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Why new North Sea oil and gas production won't help UK energy security

The recent surge in gas prices and Russia's war in Ukraine have triggered an energy security crisis across Europe. UK Ministers, as well as some MPs and commentators, have responded by calling for the expansion of oil and gas exploration and production in the North Sea.

'For the sake of our security, we need to become more energy self-sufficient,' Business Secretary Kwasi Kwarteng wrote in early March, with a focus on generating cheaper, cleaner power and 'accelerating our transition away from expensive gas'. In the near term, though, 'we need to back North Sea oil and gas while we transition to cheap, clean power', he said.

Kwarteng's department, BEIS, is poised to approve new oil and gas licenses (following a consultation on a 'climate checkpoint' to ensure that new fields align with UK climate targets). This despite the Business Secretary conceding that new North Sea production will have no impact on gas prices.

The UK does not face an energy shortage, rather a crisis of affordability. High gas prices mean household energy bills will rise 54% from next month, leading to a predicted six million households facing fuel poverty. The war in Ukraine could push these prices even higher, with the industry suggesting bills could hit an unaffordable £3000 in the Autumn.

Despite the insistence of Kwarteng and others, there are numerous practical reasons why expanding UK oil and gas exploration and production will NOT provide the UK with a secure supply of affordable energy. More than this, continued North Sea expansion is acting as a brake on the UK's future ambitions for a cheaper, cleaner and more secure energy system.

The practical limitations of new North Sea production

Far from being an abundant, national resource that we can turn on at will, there are some important limitations to what the North Sea can provide and when.

- **Oil-heavy basin:** The geology of the North Sea means that, after nearly 50 years of production, 70% of what's left in the basin is oil not gas – and not the type of oil that we use in UK refineries, which means that we export 80% of it.
- **Limited gas reserves:** To put North Sea gas reserves in context, as Europe seeks to slash its dependence on Russian gas, even extracting all proven UK reserves and resources from new fields would only meet about 1% of European gas demand each year to 2050, according to the Climate Change Committee.

- **Long development time:** It takes on average 28 years to go from discovering a new field to getting any oil or gas out of the ground, [according to](#) official figures. So, even if the government were to licence a new gas field today, it would likely be 2050 – the year the UK has pledged to be net zero – before it produced anything we could use in our homes.
- **Pipeline of oil, not gas:** There are, of course, licensed fields further along the development pipeline, but most of this is oil, not gas. Analysis by Uplift of Rystad data shows that oil makes up 73% of the resource in the 46 new fields up for approval in the next three years.

Fast-tracking new fields?

Kwasi Kwarteng [reportedly](#) wants six North Sea oil and gas fields to be given the green light this year on 'domestic energy security' grounds. Of the six named fields, only three would primarily produce gas. The rest are oil fields (and the UK exports most of its oil). Together these fields would only produce enough gas to satisfy about 2% of the UK's total demand or, put another way, they would allow us to cut the amount of gas we currently import by just 4%. Gas production from these fields, however, would only start in 2026-7 at the earliest, so in four years time, and after five years of marginally reduced imports most of it would be gone. And all the while, this gas would be sold to us at the market price, which could remain unaffordably high. New fields, fast-tracked or not, are no fix for the UK's energy security.

New production does not guarantee new UK supply

There are over 200 oil and gas fields operating in the North Sea, which currently supply approximately half of the UK's gas needs. No one is proposing these supplies are turned off. But, just because the gas is in UK waters, it doesn't guarantee it will reach UK homes. Exports will continue with any new production that is brought online.

- **It isn't our gas:** Once licensed, North Sea oil and gas belongs to the license-holder. These are multinational, private equity- and state-backed oil and gas firms, including companies fully or partly-owned by the Russian, Iranian, Chinese, Norwegian and other governments.
- **Sold to the highest bidder:** Because it's not the UK's gas, it can be sold abroad even in a crisis. Currently 80% of North Sea oil is [exported](#) because there is little demand from the country's refineries for UK crude oil. But even gas – where there is domestic demand – is sold overseas. Towards the end of last year, just as we entered the gas crisis, the UK [exported](#) unusually large amounts of gas for the time of year because the companies that own it could get a better price elsewhere. Exports in October 2021 were the highest for that month for a decade.

Rosebank oil field and exports

The Norwegian oil and gas giant, Equinor, [holds](#) the licence on the Rosebank oil field, West of Shetland. Containing more than 300m barrels of oil, it is nearly twice the size of the controversial Cambo field, and one of the six that the government is reportedly looking to fast-track for approval this year. Most of Rosebank's oil will be exported and will play no role in UK energy security. Equinor is majority owned by the Norwegian state, so the profits from Rosebank will go to the Norwegian public.

New oil and gas is a brake on the transition

“Now more than ever we must focus on generating cheaper, cleaner power in Britain, for Britain,” Kwasi Kwarteng has repeatedly said. Yet, the oil and gas industry – which has positioned itself as key to the UK’s clean energy transition – is failing to invest in renewables at pace. While oil and gas prices are high and the UK’s tax regime so favourable, and without a strong signal from government that the UK is committed to phasing out fossil fuels, the industry will continue to drill for oil for export and marginal gas, while doing nothing to solve the UK’s energy security crisis.

- **Weak commitment to renewables :** The overwhelming majority of oil and gas producers in the North Sea invest nothing in UK renewable energy production. Even the oil and gas majors, like BP and Shell, still invest substantially more in oil and gas production than renewables. Take the Norwegian giant, Equinor. More than 90% of its total capital spend in 2021 went to oil and gas.
- **Setting the path and pace:** In March last year, the government announced a plan – the North Sea Transition Deal – which the industry claims will “deliver a managed transition, support cleaner energies and deliver net zero in a way that also guarantees reliable energy supplies”. The Deal, which was drafted by the industry, is concerned with maintaining the industry’s social licence to operate, with its focus on building UK capacity in carbon capture and hydrogen, and on decarbonising oil and gas production. The Deal has nothing to say on cutting emissions from burning the oil and gas produced or on the urgent need to shift the UK away from expensive oil and gas and onto affordable clean energy sources, which is central to the UK’s energy security.
- **Profit before energy security:** The investment decisions of North Sea operators are driven by oil and gas profits, not ensuring that the UK has an affordable supply of energy. Private firms, which tend to make short-term investments, now make up a third of all North Sea operators. They are also less accountable and transparent than publicly-listed companies. These are the players that the government is relying on to transition the UK to a cheaper, cleaner supply of energy.

Abigail gas field and money wasted

Investment in North Sea oil and gas is not serving the UK public. Take the new Abigail oil and gas field, which the UK approved in January. Abigail is a small field off the East coast of Scotland. It will cost many millions to develop, but will only produce enough gas to meet UK demand for roughly a day and a half, or 34 hours. Abigail’s oil is also likely to be exported. Abigail will do nothing to provide UK households with affordable energy, it is all about profit. Far better for government to steer investment like this into accelerating cheaper UK renewables.

Continued North Sea exploration and production cannot and will not solve the crisis facing the UK, which is one of affordability. Worse, it is contributing to irreversible climate change. If we want to keep temperature rise to safe, liveable levels, we must halt new oil and gas production and the majority of reserves need to be kept in the ground.

The government must respond to this crisis by creating energy policies that, rather than echoing the wishes of the world’s oil and gas executives, urgently deliver a cheaper, clean, secure supply of energy for the UK, starting with an end to new exploration and production in the North Sea.