its view on future onshore gas production as data become available and we request that UKOOG is consulted in the future for their views.

7. We propose that consideration is taken of the possibility that unconventional gas could slow, and in the longer term reverse, the decline in UK gas production with subsequent impact upon dependence upon imported gas.

8. We also propose that consideration is taken of the possibility that significant gas production may enter the system at various onshore locations rather than the present situation where almost all gas enters at a small number of coastal terminals.