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Education or Confrontation? The future of the E&P Industry's Social Licence to Operate

The upstream oil & gas industry and the environment in which we operate is changing rapidly, faster than at any other time over the last 50 years.

In recent years the success of the US shale gas and oil phenomena have captured global media attention. And while the benefits which have been realised by US manufacturing and the US economy are substantial, not all consequences have been beneficial. Hydraulic fracturing operations (fracking), an essential component of the path to commercialisation of shale hydrocarbons, have become the pariah of the industry. A combination of well-intentioned community concerns and vested interest group rhetoric and misinformation has significantly constrained the industry in many countries and resulted in total prohibition in others.

The industry response has been belated and generally ineffective; generalised by individual companies trying, understandably, to protect their immediate work programmes and vested interests. This archetypal response is unlikely to achieve effective and enduring success, as measured by the expedient approval of Social Licences to Operate. Even in the improbable scenario that short-term project-focused campaigns have even limited success, tomorrow there will be another community concern, fuelled by a media motivated by short term sensationalism, and vested interest groups prepared to prostitute honesty and integrity to achieve self-serving objectives.

While it is true to say that not everyone in the US is a member of the fracking fan club, the fact that private landowners are paid, often significant sums of money for land access and royalties, has served to ameliorate the venom of the opposition. In the UK and most other countries in the world, title to subsurface resources is held by the State. In the UK the State is the Crown, and Crown land is managed on behalf of the government by the Crown Estate, which must now be managed by a Board who have a duty to maintain and enhance the estate using good management techniques. Private landowners, although receiving some compensation, are not greatly incentivised to welcome drilling rigs into their backyards with open arms, but the recent announcement that households could get fracking payments under new UK government plans may change the local views. More of an issue are the vested interest groups whose primary occupation appears to be "demonstrator".

This was patently obvious in the in the south of England in the summer of 2013 when thousands of demonstrators protested against the well being drilled by Cuadrilla in Balcombe, a village in West Sussex. This particular demonstration is noteworthy for three reasons:

1) Cuadrilla had undertaken a particularly comprehensive and informative campaign to tell local residents of what they were proposing, the impacts, potential risks and went out of their way to address concerns.

2) The well was a, 3000ft (900m), exploration well, with a horizontal section, targeting a known conventional shallow oil reservoir in the Weald Basin and according

to Department of Energy and Climate Change's records, more than fifty oil and gas wells had already been drilled in the county. The public handout, and indeed all statutory approvals, specifically state that "there will be no hydraulic fracturing of the vertical or horizontal sections of this well".

3) Despite the above, the entire demonstration was "anti-fracking" and judging by local news reports viewed from my home twenty-five miles away on the Kent/West Sussex borders, few demonstrators were actually residents.

The drilling operations were shut down despite a, prima facie, effective but project focussed campaign.

The reality today is that internal board approvals, Joint Venture partnership AFE approvals and all extensive, exhaustive and necessary regulatory and statutory approvals are insufficient to enable drilling to proceed. Today, we also need a social licence to operate; the consent, or at the very least no overt objection from a broad spectrum of non-government parties ranging from local communities with a legitimate concern about what activities are going to be carried out, how long they are going to take and the potential impact on their lives; groups who for a variety of reasons believe that drilling for hydrocarbons of any nature anywhere in the world is simply wrong; vested interest parties that could range from the coal industry to friends of the earthworm and of course the widely acknowledged 'Rent-a-Crowd'.

Whatever your personal views of any of these groups or individuals, the reality is the issues they raise have to be managed. The pervasive nature of social media, desire of the visual, audio and print media for five second bytes, and the general ineffectual response of our industry to objections to our activities means that today there is a lot of hard work to do.

The Society of Petroleum Engineers in the development of its most recent strategic plan has recognised this challenge to the industry and has embarked upon a number of programmes designed to inform the general public and, most importantly, school children, about the facts about energy – all forms of energy not just oil and gas. The PESGB is also maturing its outreach programme but it's a slow process. The PESGB is partnering with several organisations such as the Earth Sciences Teachers Association and UK Onshore Oil and Gas (UKOOG) to help present collaborative and consistent information. More importantly, communicate a message that is heard with open ears.

Perhaps we in the PESGB and North West Europe can learn a few lessons from a fellow professional society and another country. In 2006, SPE created the Energy4meSM program (<http://energy4me.org/>). Partnering with industry

organizations, companies, and the US's National Energy Education Development project, Energy4me provides classroom materials to help teachers boost students' interest in science, technology, engineering, and mathematics (STEM) and educate them about different types of energy.

Energy4me provides;

- Factual information about all energy sources, issues in energy, and careers in the industry
- Energy education curricula, including a book and lesson plans, for teachers to supplement classroom activities
- SPE members to volunteer in classrooms to support energy education
- Teacher and secondary student workshops in conjunction with some of SPE's larger meetings around the world

Energy4me materials are available for teachers and students in seven languages. The programme has now been running for the last four years in Australia and most recently SPE has been soliciting industry support for a business plan to introduce Energy education as an integral part of the school curriculum in Western Australia schools. This would not be an ad hoc programme, dependent on volunteers and vulnerable to the fortunes and leadership of industry. This, if implemented, will be a twenty to twenty-five-year programme run in public and private schools throughout the Australian state and with a vision to ultimately have it as an integral part of the school curriculum throughout the country.

Credible, Informed decisions about future energy supply and demand and robust long term energy policies can only be based on fact and objectivity. That does not mean that there will not be different views nor does it mean that the oil and gas industry will, or should, become the blue eyed public favourite. Governments are empowered to make decisions which are meant to be in the long term interests of current and future generations. If a future UK energy policy does not include a place for shale gas, then so be it...but let's have a fact based debate and decision.

The long term solution is dependent on the general public, politicians, non-government organisations and other vested interest groups having unbiased presentations of the facts and ready access to quality information. There is a collective responsibility of industry, industry professional bodies and governments to develop a long term vision and strategic plan for the future exploration, development and management of the nations hydrocarbon resources; offshore and onshore; conventional and unconventional. Fundamental to this plan is an Energy Education programme, which has to be part of every school curricula.



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