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*UKCS geological potential remains but  
sentiment shift is needed*

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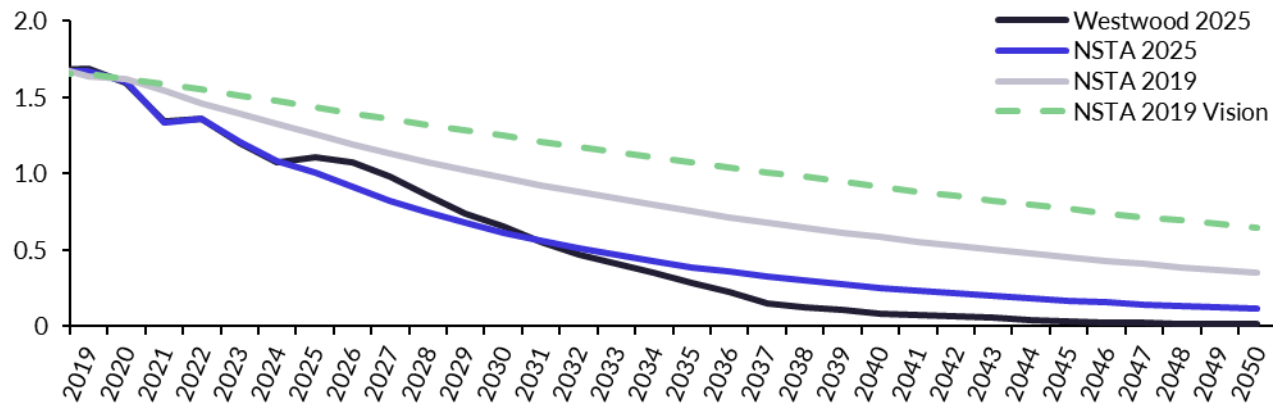


# Challenges for the sector

67 hubs are currently producing or under development, which is expected to decrease to 20 by 2035, based on current firm investment plans. The outlook has changed over time; the geological opportunities have not.

