

The Beginning of the End for British Shale Gas

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Amid the ruckus of Great Britain's reckless Brexit saga, one might not have noticed the ongoing environmental battle that could put a sudden end to shale gas development in the UK. While Britain's energy security does not have any direct links to Brexit - its hydrocarbon production went into decline in 2000 and has been falling ever since, although the mid-2010s evidenced a stabilization of output - the UK High Court decision over the nation's shale gas projects might deal a painful blow to the little hope British producers had to kick-start something new. All 9 basins of the Greater North Sea are mature and it is only until 2025-2027 that the current output rebound can last, after that Britain's oil output will plunge Venezuela-style unless additional measures are taken.

There is no scientific consensus on how much shale gas can be recovered across the United Kingdom. We might use the British Geological Survey's 2013 report as a point of reference, which states that across central Britain (Bowland-Hodder shales) the aggregate shale gas reserves are somewhere within the 164-264-447 TCf interval (P90-P50-P10). Even if it were true, due to the rather difficult lithography of central Britain the actual recoverable volume would be substantially smaller. The USGS has put the total recoverable gas resources in the Midlands area of England at 8.3 TCf. The Weald Basin in southern Britain and Northern Ireland also has shale gas resources, but they are in a less advanced stage of development than shale finds in Lancashire or Nottinghamshire.

Partially motivated by the emotional drain of Brexit and the necessity to present itself as an employment creating party, the Conservative Party (seemingly) made great headway last year in advancing the cause of developing UK shale gas resources and creating the regulative norms required for it. It has promoted a package of reforms that ought to kick-start shale projects across the country by removing needless administrative obstacles and easing operations. For instance, the new set of rules stipulated that no planning permissions would be needed for shale plays as long as fracking is not involved, and classified shale projects as "nationally significant", meaning that decisions on shale applications were moved away from the local and regional level.

The Conservative minority government also created a new shale-devoted entity, the Shale Environmental Regulator Group (SERG), to create a dedicated authority that would act as a uniting platform and appointed a first-ever commissioner for shale gas matters. Yet unlike most gas producers around the globe (perhaps only excepting continental Europe) shale operators in the United Kingdom have to face a very committed and highly organized opponent, environmental activists. Opponents of shale gas drilling, staging one protest after another and causing disruptions at the sites, led Ineos and Cuadrilla to secure legal protection at their shale sites - the Preston Crown Court even jailed several anti-shale activists for blocking access in late 2018.

Lacking the competence to ban fracking altogether, Local councils in the UK also started to craft new creative ways on how to nip the government's shale push in its bud – for instance, the mayor of Greater Manchester introduced a so-called “presumption” with regard to new shale gas developments, effectively meaning that the default position of the local council would be to ban new projects in view of Greater Manchester's grand target of becoming carbon neutral. As Greater Manchester hosts 10 exploration licenses, this is no small feat. Other local councils have taken similar steps to restrict fracking – even the city of London made the case for a “climate emergency” as the mayor Sadiq Khan pushed for a blanket shale gas ban.

The Scottish government, availing itself of the freedom it has on the matter, has prolonged indefinitely its shale moratorium until an already agreed-upon permanent ban is placed in vigor. Similarly, the Welsh government held public consultations throughout last year and thereupon decided to freeze all license issuing procedures for shale oil and gas, regardless of whether fracking is used or not. To a certain extent, the reaction of the populace across Britain is fully understandable – the several shale gas development sites currently in action are considered a cautionary tale of what is to come unless the public does something about it. Cuadrilla, the only company currently fracking in the UK at its Preston New Road site near Blackpool in Lancashire, has had a series of 0.5 magnitude tremors in early December 2018 and was forced to halt it for a longer period after causing a 1.5 magnitude mini-earthquake mid-December.

All this runs counter to the research shale proponents put forward, stipulating that fracking's impact would be like dropping a melon – in fact the more advanced the stage of the fracking, the more powerful were the earthquakes. Cuadrilla is reportedly looking to drill a second horizontal well at the same site, however, it remains to be seen how expedient would it be under current circumstances. All the more so as the UK's shale gas commissioner, MP Natascha Engel, resigned last week from her position after a mere 6 months of work. Yet perhaps the biggest obstacle of any further shale gas advances in the United Kingdom would be its own High Court, which has ruled this March that the government's amendments of the National Planning Policy Framework to speed up shale projects was unlawful.

Here we return to an oft-repeated mistake – the UK High Court has found that the government's disregard for an environmental study (the “Mobbs Report”) presented by the anti-shale group Talk Fracking was undeniable and that the government indeed underestimated the extent of shale gas emissions arising from fracking, at the same time overestimating Britain's shale potential. This opens up the possibility for other anti-shale and anti-fracking groups to question the government's shale policy by means of judicial review. All in all, with a frustrated government, constrained companies and a very organized array of environmental groups, the United Kingdom is just a couple of steps away from giving up on its shale gas altogether.

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