



Subject:	Department for the Economy (DfE) consultation on Petroleum Licence – Response due 5 July 2019
Date:	4 June 2019
Reporting Officer:	Nigel Grimshaw, Strategic Director of City & neighbourhood Services
Contact Officer:	Siobhan Toland, Director of City Services

<b>Restricted Reports</b>	
Is this report restricted?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
If Yes, when will the report become unrestricted?	
After Committee Decision	<input type="checkbox"/>
After Council Decision	<input type="checkbox"/>
Some time in the future	<input type="checkbox"/>
Never	<input type="checkbox"/>

<b>Call-in</b>	
Is the decision eligible for Call-in?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>

<b>1.0</b>	<b>Purpose of Report or Summary of main Issues</b>
1.1	Members are advised that DfE has recently commenced consultation into an application by EHA Exploration Ltd. for Petroleum Licence PLA1/16. DfE is simultaneously consulting on a second licence application (PLA2/16) by Tamboran Resources (UK) Limited, relating to the Lough Allen Basin and encompassing 608 km <sup>2</sup> of Fermanagh and Omagh local government district lands to the west of Upper and Lower Lough Erne. The PLA1/16 licence application encompasses an area of approximately 1,134 km <sup>2</sup> , including wards within Antrim And Newtownabbey, Armagh City, Banbridge and Craigavon, Lisburn and Castlereagh, Mid Ulster and Belfast borough and city councils. A map illustrating the extent of the licence area, together with a list of the Belfast City Council wards included is attached as Appendix

	<p>1 to this report. DfE has advised that an oil or gas field often lies directly below only a small area on the ground surface, and they are relatively rare and difficult to find, so having a large licence area allows the Licensee to understand the local geology more fully and increases their chances of making a discovery.</p> <p>1.2 In commencing the consultation exercise, DfE has advised that in assessing previous Petroleum Licence applications, the Department would have consulted on the basis of an <i>'intention to award'</i>, having already obtained Ministerial approval. In November 2018 however, and in the continuing absence of an Assembly or Minister, the Secretary of State published new guidance to government Departments entitled <i>'Guidance on decision-making for Northern Ireland Departments during the period for Northern Ireland Executive formation'</i>. In line with this guidance, DfE has completed a Public Interest Test and concluded that it should continue all necessary preparatory work to ensure that a decision on the Petroleum Licence application can be taken as soon as possible after a Minister is appointed.</p> <p>1.3 The objective of DfE's current consultation is therefore to ensure that the Department has taken account of the range of opinions in preparation for making a recommendation to a future Minister as to whether or not a Petroleum Licence should be granted to the applicant. DfE has stated that it wishes to ensure that the Department has an informed view of any issues that may have the capacity to impact on the granting of the Licence or on its terms and conditions.</p> <p>1.4 DfE has advised that persons wishing to provide representations in respect of Petroleum Licence Application PLA1/16 must do so on, or before 5<sup>th</sup> July 2019. DfE has further advised that once the consultation has closed, the Department will consider the Petroleum Licence application, along with consultation comments received. A recommendation on the award of the Licence and any required conditions will eventually be passed to a future Minister for consideration.</p> <p>1.5 DfE has confirmed however, that any final decision to grant a Petroleum Licence in NI will have to await Ministerial and / or Executive approval.</p>
<b>2.0</b>	<b>Recommendations</b>
2.1	<p>Members are asked to:</p> <ul style="list-style-type: none"> <li>• Note the contents of this report and;</li> </ul>