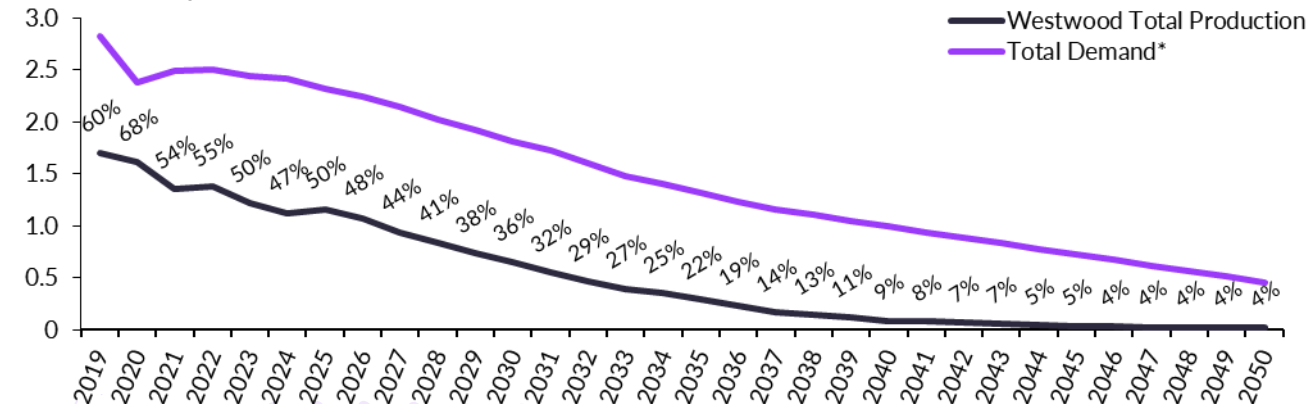
## Production forecasts

million boepd



## Production forecast and demand\*

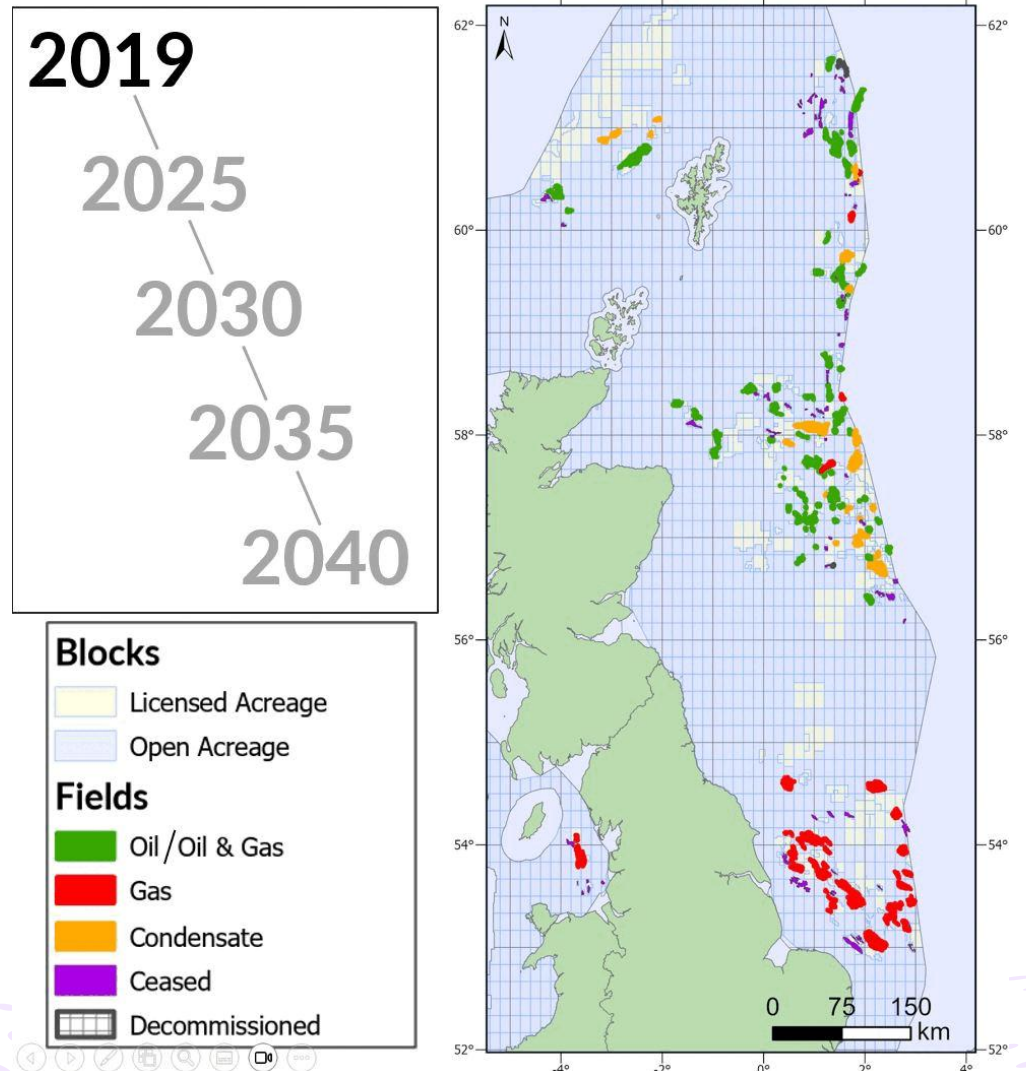
million boepd



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Sources: Westwood Atlas, NSTA,  
\*DESNZ Net Zero Strategy delivery pathway (2022)

