

# **Onshore Conventional Oil and Gas**

## **Call for Evidence**

**June 2022**

## Onshore Conventional Oil and Gas – Call for Evidence

### Introduction

The Scottish Government is transitioning to a net zero emissions Scotland for the benefit of our environment, our people, and our prosperity, with Scotland’s ambitious climate change legislation setting a target date for net zero emissions of all greenhouse gases by 2045. This means that our contribution to climate change will end, definitively, within one generation. In line with this commitment, our Programme for Government 2021/22<sup>1</sup> states that *“unlimited extraction of fossil fuels is incompatible with our climate obligations and meeting the aims of the Paris Agreement”*; in a post-COP26 world, it is more important than ever that we move towards this goal at pace, and continue to put words into actions.

This can be clearly demonstrated in the Bute House Agreement<sup>2</sup>, formalised in September 2021, which states that *“given the urgency of the climate emergency, we accept that countries around the world, including the UK, cannot continue with unlimited recovery of hydrocarbons if the aims of the Paris Agreement are to be met - we cannot ignore the concern that unlimited extraction of fossil fuels is simply incompatible with protecting the planet”*.

Our emissions reduction targets are at the heart of Scottish Government policy, as outlined in our December 2020 Climate Change Plan update<sup>3</sup>, our plans for a just transition, and our Energy Strategy<sup>4</sup>. Our Energy Strategy, which will be refreshed during 2022, will include a comprehensive range of policy positions for related areas; this includes onshore conventional oil and gas exploration and development. We are therefore undertaking an evidence-gathering process to establish our finalised policy position on onshore conventional oil and gas in Scotland.

This consultation **does not set out or advocate a preferred Scottish Government position or policy**. Instead, this is an opportunity to contribute views and evidence on the development of onshore conventional oil and gas policy in Scotland in order to ensure that Scottish Government delivers a robust and fully-evidenced policy position in line with our energy needs, statutory requirements, and climate change ambitions.

### Climate Change

The Glasgow Climate Pact agreed at the international COP26 climate change conference in 2021 reaffirms the international communities commitment, first set out in the UN Paris Agreement, to limiting global temperature rise to 1.5°C, and explicitly references - for the

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<sup>1</sup> [A Fairer, Greener Scotland: Programme for Government 2021-22 - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/programme-for-government-2021-22/pages/introduction.aspx)

<sup>2</sup> [Scottish Government and Scottish Green Party - Shared Policy Programme - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/shared-policy-programme/pages/introduction.aspx)

<sup>3</sup> [Securing a green recovery on a path to net zero: climate change plan 2018–2032 - update - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/climate-change-plan-2018-2032-update/pages/introduction.aspx)

<sup>4</sup> [The future of energy in Scotland: Scottish energy strategy - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/energy-strategy-2022/pages/introduction.aspx)

first time in such an agreement - ‘phasing-down coal power’ and ending fossil fuel subsidies. As acknowledged in the COP26 Presidency outcomes<sup>5</sup>, the Glasgow Pact only keeps 1.5°C in sight if countries take concerted and immediate action to deliver on their emissions reduction commitments. For the global energy sector, this means phasing down the use of all fossil fuels.

Scotland is committed to playing its full part in delivering on the Paris Agreement’s global temperature goal, through delivering lasting action to secure a net zero and climate resilient future in a way that is fair and just for everyone. The Climate Change (Emissions Reduction Targets) (Scotland) Act 2019<sup>6</sup> sets legally binding targets to reach net zero emissions of all greenhouse gases by 2045 at the latest, with a world-leading interim 2030 target of a 75% reduction in emissions from a 1990/95 baseline<sup>7</sup>. Scotland is also one of only a few countries to also set legally binding economy-wide emissions targets for every year from now until net zero.