	<p>1. Agree to provide consultation comments regarding the granting of the licence or on the licence's terms and conditions ahead of the DfE deadline of 5<sup>th</sup> July 2019 and that</p> <p>2. A draft Committee consultation response is attached as Appendix 2 to this CMT.</p> <p>Subject to CMT consideration, it is recommended that this consultation response be appended to the above-mentioned report for consideration at the People and Communities Committee on 4<sup>th</sup> June 2019.</p>
<b>3.0</b>	<b>Main report</b>
3.1	<p>DfE has advised that no oil or gas has been commercially produced in Northern Ireland (NI) to date, meaning that NI is currently entirely dependent on imports to meet its oil and gas requirements. DfE has further advised that small quantities of oil and gas have been recorded in some exploration wells in NI, meaning that certain areas remain a prospect for oil and gas in porous sandstones at depths of 1-3 km below ground level.</p>
3.2	<p>EHA Exploration Limited has recently submitted an application for a Petroleum Licence covering the area denoted within Appendix 1 to this report. The proposed licenced area overlies part of a geological basin, the nature of the underlying geology meaning that there may be potential for oil to be present.</p>
3.3	<p>Within NI, petroleum licences include the following three components and time scales; (i) a five-year Initial Term, during which an agreed work programme of exploration must be carried out; (ii) a five-year Second Term, during which a field development programme must be approved; and (iii) a 20-year Third Term, called the production period.</p>
3.4	<p>During the Initial Term, exploration activities are focussed on identifying a suitable drilling target. Before the end of year three though, the Licensee must decide whether they wish to proceed to the drilling of an exploration well or to relinquish the Licence. If the Licensee decides that they wish to drill an exploration well, they must enter into a contractual arrangement with the landowner for permission to use a site and obtain all the permits required to carry out the drilling operations. If the Licensee completes their work programme to the satisfaction of the Department, they can opt to continue the Licence into the Second Term which will normally involve the drilling of additional wells and the submission of a Field Development Plan if any commercially viable discoveries are found. If the Field Development Plan is approved by DfE and the Licensee obtains planning permission and other consents, the Licence may enter the Production Period, which includes the development of the field,</p>

the commercial production of oil and/or gas, followed by the eventual decommissioning of the production facilities at the end of the production phase.

3.5

Initial works to be undertaken therefore include using geochemical surveys as an initial reconnaissance tool to identify areas suitable for further detailed exploration methods. The applicant proposes carrying out soil sampling and using updated analytical techniques to pinpoint any indicators of subsurface oil or gas. The applicant also proposes to survey across known fracture zones, faults and significant geological boundaries.

3.6

Following the initial assessment, works focus on the most promising areas for follow-up geochemistry and geophysical surveys. Both passive electromagnetic and seismic reflection methods are proposed to image the subsurface geological structures in these areas. The objective of these surveys is to understand the structure of the rocks at depth and to identify one or more areas where oil or gas might be trapped in the sandstone reservoir rocks. If analysis of these structures results in the identification of one or more drilling targets, the applicant would inform DfE of its intention to drill one or more exploration wells. The applicant has indicated at this stage that they would favour the use of slimhole drilling techniques to minimise the footprint and operational impact of any exploration wells. The EHA Exploration Ltd. proposed draft work programme is as follows:

3.7

**Years 1 – 3 (Part I)**

- Analysis and modelling of existing exploration data and the results of Tellus airborne geophysics and ground geochemical surveys.
- Reconnaissance geochemical surveys over whole Licence area.
- Geophysical surveys;
  - Electromagnetic surveys
  - 2D seismic acquisition 300 – 450 line kms
- Further modelling and analysis of new data.

3.8

**Years 4 – 5 (Part II)**

- Plan and design the exploration well(s).
- Application to drill (planning, technical, environmental).
- Subject to obtaining all necessary permits, drill exploration well.
- Analyse results.
- Plug and abandon well, restore wellsite or, if successful, complete well for possible future production.

3.9	A draft Committee consultation response is attached as Appendix 2 to this report for consideration.
3.10	<p><u>Financial &amp; Resource Implications</u></p> <p>There are no financial or resource implications at this time other than officer time to review the consultation.</p>
3.11	<p><u>Equality or Good Relations Implications / Rural Needs Assessment</u></p> <p>This is a request to respond to a consultation by DfE, the Good Relations and Rural Needs Assessment are not known by Council at this time.</p>
<b>4.0</b>	<b>Appendices</b>
	<p>Appendix 1 - Map Showing Application Area (shaded in pink)</p> <p>Appendix 2 - Petroleum Licence Application PLA1/16 draft consultation response.</p>