## Impact of sentiment

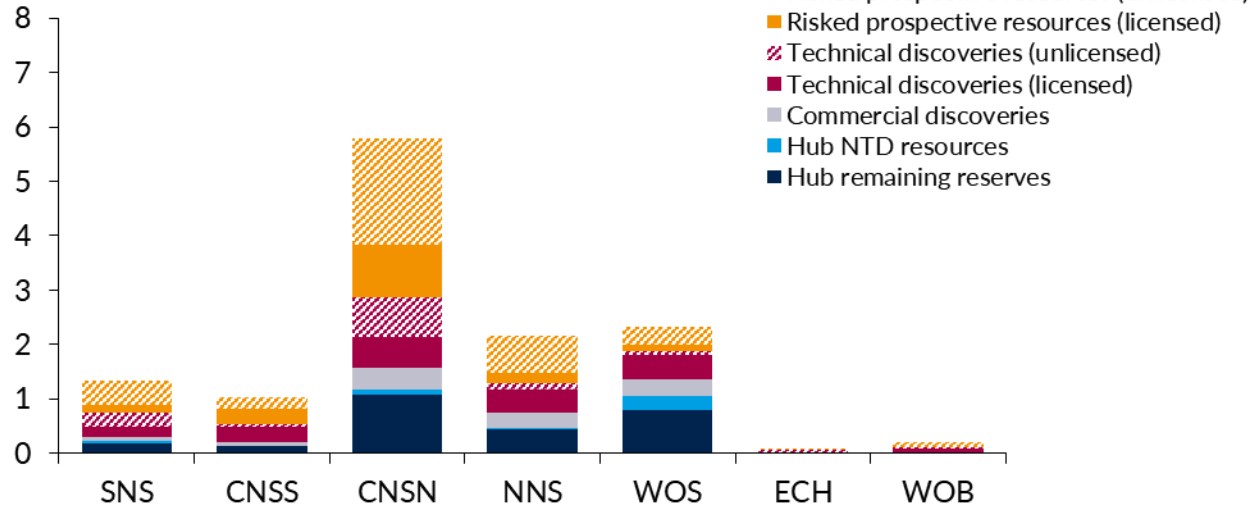


# Significant subsurface resource remains in the UKCS

Of the total 26.5 bnboe of potential reserves and resources in the UKCS, much of the resource potential lies on unlicensed acreage and only a small proportion of this will be developed under current conditions.

## Recoverable reserves/resource potential <25 km of hub

billion boe



- **26.5 bnboe of reserves, undeveloped discoveries and prospectivity:**

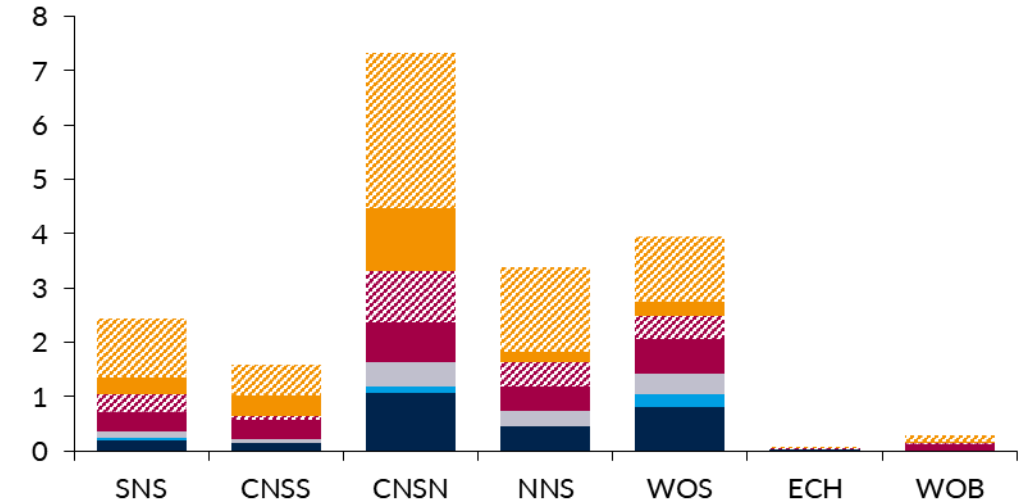
- c. 13 bnboe within 25 km of an existing production hub
- c. 19 bnboe within 50 km of an existing production hub

- **Within 25 km of a UKCS hub, there is:**

- c. 1.1 bnboe in potentially commercial discoveries
- c. 3.3 bnboe in technical discoveries (38% unlicensed)
- c. 5.5 bnboe in risked prospectivity (68% unlicensed)

## Recoverable reserves/resource potential <50 km of hub

billion boe



- **Within 50 km of a UKCS hub, there is:**

- c. 1.3 bnboe in potentially commercial discoveries
- c. 4.9 bnboe in technical discoveries (47% unlicensed)
- c. 9.7 bnboe in risked prospectivity (76% unlicensed)
- Difference of 6 bnboe associated with technical discoveries and prospects largely on unlicensed acreage
- **7.4 bnboe lies outwith 50 km of a UKCS hub**



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Note 1: Hub remaining reserves includes producing and under development fields

Note 2: A discovery must be licensed for Westwood to consider it potentially commercial

