

Community Engagement Charter Oil and Gas from Unconventional Reservoirs

The UK Onshore Oil and Gas industry has been in existence for over a hundred and fifty years and has drilled over 2,000 wells, currently producing over 20,000 barrels of oil equivalent per day at 120 sites.

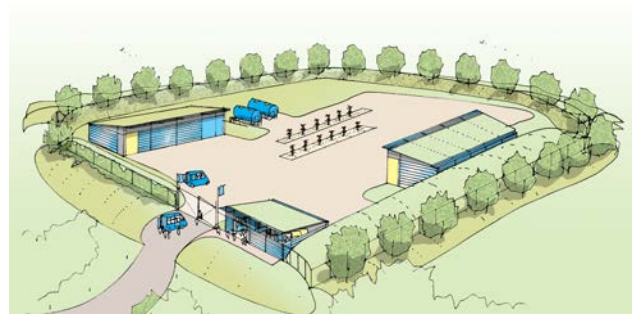
Our industry is set for potentially major expansion with the onset of exploration for oil and gas from previously undeveloped sources and with that we must make sure that the communities we work within understand what we are doing, how we are doing it and the steps we will take to mitigate concerns around safety, noise, dust, truck movements and other environmental issues.

The economic benefits of our industry will be energy security, economic growth and revenue to the Exchequer potentially for decades to come. Nationally, our footprint on the ground will be small in comparison to the likely contribution we will make to Britain's economic wellbeing; however we must recognise that our social licence to operate is linked to ensuring that we engage properly with the local communities that host our operations on behalf of the nation.

Openness and transparency has to be at the heart of everything we do. This document sets out the industry's charter for community engagement. All operators displaying our logo will adopt these as minimum standards and will be measured against them on a regular basis.

Each operator will report annually to UKOOG on their performance and UKOOG will produce and publish an annual industry report which it will publish on its website. Any failure to comply will result in a loss of use of the UKOOG logo and ultimately of membership.

Ken Cronin, Chief Executive



Our Guiding Principles



Aim

To ensure open and transparent communications between industry, stakeholder groups and the communities in which we operate.

Objectives

Identify and proactively address local issues and concerns.

Facilitate the sustainable development of extractive resources.

Achieve an appropriate balance between the safe production of energy and the community's needs.

Outcomes

Greater understanding and involvement by communities in unlocking the UK's energy potential.

Our Community Engagement Charter

What we will do

- Conduct operations in accordance with good industry practice, UKOOG guidelines and applicable legislation and regulation;
- Put safety first: take necessary steps to minimise any risks of injury to persons or damage to property;
- Protect the environment: ensure effective risk-based, systematic, management of environmental impact;
- Operate in accordance with effective management systems and ensure that personnel are competent in the tasks they are required to do;
- Engage with individuals and organisations in the local communities from an early stage;
- Monitor and evaluate the engagement process regularly;
- Provide benefits to local communities at the exploration/appraisal stage of £100,000 per well site where hydraulic fracturing takes place;
- Provide a share of proceeds at production stage of 1% of revenues, allocated approximately 2/3rd to the local community and 1/3rd at the county level;
- Keep this charter and our interaction with local communities under review, including consulting communities about it from time to time, in the light of operating experience.

Our Commitment

Each UKOOG Operator will:

- Engage with local communities, residents and other stakeholders at each of the 3 stages of operations – exploration, appraisal or production, beginning in advance of any operations and in advance of any application for planning permission;
- Ensure there is a continued point of contact for local communities and that they provide sufficient opportunity for comment and feedback on initial plans, listen to concerns and respond appropriately and promptly;
- Have a strategy or plan for engagement which is developed early and which links to all statutory processes;
- Explain openly and honestly drilling, hydraulic fracturing, operational practices including any environmental, safety, or health risks and how they are addressed to ensure that the local community gains a clear understanding of the process including benefits and risks associated with the proposed operations;
- Demonstrate commitment to considerate development by working with the local community to organise logistics in order to minimise disruption to the community during operations, for example from traffic and noise
- Publish transparent data on a standardised basis with respect to water use, emissions, seismicity, vehicle management, noise, light, hours of operation and any chemicals used;
- Consider local employment and the utilisation of locally-based contractors, materials and services where reasonably possible;
- Put in place benefit schemes appropriate for local communities that host operations at the different phases of development (see blue panel);
- Confirm and publish evidence each year of adherence to this charter;
- Ensure that adequate insurance and response plans are in place for the full range of operational events.

Different Stages of Development

Operators will ensure that the different stages of development of unconventional sites and economic outcomes are explained to their local communities. Each site will have individual characteristics but for the general purposes of this document, operations have been grouped into the following three broad stages of activity. It should be noted that stage 1 and 2 could be a continuous process. Operators will ensure that communities are aware of potential variations from these principles for specific local reasons and will ensure that such variations are adequately explained.

Stage 1 – Exploration

Exploration typically takes the form of an Operator seeking planning consent to drill a well which will normally consist of a vertical well and potentially a small number of lateral extensions.

These wells are designed to log and take samples of rock (“core”) in order to acquire the geological data from the potential hydrocarbon layers of interest.

Typically operational activity at an exploration site spans two to four months after which time the site is normally vacated.

Stage 2 - Appraisal

Following data appraisal, Operators may then decide to flow test the well prior to making any further commercial decision. This may also involve at this stage undertaking one or more hydraulic fracturing procedures, depending on geology. Hydraulic fracturing will typically involve an additional planning consent and a full environmental impact assessment.

Surface operations typically tend to last 4 to 6 months, with on-site activity diminishing as the longer term flow testing is undertaken.

Stage 3 – Production

Once commerciality of the development has been determined, planning consent will then be sought for a full production site and a pad or field development plan (FDP) will be submitted to the Department of Energy and Climate Change (DECC). The submission of the FDP by the Operator marks the start of the production phase.

A production pad may differ in size from location to location depending on the specific geology and surface location but will typically contain a number of vertical wells and associated underground laterals on a site which would be approximately two hectares in size (five acres).

At this stage associated equipment such as pipelines and gas processing facilities will be required and will be constructed subject to additional planning applications. Once drilling has been completed surface activity will diminish significantly as wells start to produce gas.

In the first two stages small amounts of gas may be produced and for safety and environmental reasons are normally flared in accordance with regulations set out by DECC. If volumes are large enough a commercial use may be feasible for the flow test gas.