

# Pipedream

## *Why new oil and gas licencing isn't a solution for energy security.*

Since the Conservative Party came to power in May 2010, Governments and their regulators have launched six licencing rounds<sup>1</sup> for offshore oil and gas, dealing out hundreds of new licenses.

But this effort has delivered just five new discoveries, containing 74 million barrels of oil and gas - enough to provide the UK with only three weeks of oil and five weeks of gas over their lifetime<sup>2</sup>. Of these fields, three are currently producing - Sillimanite (a gas field discovered in 2015), Callater (an oil field discovered in 2015), and Storr (an oil field discovered in 2016). To date, these three fields have produced the equivalent of just 11 days of oil and 15 days of gas.

Licencing rounds award blocks in the North Sea to oil and gas companies, enabling them to explore for resources and develop plans for extraction.

As well as new discoveries, these licencing rounds have enabled the development of seven previously discovered fields. These fields are expected to produce 178 million barrels of oil and gas by 2050 - the equivalent of 25 days of gas and 12 weeks of oil. Three of these fields are currently producing - Elgood (a gas field discovered in 1991), Mariner (an oil field discovered in 1981), and Barnacle (an oil field discovered in 1992). To date, they have provided a single day's worth of gas and five weeks' worth of oil.

Added together, these 12 new and re-licenced fields from the last six licencing rounds contain just nine weeks of gas and 16 weeks of oil. The six fields already in production have collectively contributed 16 days' worth of gas and 47 days' worth of oil to date. Half of this gas (8 days) has been produced by Sillimanite - a gas field 30% owned by Russian gas giant Gazprom. The developers of the Sillimanite field export its gas directly to the Netherlands.

The regulator is not optimistic that future licencing rounds will be any different. Uplift's analysis of the North Sea Transition Authorities projections for production stemming from its planned future licencing rounds shows that these rounds would deliver an average of just three weeks' worth of gas a year<sup>3</sup>.

But this has not, however, stopped successive energy secretaries and the Government from championing exploration – and in particular its role in UK energy security.

- Successive Secretary of States have championed the ability of new exploration to contribute to the UK's energy security, including Jacob Rees Mogg<sup>4</sup>. However, the former head of the North Sea Transition Authority - the body which issues the permits – admitted last year that “the permits were only likely to make a difference “around the edges”, given that the North Sea was one of the oldest

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<sup>1</sup> Wood Mackenzie (July 2023) [Is fiscal and political uncertainty set to shut down the North Sea?](#)

<sup>2</sup> All demand estimates are based on the CCC Balanced Net Zero Pathway estimates for gas demand and petroleum demand in 2023, as published in the [Sixth Carbon Budget](#).

<sup>3</sup> Fiona Harvey, Guardian (July 2023). [Proposed new fields would provide at most three weeks worth of energy.](#)

<sup>4</sup> Katine Bussey (October 2022). [Evening Standard.Rees-Mogg: New oil and gas licencing will boost UK economy and energy security.](#)

oil and gas production regions in the world. “I think it’s unlikely, given it’s a mature basin and the geology is well-known, that we’re suddenly going to have a situation where we are significantly growing production again.”<sup>5</sup>

- The regulator has repeatedly championed its ability to “fast-track” new licences to support energy security<sup>6</sup>. Since the opening of a new “fast-track” 12 months ago, only 27 out of 115 licences have been issued<sup>7</sup>.
- One clear indication of the North Sea’s decline is in the number of jobs it supports. Earlier this year, then energy secretary Grant Shapps claimed the industry supported 213,000 oil and gas jobs<sup>8</sup>. This compares to 375,000 jobs that one of his predecessors, Amber Rudd stated that the industry supported in 2015<sup>9</sup>. This represents 162,000 fewer jobs supported by the oil and gas industry in just eight years.

The view that licencing rounds do little for energy security is increasingly mainstream. Our results mirror industry analysts such as Wood Mackenzie, who claim that licencing rounds under the Conservatives have delivered 63 million barrels of commercial discoveries and add just 4% to the UK’s oil and gas reserves. It notes that “while new rounds are a highly charged topic, the reality is that it’s been a long time since new or recycled acreage has delivered any new volumes of note.”<sup>10</sup>

Given this poor record over the past 13 years, politicians' energy would be better focused on getting the UK off oil and gas, rather than hoping – or wishing – exploration will deliver more of it.