Source: Westwood Atlas

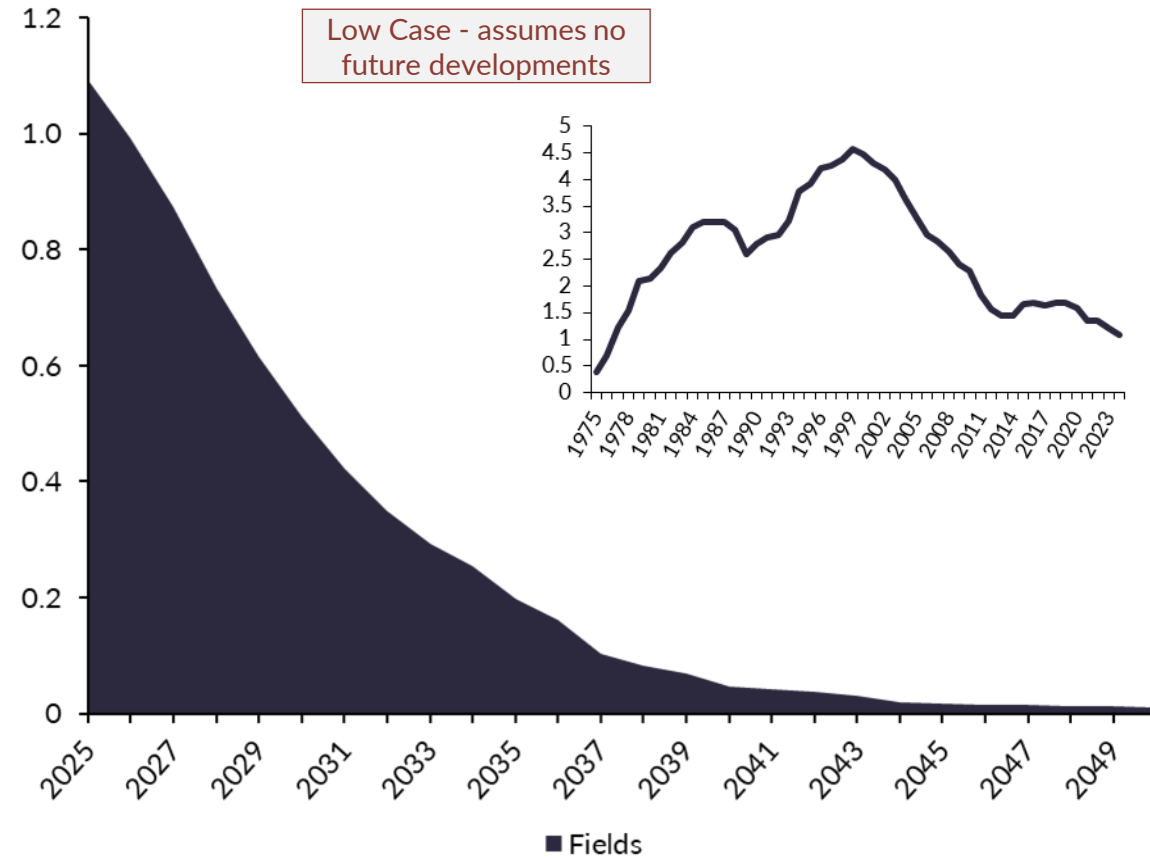


# UKCS production upside potential: Low v High Case

There is a difference of 1.7 billion boe between the Low and High Cases, which could be achieved through accelerated yet achievable developments.