The Scottish Government’s policies and proposals for meeting Scotland’s emissions reduction targets are set out in regular Climate Change Plans and associated documents. The update<sup>8</sup> to the 2018 Climate Change Plan, published in December 2020, sets a pathway to meeting Scotland’s ambitious emissions reduction targets over the period to 2032. This includes measures to support a shift away from fossil fuels across the economy, as part of deep emissions reductions in all sectors where this is possible and with residual emissions being balanced with greenhouse gas removals where it is not. Delivering the Plan is the Scottish Government’s focus and will require transformational, whole-system change. We have also committed to bringing forward a draft of the next Climate Change Plan, which will extend our emissions reduction pathway closer to net zero, by November 2023.

## Just Transition

Delivering emissions reductions in a way that prioritises fairness, and ensures that no one is left behind is at the heart of the Scottish Government’s response to the global climate emergency. Scotland is the first country in the world to publish a National Just Transition Planning Framework<sup>9</sup> which provides a consistent approach to the delivery of evidence-led and co-designed Plans for every sector and every region. Just Transition Plans will provide certainty for business to invest, will support workers and communities, and will ensure that Scotland can seize the opportunities of the transition while mitigating the risks. The Scottish Government has committed to delivering the first Just Transition Plan as part of the refreshed Energy Strategy, due to be published in 2022. To further deliver a just transition,

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<sup>5</sup> COP26 Presidency Outcomes available at: <https://ukcop26.org/wp-content/uploads/2021/11/COP26-Presidency-Outcomes-The-Climate-Pact.pdf>

<sup>6</sup> The Climate Change (Emissions Reduction Targets) (Scotland) Act 2019 available at: <https://www.legislation.gov.uk/asp/2019/15/enacted>

<sup>7</sup> A 1990 baseline is used for carbon dioxide, methane and nitrous oxide; 1995 is used as baseline for hydrofluorocarbons, perfluorocarbons, sulphur hexafluoride and nitrogen trifluoride.

<sup>8</sup> As footnote 3

<sup>9</sup> National Just Transition Planning Framework available at: <https://www.gov.scot/publications/transition-fairer-greener-scotland/pages/5/>

the Scottish Government has also committed to a ten-year £500 million Just Transition Fund for the North East and Moray. This will help support people's jobs and livelihoods as the region continues its transition to a net zero economy.

### Energy Security

The Scottish Government is aware that the recent Russia-Ukraine crisis has brought about renewed focus on the matter of energy security in Scotland, and worldwide. Russia's invasion has contributed to high energy prices, which in turn are exacerbating the UK's cost of living crisis. The invasion is also prompting countries across Europe to accelerate their attempts to achieve energy security, and to end their reliance on Russian oil and gas.

We are currently undertaking analysis work to better understand Scotland's energy requirements and its uses as we transition to net zero, ensuring an approach that supports and protects our energy security and our highly skilled workforce whilst meeting our climate obligations. This recognises also that we must reduce our own reliance on our domestic production of oil and gas, noting the dependency on the development of new alternatives. It is clear that we must focus on how to accelerate the development of renewable and low-carbon sources of energy, with associated new jobs so that we can manage a just transition away from oil and gas more quickly, with a presumption as far as possible against new development. The Intergovernmental Panel on Climate Change (IPCC)<sup>10</sup>'s recent reports starkly show that the impacts of climate change are even worse than previously thought, and that business as usual is not an option.

### Onshore Conventional Oil and Gas in Scotland

Conventional oil and gas refers to petroleum, or crude oil, and raw natural gas extracted from the ground by conventional means and methods. The oil and gas industry use a range of techniques to extract oil and gas from underground reserves. Conventional oil and gas reserves can be exploited by drilling a well, with oil or gas then flowing out under its own pressure.

Conventional deposits are contained in porous rocks with interconnected spaces, such as limestone and sandstone. These interconnected spaces give rise to permeability that allows oil or gas to effectively flow through the reservoir to the well.

For conventional reserves of oil and gas, some of the hydrocarbons escaped the source rock (the layer containing the organic matter) rising up through permeable rock before being trapped by a non-permeable layer, forming the oil and gas reserves. With unconventional oil and gas the hydrocarbons remained locked in the low permeability source rock. The processes for exploiting both conventional and unconventional oil and gas are similar, the

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<sup>10</sup> [IPCC — Intergovernmental Panel on Climate Change](#)

main difference being how the wells are stimulated to improve the flow of the hydrocarbons<sup>11</sup>.

