

UKOG chief executive Stephen Sanderson's speech to Surrey County Council's planning committee

27th November 2020

Surrey Council Council voted 6 to 5 to narrowly refuse planning permission for the Loxley gas exploration site near Dunsfold in Surrey today. This decision was contrary to the recommendation of the Council officers' report which recommended approval, all issues concerning planning, environmental and highways having been resolved to their professional satisfaction.

Crucially, the decision also ignored the key role domestic natural gas plays in the government's stated low-carbon hydrogen policy in which natural gas is reformed into clean burning hydrogen. Low carbon hydrogen is a key element of government infrastructure strategy and is vital to help achieve net zero and underpin the UK's recovery from record Covid-19 induced debt levels.

Good morning Mr Chair, Members, Ladies and Gentlemen. My name is Stephen Sanderson, and I am the Chief Executive of UK Oil & Gas PLC, a Surrey company employing mostly Surrey people, including myself, with the sole purpose of providing energy for Britain.

Firstly, be assured that like our activities at Horse Hill, Loxley gas appraisal would progress responsibly and in full compliance with your Minerals Plan and other regulators.

Those of you who've seen Horse Hill and other similar sites will know that they are visually unobtrusive, have low lifetime traffic flows and are generally well below most residents' radar. Loxley has a full Environment Agency permit which should provide comfort that the local environment will remain unharmed by this development, your Officers concur with this.

So, ladies and gentlemen, given our climate emergency, why do we need Loxley or any natural gas development? In a nutshell, because new technologies make natural gas a key part of the UK net-zero solution.

Natural gas has a critical future use as a feedstock to manufacture "clean-burn" low-carbon hydrogen, which can be used to generate electricity to prevent power outages when wind turbines stand still, or the sun goes down on solar farms.

Low-Carbon hydrogen forms a key part of government energy strategy, as demonstrated by last week's ten point 'Green Industrial Revolution' plan, the Chancellor's National Infrastructure Statement on Wednesday, and last November's Written Ministerial Statement from the SoS for Business, Energy and Industrial Strategy. All establish the importance of natural gas as a hydrogen feedstock. I quote the SoS:

"The Committee on Climate Change predict that we will still consume almost 70% of the gas we consume today in 2050 under our net zero target as significant reductions across building, industry and power are offset by demand for gas to produce hydrogen. It is, therefore, critical that the UK continues to have good access to natural gas from both domestic and international markets."

As well as a feedstock for hydrogen manufacture, natural gas also provides a key source of available affordable energy to bridge the transitional-gap before low-carbon technologies are in place.

Domestic gas is also markedly better for Net Zero than imports, as Liquefied Natural Gas and long-distance pipeline imports have 4-5 times the greenhouse gas footprint. Imports also make no direct contribution to the economy via jobs or taxes and do not have the same security of supply.

By providing fuel for hydrogen manufacture, domestic gas fields such as Loxley, can, therefore, not only help meet Net Zero but as part of the 'Green Industrial Revolution' can help offset the £270 billion cost of the import dependency to 2050, and help repay the £394 billion of Covid debt.

As the second largest gas accumulation drilled and tested in the UK onshore, Loxley's potential peak gas supply would have an energy equivalent to power around 200,000 homes per year and provide up to £30 million/year in gas sales to hydrogen manufacture and carbon capture plants, all of which are likely to be situated in key industrial hubs, well outside of the Loxley rural area. Loxley could thus be a materially significant future contributor to the local and Surrey-wide revenue base and economy.

It should be no surprise that this proposal in this locality attracts objection, however, as pointed out by Ashley Ward, a 4th generation local farmer:

"No other diversification on my land has the potential to bring so much investment and expenditure into the area."

Consequently, with your help, the area's rural economy can be allowed to adapt and change to meet current needs and future challenges, rather than be simply preserved in aspic like a museum piece.

Loxley's potential role in the low-carbon hydrogen future should therefore be considered in your decision. I also kindly remind you that National Planning Policy requires you as decision makers to give "*great weight*" to the benefits of such developments in recognition of the critical role gas plays in the nation's current and future life. I reiterate that Loxley's local economic contribution is potentially materially significant.

Your Officers' thorough and balanced report also finds that the many further concessions and mitigations we've offered strengthens the case for your approval and that, by virtue of sensitive site selection and considerate site design, the environmental effects of Loxley are insignificant, temporary and reversible. In contrast Loxley's local economic contribution is potentially materially significant.

In reaching a decision I therefore hope that any personal opinions and perceptions do not trump the professional judgement and conclusions of your Officers.

Finally, please be as courageous as you are honest in your decision-making, please support Loxley to help secure gas for tomorrow's hydrogen, help us contribute to net-zero so Loxley can become an integral part of the "build-back-better" future we and our children so desperately need.

Thank you.