

Oil & Gas Uk Statement on Remaining UKCS Potential

Wednesday 10 September, 2014

Sir Ian Wood and Professor Alex Kemp's comments are timely reminders that there are significant hydrocarbons left in the UKCS, but these will not come for free.

The challenge for both governments and industry alike is to ensure that we have a business environment which encourages the maximum economic recovery of the UKCS recognising that future opportunities are likely to be yet more expensive to develop and less commercially attractive to investors.

We would, however, urge caution about predicted future potential from the North Sea. For example, last week's N-56 report on offshore unconventional gas made considerable predictions based on largely unproven and untested methods. Professor Kemp's modelling identifies future recoverable reserves, but these will be more difficult and therefore even more expensive to produce. Given the technical, pricing and cost uncertainties, any long term production and tax forecasts are inherently uncertain and should be treated as such given the broader commercial pressures on the oil and gas industry.

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