In April 2015, the Oil and Gas Authority (OGA) was established as an executive agency of the UK Government and, in October 2016, became an independent government company with the transfer of the UK Government's regulatory powers in respect of oil and gas.<sup>12</sup> In 2022, the OGA was renamed the North Sea Transition Authority (NSTA).

### Onshore Oil and Gas Licensing in Scotland

Since the 1960s, a succession of competitive "licensing rounds" have been held in which applications have been invited for offshore and onshore oil and gas licences covering specified geographical blocks<sup>13</sup>.

Historically, the policy objective of the UK Government's licensing rounds was to maximise successful and expeditious exploration and exploitation of the UK's oil and gas resources and all decisions made by the UK Government were made in pursuit of that policy<sup>14</sup>.

Anyone who wanted to explore for, drill for or extract oil or gas in the UK (except onshore Northern Ireland) was required to hold a licence issued under the Petroleum Act 1998 (and before it, the 1934 Act)<sup>15</sup> by the UK Government.

On 9 February 2018, powers in respect of onshore licences in Scotland were devolved. Sections 47 and 48 of the Scotland Act 2016<sup>16</sup> transferred powers to:

- legislate for the granting and regulation of licences to search and bore for and get petroleum within the Scottish onshore area;
- determine the terms and conditions of licences; and
- regulate the licensing process.

The consideration payable for such licences remains a reserved matter. The regulation, including setting, of the consideration payable for a licence is therefore reserved. In addition, the UK Government has powers to revoke a licence on the basis of failure to make payments due under the licence. The NSTA is responsible for administering these issues on behalf of the UK Government.

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<sup>11</sup> [Climate-Change-Impacts-of-UOG-development-in-Scotland-Analytical-annex-Committee-on-Climate-Change.pdf \(theccc.org.uk\)](#)

<sup>12</sup> [North Sea Transition Authority \(NSTA\): New Chapter for the OGA as Government Company - 2016 - News - News & publications \(nstaauthority.co.uk\)](#)

<sup>13</sup> [\[ARCHIVED CONTENT\] UK Government Web Archive - The National Archives](#)

<sup>14</sup> [Licensing Applications Guidance General 2014.pdf \(publishing.service.gov.uk\)](#) - para 37

<sup>15</sup> [\[Withdrawn\] Oil and gas: petroleum licensing guidance - GOV.UK \(www.gov.uk\)](#) – para 1 of 2014 guidance

<sup>16</sup> [Scotland Act 2016 \(legislation.gov.uk\)](#)

In November 2018, the Scottish Government signed a Memorandum of Understanding<sup>17</sup> with the UK Government and the Oil and Gas Authority about the handling of issues related to those matters which remain reserved.

The award of a licence gives exclusivity in respect of oil or gas exploration or production in the licensed area, that is to say, no person other than the holder of the licence may carry out these activities within the area of the licence. However, the award of a licence does not waive any other statutory or legal requirement necessary for these activities.<sup>18</sup>

The last onshore licensing round, during which any new onshore licences were issued for geographical blocks in Scotland, was held in 2008. Scottish Ministers are the licensing authority for the two onshore licences<sup>19</sup> currently held in Scotland. There is currently no onshore oil and gas production in Scotland.

As noted in the introduction to this paper, the Bute House Agreement between the Scottish Government and Scottish Green Party states: *“While we do not entirely agree on the role of the oil and gas sector, given the urgency of the climate emergency, we accept that countries around the world, including the UK, cannot continue with unlimited recovery of hydrocarbons if the aims of the Paris Agreement are to be met - we cannot ignore the concern that unlimited extraction of fossil fuels is simply incompatible with protecting the planet”*.

