

# WHY LOXLEY GAS WOULD HAVE BEEN GOOD NEWS FOR UK AND SURREY

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

29<sup>th</sup> June 2020

Good morning Mr Chair, Vice Chair, Planning Committee Members, Ladies and Gentlemen. My name is Stephen Sanderson and I'm the CEO of UK Oil & Gas PLC a company with the sole purpose of providing essential energy for Britain.

We are a Surrey company employing mostly local people, including myself, a Waverley resident. We believe that the record of our existing operations in Surrey demonstrates that we have a regulatory compliance record second to none, with a commitment to safeguarding our local environment that equals any of our detractors.

This commitment is further demonstrated by last week's grant of an Environment Agency permit covering all environmental safeguarding aspects of the proposed scheme. I hope this provides further comfort that our plans and procedures meet the EA's high standards of environmental protection.

As my colleagues have dealt with key site-specific issues, I'd like to touch on 2 further aspects we believe are worthy of your consideration. Namely, Loxley's compliance with net zero and how it can help fund a post COVID recovery.

Before continuing further I'd like to thank the Council's Planning Officers for producing a thorough and balanced Committee Report.

For clarity, the purpose of this application is to determine whether the potentially material natural gas resource underlying the site is commercially viable. We estimate the resource, whose extent is determined by 3 legacy wells, is potentially one of the largest in the UK onshore's history. We also believe that producing this gas is fully compliant with the Committee on Climate Change's (CCC) net zero ambitions and with SCC's climate emergency.

Should we prove commerciality, and we would know this within months, not years, then we believe that this resource could potentially deliver, via hydrogen from reformulated natural gas, or simply via transitional natural gas, the energy equivalent to heat around 100,000 households per year or to power around 200,000 households per year with electricity. A potentially material project.

Net Zero by 2050 is clearly the right choice. CCCs report recognises that natural gas plays a key part in attaining net zero, both as a transitional fuel, and, more importantly, as a feedstock for reformulation into clean burning hydrogen. As a result, CCC cite a projected material 2050 natural gas demand amounting to 68% of 2019 pre-Covid gas demand. This is fact not fiction.

UKOG would therefore commit to make any future Loxley development "hydrogen ready", it makes perfect environmental and economic sense.

Some might still argue we don't need indigenous gas; indeed, CCCs projected 2050 gas demand has a worryingly large 86% import dependency upon distant places, most of which have far less stringent environmental and HSE compliance regimes than ours. That will cost Britain about £1 billion/year over 30 years.

Other than the obvious energy security and supply chain control issues, the main problems with long distance imports is that their greenhouse gas footprints are markedly higher than indigenous gas, which by nature is closer to the user, plus they make little contribution to UK GDP. From a net zero or balance of payments perspective imports are not good.

Whilst we have all experienced a greener life during lockdown via a huge reduction in oil & gas consumption, this has come at an unprecedented, unsustainable and potentially catastrophic economic expense. We should also be mindful that oil & gas has also helped us survive the pandemic via PPE, intubators, ventilator pipes, drip tubes, syringes and test kits etc., all made from petroleum products. Unfortunately, there are clearly no simple solutions to extremely complex problems and 21<sup>st</sup> century problems must have 21<sup>st</sup> century solutions.

Consequently, we believe that well-regulated and safely produced indigenous gas, such as Loxley, represents a vital opportunity to help meet net zero targets by providing the most cost effective solution for the future UK production of clean hydrogen fuel.

Critically, unlike imported gas, indigenous gas can also help significantly boost the post-Covid economy by:

- reducing the balance of payments on gas imports
- generating valuable tax revenues to help repay HMG's huge Covid-19 borrowing,

and in a Loxley success case within Surrey:

- generate significant local Surrey taxes
- create direct and indirect employment, revenues, and community benefits.

There is one further material consideration unique to Loxley; it is one of the few identified developments that, in the success case, and with your support, can deliver these outcomes in the timeframe required to make a real difference when the UK and Surrey needs it most.

In summary:

- the operational site is well-hidden. It will be further screened and wilded
- planned operations are of a temporary nature
- traffic movements are low and proposed mitigation has your highways officers' support
- An issued EA permit now covers all environmental safeguarding aspects of the development.
- Any future gas development would be subject to a new application
- Future Loxley gas is fully compliant with Net Zero and SCC's Climate Emergency
- Loxley gas could make a post-Covid economic difference to Surrey and the UK when it's most needed.

Thank you.