

Article for distribution to Westminster Energy Environment & Transport Forum, Tuesday, 4th July

Title: Education or Confrontation? The future of the E&P Industry's Social License to Operate.

Author: Gavin Ward, UK General Manager, RISC Advisory, London

Short Article (590 Words)

The success of the US shale phenomenon has captured global media attention. While the benefits 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, 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 archetypical response is unlikely to achieve effective and enduring success, as measured by the expedient approval of Social Licenses 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.

The reality now is that internal board approvals and necessary regulatory and statutory approvals are insufficient to enable drilling to proceed. Today, we also need a social license 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 mining industry to environmental groups 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. Other independent technical and geological societies are also involved in outreach programmes but it's a slow process. Some have partnered with organisations like the Earth Sciences

Teachers Association and UK Onshore Oil and Gas to help present collaborative and consistent information. More importantly, communicate a message that is heard with open ears.

Credible, informed decisions about future energy supply and demand and robust long term energy policies can only be based on fact and objectivity. The long-term solution is dependent on a general public, politicians, non-government organisations and other vested interest groups having unbiased presentations of the facts and ready access to quality information. 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.

BIOGRAPHY (50 Words)

Gavin is GM of RISC Advisory. He has a commercial and technical skill set from 29 years at oil companies and has authored papers on risk, volume and value estimation. A Geologist by background, he holds an MBA from Cranfield and is a Fellow of Association of Chartered Certified Accountants.