### Unconventional Oil and Gas in Scotland

In October 2019, Scottish Ministers announced their finalised position<sup>20</sup> of no support for unconventional oil and gas. This means development connected to the onshore exploration, appraisal or production of coal bed methane or shale oil or shale gas using unconventional oil and gas extraction techniques, including hydraulic fracturing and dewatering for coal bed methane. **As this policy is finalised, we are not seeking further views on unconventional oil and gas in Scotland in this call for evidence.**

Following a comprehensive evidence-gathering and public consultation exercise and the required statutory and other assessments, Scottish Ministers concluded that the development of onshore unconventional oil and gas is incompatible with our policies on climate change, energy transition and the decarbonisation of our economy<sup>21</sup>. Contributing factors to this decision included:

- Concerns over the insufficiency of epidemiological evidence on health impacts;
- Compatibility of an unconventional oil and gas industry with Scotland’s world-leading climate change targets;

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<sup>17</sup> [Onshore oil and gas licensing: memorandum of understanding - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/post-adoption-statement/pdf/pages/10.htm)

<sup>18</sup> [post\\_adoption\\_statement.pdf \(publishing.service.gov.uk\)](https://publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/421141/post_adoption_statement.pdf)

<sup>19</sup> [Oil & Gas - Onshore fields, licences and wells | Marine Scotland Information](https://www.marinescotland.gov.uk/oil-gas-onshore-fields-licences-and-wells)

<sup>20</sup> [Unconventional oil and gas development: our position - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/unconventional-oil-and-gas-development-our-position/pdf/pages/1.htm)

<sup>21</sup> [Unconventional oil and gas - Oil and gas - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/unconventional-oil-and-gas-oil-and-gas/pdf/pages/1.htm)

- That the requirement for Scottish unconventional oil and gas production would require to displace imported gas, rather than increasing domestic consumption;
- The cost implications of the additional mitigation actions in other areas of the economy that might be needed to counterbalance an increase in emissions from unconventional oil and gas development;
- The geographic/community issues, including that communities were unconvinced there would be a strong enough case of national economic importance, when balanced against the risk and disruption they anticipate on matters such as transport impacts, risks of pollution, and on their general health and wellbeing; and
- The 2018 SEA Environmental Report<sup>22</sup> concluded that the development of an unconventional oil and gas industry in Scotland would have the potential for significant negative effects on the environment, even when taking account of existing regulation and consenting processes.

### Onshore CO2 Storage Licensing in Scotland

Onshore oil and gas licences are for petroleum exploration and development only; any proposal relating to onshore CO2 storage would require a licence under a separate regime to be applied for.

Section 17 of the Energy Act 2008<sup>23</sup> sets out that no person may carry out carbon storage activities except in accordance with a licence. The licensing authority for Scotland (onshore or within the seaward limits of the adjacent territorial sea) is the Scottish Ministers, with the process for licensing set out in the Storage of Carbon Dioxide (Licensing etc.) (Scotland) Regulations 2011<sup>24</sup>.

Section 19 of the Energy Act 2008 gives the Scottish Ministers the power to make regulations setting out the circumstances in which it may grant licences. **We are not seeking views on onshore CO2 storage as part of this call for evidence.**

### Consultation Question (to be completed on Citizen Space, or the RIF below)

Considering the information presented in this call for evidence paper, and your own knowledge and experience, what are your views on the exploration for, and development of, onshore conventional oil and gas in Scotland?

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<sup>22</sup> [Unconventional oil and gas policy: SEA - gov.scot \(www.gov.scot\)](http://www.gov.scot)

<sup>23</sup> [Energy Act 2008 \(legislation.gov.uk\)](http://legislation.gov.uk)

<sup>24</sup> [The Storage of Carbon Dioxide \(Licensing etc.\) \(Scotland\) Regulations 2011 \(legislation.gov.uk\)](http://legislation.gov.uk)

## What Happens Next

Following the call for evidence closing date, all responses will be independently analysed and the consultation analysis report will be considered as part of the policy development and finalisation process. The analysis of responses will be published in full.

The Scottish Government is required to undertake relevant statutory and other impact assessments, including a Strategic Environmental Assessment (SEA) and Business and Regulatory Impact Assessment (BRIA), prior to policy finalisation. The draft policy position on onshore conventional oil and gas will be included in the impact assessments of the wider Energy Strategy and Just Transition Plan, with the finalised policy position being confirmed on conclusion of this process.