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<sup>5</sup> [North Sea gasfield permits to be fast-tracked to boost UK production \(FT\)](#)

<sup>6</sup> [North Sea gasfield permits to be fast-tracked to boost UK production \(FT\)](#)

<sup>7</sup> Reuters (July 2023). [Britain commits to hundreds of new oil and gas licences](#)

<sup>8</sup> Telegraph (August 2023) [Grant Shapps: This Government’s energy policy will keep the lights on, heat our home - and bring down your bills](#)

<sup>9</sup> Department of Energy and Climate Change (November 2015) [Amber Rudd’s speech on a new direction for UK energy policy](#)

<sup>10</sup> [The UK’s journey to net zero: an uncertain path ahead \(Wood Mackenzie\)](#)

### *Methodology*

Using publicly available data from the North Sea Transition Authority (NSTA) relating to offshore blocks, wells, and licence relinquishments, Uplift created a database of new and previously discovered fields with licences in offshore rounds launched since 11<sup>th</sup> May 2010 (Rounds 27 to 32). These fields were linked to Rystad Energy production estimates (for all fields except Laverda), split into two time periods: 2010-2023 and 2024-2050.

As Rystad claimed Laverda would only produce 0.01 million barrels of oil equivalent over its lifetime, resource estimates from the [Laverda Environmental Statement](#) were substituted in. As Environmental Statements assess impacts on a worst-case impact (best case production) scenario, this will likely overstate the commercially recoverable resources from Laverda. The amounts of oil and gas produced from the field were approximated using the ratio of oil production to gas production at the fields peak quoted within the environmental statement. As the Laverda field is not currently producing, it was assumed that all production from the field falls into the 2024-2050 time period.

Field production volumes across both time periods were converted to days of demand using the CCC Balanced Net Zero pathway's estimates for gas demand and petroleum demand in 2023, as published in the [Sixth Carbon Budget](#).

*Annex: Data tables*

*Table 1: Production and demand estimates for newly discovered fields associated with licences from offshore licencing rounds 27 to 32*

<i>New discoveries</i>			<i>Sillimanite</i>	<i>Callater</i>	<i>Laverda</i>	<i>Storr</i>	<i>Alwyn East</i>
Field type (contains majority)			<i>Gas</i>	<i>Oil</i>	<i>Oil</i>	<i>Oil</i>	<i>Gas</i>
Discovery year			<i>2015</i>	<i>2015</i>	<i>2016</i>	<i>2016</i>	<i>2023</i>
Status			<i>Producing</i>	<i>Producing</i>	<i>Not producing</i>	<i>Producing</i>	<i>Not producing</i>
<i>Gas</i>	<i>To date (2010 - 2023)</i>	Production (mboe)	<i>10</i>	<i>6</i>	<i>0</i>	<i>4</i>	<i>0</i>
		Days of demand	<i>8</i>	<i>4</i>	<i>0</i>	<i>3</i>	<i>0</i>
	<i>Future (2024 - 2050)</i>	Production (mboe)	<i>2</i>	<i>2</i>	<i>0</i>	<i>0</i>	<i>25</i>
		Days of demand	<i>1</i>	<i>1</i>	<i>0</i>	<i>0</i>	<i>19</i>
<i>Oil</i>	<i>To date (2010 - 2023)</i>	Production (mboe)	<i>0</i>	<i>11</i>	<i>0</i>	<i>3</i>	<i>0</i>
		Days of demand	<i>0</i>	<i>9</i>	<i>0</i>	<i>2</i>	<i>0</i>
	<i>Future (2024 - 2050)</i>	Production (mboe)	<i>0</i>	<i>4</i>	<i>3</i>	<i>3</i>	<i>2</i>
		Days of demand	<i>0</i>	<i>3</i>	<i>2</i>	<i>3</i>	<i>2</i>

*Sources: North Sea Transition Authority; Rystad Energy; Offshore Petroleum Regulator for Environment and Decommissioning; Climate Change Committee.*

Table 2: Production and demand estimates for previously discovered fields associated with licences from offshore licencing rounds 27 to 32

Previous discoveries			Talbot	Affleck (redevelopment)	Mariner	Murlach	Elgood	Teal West	Barnacle
Field type (contains majority)			Gas	Gas	Oil	Oil	Gas	Oil	Oil
Discovery year			1972	1975	1981	1986	1991	1991	1992
Status			Not producing	Not producing	Producing	Not producing	Producing	Not producing	Producing
Gas	To date (2010 - 2023)	Production (mboe)	0	0	0	0	1	0	0
		Days of demand	0	0	0	0	1	0	0
	Future (2024 - 2050)	Production (mboe)	19	11	0	3	1	0	0
		Days of demand	14	8	0	2	1	0	0
Oil	To date (2010 - 2023)	Production (mboe)	0	0	39	0	0	0	3
		Days of demand	0	0	33	0	0	0	3
	Future (2024 - 2050)	Production (mboe)	1	7	69	20	0	4	0
		Days of demand	1	6	59	17	0	4	0

Sources: North Sea Transition Authority; Rystad Energy; Offshore Petroleum Regulator for Environment and Decommissioning; Climate Change Committee.