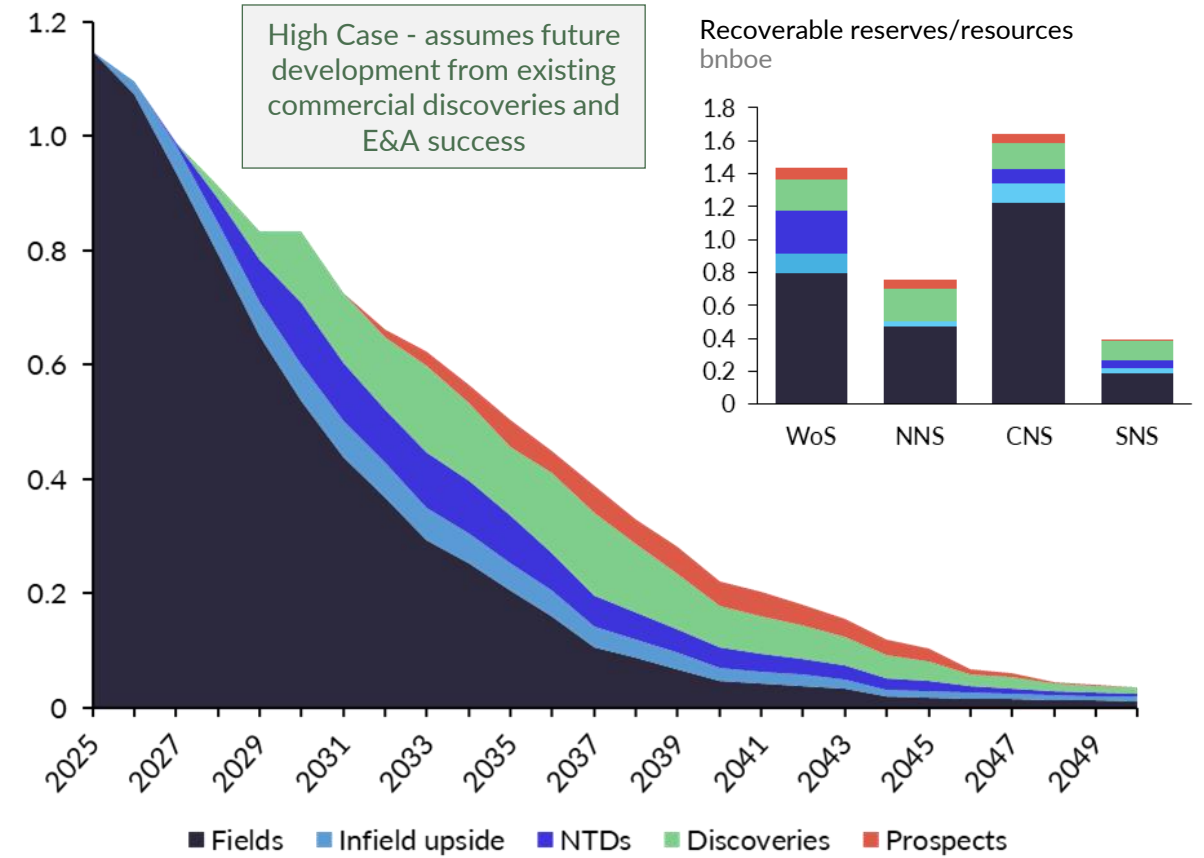
## Low case production forecast

Production million boepd



## High case production forecast

Production million boepd

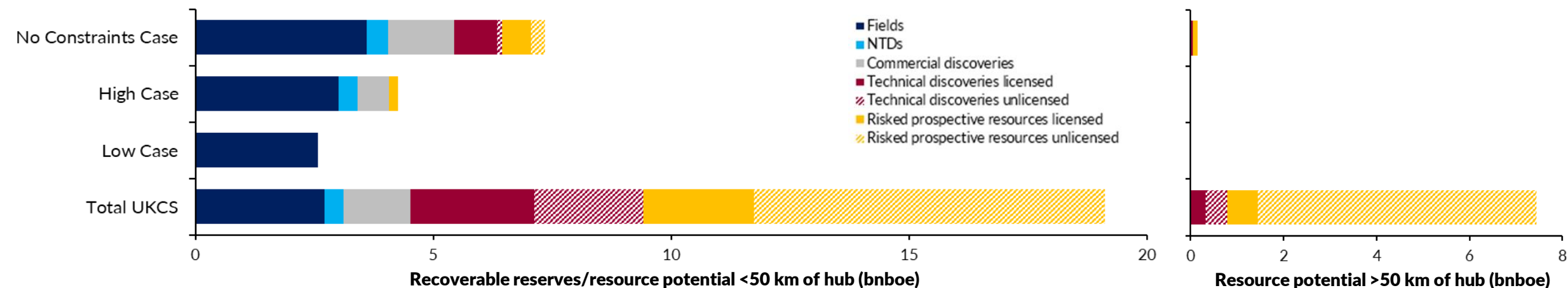


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Source: Westwood Atlas

# UKCS resource upside potential: 'No Constraints' Case

Under a 'no constraints' scenario, the resource potential could be up to 7.5 bnboe, but this assumes a major shift in external conditions and investor sentiment to recover more from existing fields and untap more of the technical discoveries and prospectivity.