## Responding to this Consultation

We are inviting responses to this consultation by 02 August 2022.

Please respond to this consultation using the Scottish Government's consultation hub, Citizen Space (<http://consult.gov.scot>). You are able to access and respond to this consultation online at <https://consult.gov.scot/energy-and-climate-change-directorate/onshore-conventional-oil-and-gas/>. You can save and return to your responses while the consultation is still open. Please ensure that consultation responses are submitted before the closing date of 02 August 2022.

If you are unable to respond using our consultation hub, please complete the Respondent Information Form and send by email to [OnshoreConventionalCFE@gov.scot](mailto:OnshoreConventionalCFE@gov.scot) or by post to:

Subsurface Energy Systems Team

Scottish Government

Area 3F South

Victoria Quay

Edinburgh

EH6 6QQ

## Handling your response

If you respond using the consultation hub, you will be directed to the About You page before submitting your response. Please indicate how you wish your response to be handled and, in particular, whether you are content for your response to be published. If you ask for your response not to be published, we will regard it as confidential, and we will treat it accordingly.

All respondents should be aware that the Scottish Government is subject to the provisions of the Freedom of Information (Scotland) Act 2002 and would therefore have to consider



any request made to it under the Act for information relating to responses made to this consultation exercise.

If you are unable to respond via Citizen Space, please complete and return the Respondent Information Form included in this document.

To find out how we handle your personal data, please see our privacy policy:

<https://www.gov.scot/privacy/>

### Next steps in the process

Where respondents have given permission for their response to be made public, and after we have checked that they contain no potentially defamatory material, responses will be made available to the public at <http://consult.gov.scot>. If you use the consultation hub to respond, you will receive a copy of your response via email.

Following the closing date, all responses will be analysed and considered along with any other available evidence to help us. Responses will be published where we have been given permission to do so. An analysis report will also be made available.

### Comments and complaints

If you have any comments about how this consultation exercise has been conducted, please send them to the contact address above or at [OnshoreConventionalCFE@gov.scot](mailto:OnshoreConventionalCFE@gov.scot).

### Scottish Government consultation process

Consultation is an essential part of the policymaking process. It gives us the opportunity to consider your opinion and expertise on a proposed area of work.

You can find all our consultations online: <http://consult.gov.scot>. Each consultation details the issues under consideration, as well as a way for you to give us your views, either online, by email or by post.

Responses will be analysed and used as part of the decision making process, along with a range of other available information and evidence. We will publish a report of this analysis for every consultation. Depending on the nature of the consultation exercise the responses received may:

- indicate the need for policy development or review
- inform the development of a particular policy
- help decisions to be made between alternative policy proposals
- be used to finalise legislation before it is implemented

While details of particular circumstances described in a response to a consultation exercise may usefully inform the policy process, consultation exercises cannot address individual concerns and comments, which should be directed to the relevant public body.



**RESPONDENT INFORMATION FORM**

**Please Note** this form **must** be completed and returned with your response.

To find out how we handle your personal data, please see our privacy policy:  
<https://www.gov.scot/privacy/>

Are you responding as an individual or an organisation?

- Individual  
 Organisation

Full name or organisation's name

Phone number

Address

Postcode

Email Address

The Scottish Government would like your permission to publish your consultation response. Please indicate your publishing preference:

- Publish response with name  
 Publish response only (without name)  
 Do not publish response

**Information for organisations:**

The option 'Publish response only (without name)' is available for individual respondents only. If this option is selected, the organisation name will still be published.

If you choose the option 'Do not publish response', your organisation name may still be listed as having responded to the consultation in, for example, the analysis report.

We will share your response internally with other Scottish Government policy teams who may be addressing the issues you discuss. They may wish to contact you again in the future, but we require your permission to do so. Are you content for Scottish Government to contact you again in relation to this consultation exercise?

Yes

No

## Questionnaire

### Question 1

Considering the information presented in this call for evidence paper, and your own knowledge and experience, what are your views on the exploration for, and development of, onshore conventional oil and gas in Scotland?

Please provide any comments in the box below.



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