## No Constraints Case:

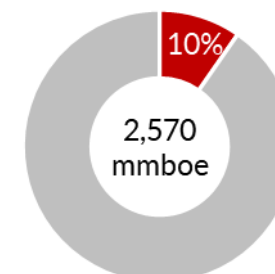
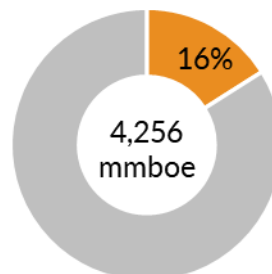
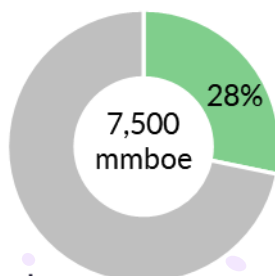
- assumes a major shift in external factors and investor sentiment
- more is recovered from existing fields with contribution from technical discoveries and prospectivity

## High Case:

- accelerated but achievable developments from
  - increased infield recovery
  - near term developments
  - commercial discoveries
  - some exploration success

## Low Case:

- assumes no future sanctions or E&A drilling,
- with near term developments left untapped
- lower production performance in assets under development



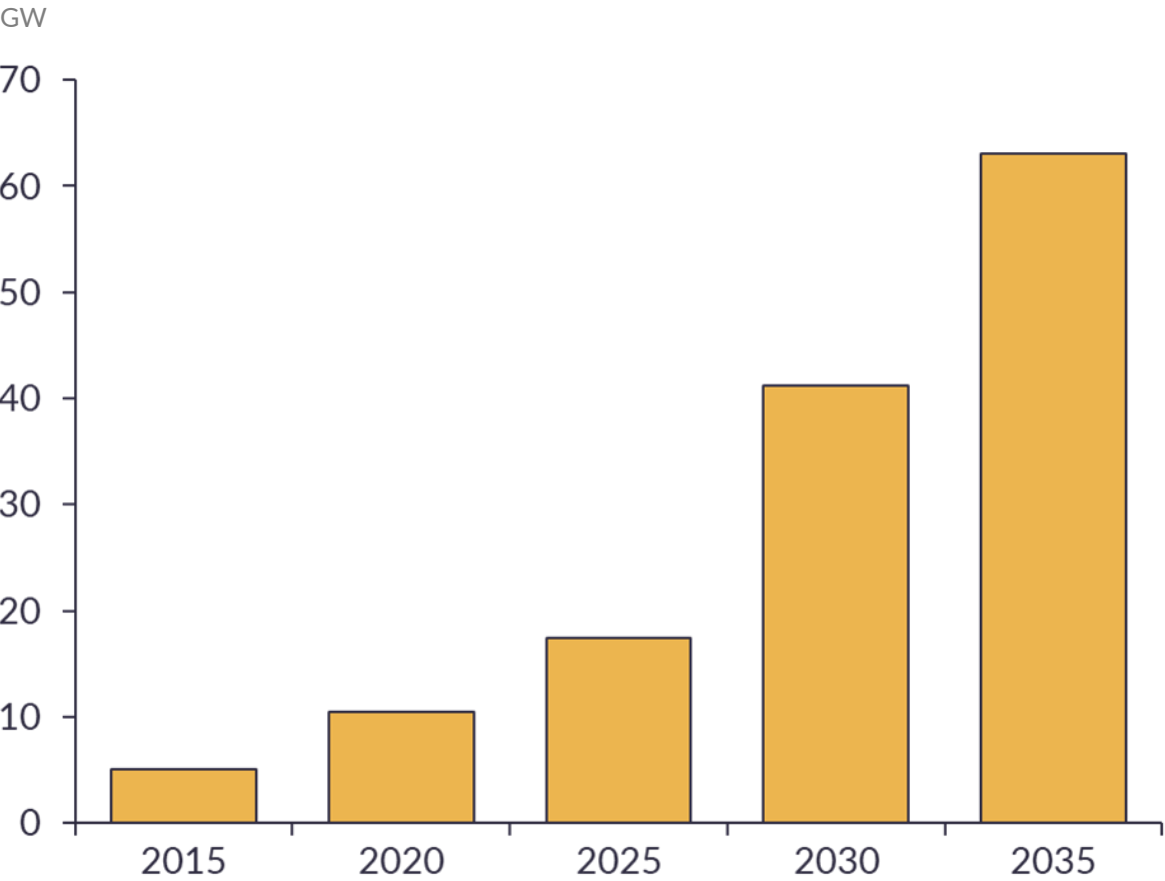
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Source: Westwood Atlas

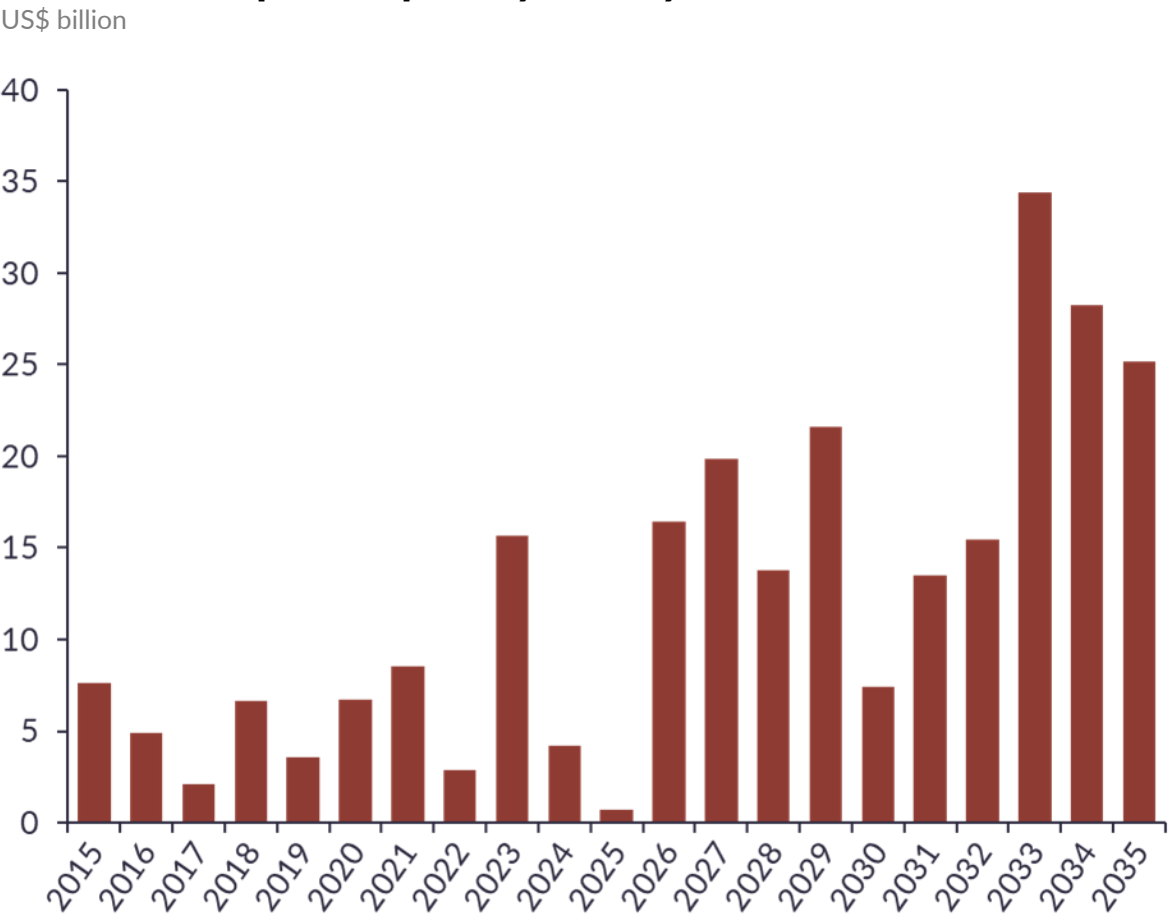
# UK offshore wind: growth to date and what lies ahead

Despite current headwinds, the UK offshore wind sector has grown rapidly, with continued expansion expected over the next decade.

UK cumulative operational capacity 2015 - 2035f



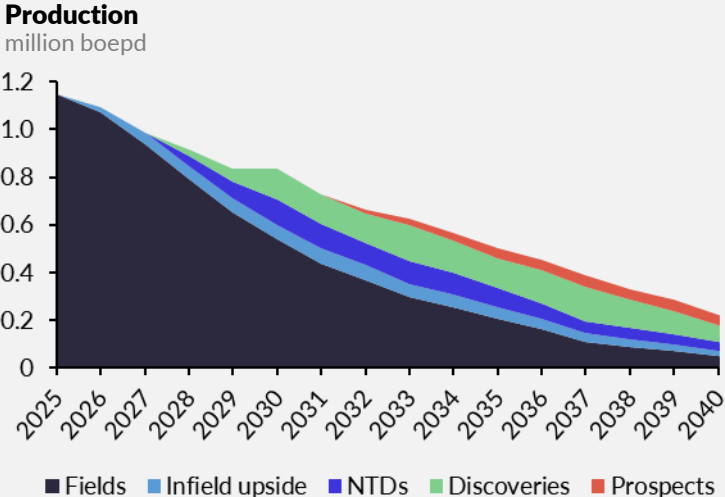
UK annual component spend by orders year 2015 - 2035f



# Key takeaways

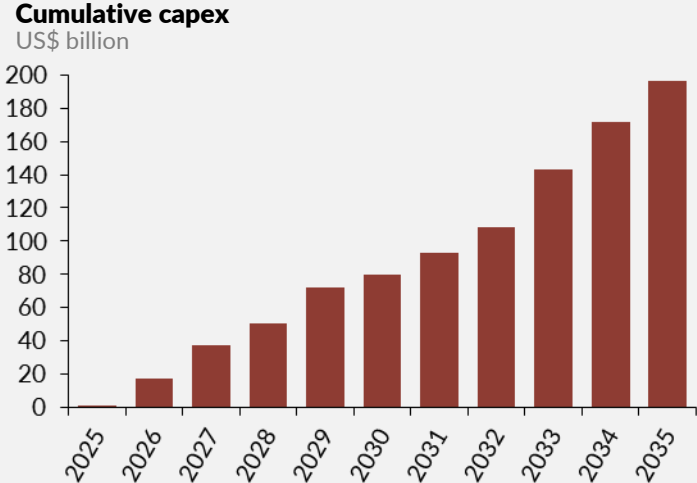
Many of the barriers to unlocking the UK North Sea's potential are not technical, they are policy driven and solvable. UK production needs to be recognised as fundamental part of the UK energy transition and business plan.

## Production outlook with opportunities



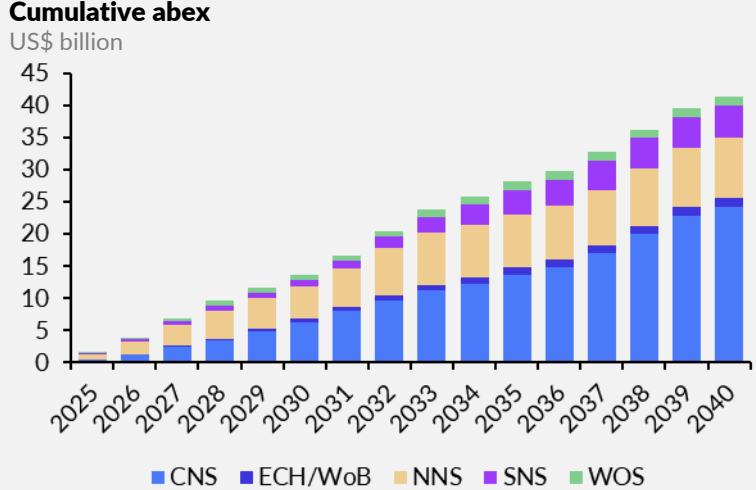
- Production is in decline
- But there are opportunities
- Risk of decommissioning tax liabilities exceeding oil and gas tax receipts by early-mid 2030s

## Offshore wind opportunities



- c. US\$200 billion prize in offshore wind
- Cost challenges increasing
- 2030 & 2035 numbers will be dependent on the success of Allocation Round 7
- Ramp-up is slower than hoped

## Decommissioning opportunities



- >US\$40 billion abandonment expenditure by 2040
- Current lull in execution of activity
- Risk of 'too much too soon'
- Cost increases impact HMRC



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