The future of the North Sea is in our hands.

Unlocking potential, powering our future

Energy&
Jobs&
Growth&
Climate&
Taxes.

A homegrown energy future for UK security, growth, industry and net zero

future OF THE NORTH SEA

OEUK OFFSHORE ENERGIES UK

Securing the future of the North Sea: our plan for jobs, growth and net zero

The future of the North Sea is in our hands. The decisions made today will define the UK’s energy security, national security, economic resilience, and net zero ambitions for decades to come.

Government policy and investment choices will shape the future of our world-class offshore energy sector, impacting industries, jobs, and communities across the country. These choices matter to all of us.

Energy security is national security: a pragmatic approach to net zero

A strong domestic energy sector is critical to maintaining control over our future. The UK imports a record 40% of its energy, with policy decisions, not geology, driving an accelerated decline in North Sea oil and gas production. In an increasingly volatile world, if we act now, the UK can meet more of its oil, gas and renewable needs from homegrown resources. While renewables are growing, electricity accounts for just a third of our total energy use. Roughly 24 million UK homes rely on gas boilers for heating and hot water.

The UK will continue to need oil and gas for decades to come, even as we accelerate the transition to cleaner energy. Even in a scenario where there is economy-wide realisation of net zero, the UK will require 13-15bn boe over this period. However, on the current trajectory, we will produce less than 4 billion barrels, leaving the UK increasingly reliant on imports. Without new opportunities to responsibly replace declining fields, we risk undermining national energy security, and economic resilience.

This is not just an economic challenge - it is a national security challenge. The gap between what we produce and what we use comes at a cost. Imported oil and gas supports fewer UK jobs, generates less tax revenue, and is often produced with higher emissions than domestic supply. A pragmatic approach means continuing to develop new licences - but only where rigorous checks show they serve the national interest, support jobs, and align with our climate goals.

Unlocking domestic resources could add an additional £165 billion to our economy, protect and create skilled jobs, and strengthen our world-class supply chain. The UK must continue to prioritise domestic energy production which includes continuing to produce oil and gas in the UK to deliver on long-term goals. With an approach underpinned by partnership, governments can realise the full potential of the UK’s integrated, homegrown offshore energy industry.

The North Sea is a strategic economic asset

The UK's offshore energy sector is an essential pillar of our economy, national security, and meeting environmental targets. Our highly skilled workforce delivers the energy that powers homes, transport, and industry - keeping the nation running while supporting innovation, investment, and industrial growth.

In 2023 alone, our industry contributed over £25 billion to the UK economy and sustained over 200,000 skilled jobs across the UK, including 90,000 in Scotland's energy communities. This industry underpins the UK's industrial strength, providing not only secure energy but also the expertise, infrastructure, and supply chains that power sectors from manufacturing to construction.

Home-produced oil and gas support home-produced renewables. The same supply chains, engineering expertise, and infrastructure that deliver our oil and gas today are also building the offshore wind farms, carbon storage projects, and hydrogen networks of the future. With a strong UK offshore sector, our ability to expand renewables at scale and pace is increased, and we can better manage our reliance on imports.

Delivering net zero with homegrown energy

The UK has led the way in cutting emissions while sustaining economic growth, and our offshore energy sector is at the forefront of that progress. Companies are investing in carbon capture, hydrogen, offshore wind, and electrification. These projects are made possible by the infrastructure, expertise, and revenues generated by the oil and gas sector.

The UK is blessed with abundant natural resources. Our powerful winds, sweeping across our coasts, offer tremendous potential for renewable energy. The UK is targeting 50 GW of offshore wind by 2030 — the most ambitious goal of any nation — with the potential to reach up to 150 GW by 2050.

The UK also boasts one of the largest carbon storage capacities in Europe, with the potential to store over 70 gigatonnes of carbon dioxide - more CO_2 than the UK has produced since the industrial revolution.

Our domestic energy sector will invest over £200bn by 2035 in homegrown oil and gas alongside offshore wind, hydrogen, and the carbon capture and storage that can futureproof our heavy industries.

The UK's oil and gas sector is also a key enabler of low carbon hydrogen, which has the potential to decarbonise hard to electrify industries, support energy storage, and enable synthetic fuel production. Hydrogen could represent a £1.6bn opportunity for the UK economy by the mid-2030s.

Official statistics show that UK total energy production, including oil, gas and electricity generation, hit a record low in the third quarter of 2024 and that the UK imported almost 40% of its total energy needs from overseas.

A pragmatic approach is needed - one that recognises the role of oil and gas in meeting demand while building the low-carbon infrastructure of the future. Now more than ever it is vital to maintain a domestic capability in oil and gas production.

Energy security is national security. By supporting homegrown oil and gas production, we can support homegrown clean energy production - avoiding costlier, higher-carbon imports, and ensuring a stable foundation for the energies of the future.

People & industry: the foundation of modern industrial Britain

Our critical energy intensive industries in the UK, like steel, cement, chemicals, refining and power generation will rely on technologies like carbon capture and storage to decarbonise. The UK must support its foundational industries, the path ahead must not be de-industrialisation.

Our industry is ready to invest in the UK’s future. But to do so, we need a stable and supportive policy environment - one that prioritises energy security, economic growth, and net zero progress in tandem.

To power a modern industrial Britain, our people and businesses need secure, affordable, and lower-carbon domestic energy. This requires a stable, investment-friendly fiscal regime to unlock £200bn in private capital across the energy mix. It needs a credible, long-term energy plan - one that includes oil and gas, offshore wind, and the infrastructure to connect them.

The choice ahead

The energy choices made today will shape our economy and security for generations to come. We must choose a future that invests in UK jobs, expertise, and industrial capabilities. The alternative - relying more on imports - means exporting jobs, increasing costs, and losing control over our energy future.

We still have oil and gas reserves in our offshore waters, and we should use them responsibly alongside our renewable energy.

Our sector’s expertise, developed over 60 years, has made the UK a global leader in offshore energy. The technical knowledge, infrastructure, and supply chain built for oil and gas will be critical to delivering the UK’s energy future across all aspects of energy.

Now is the time for pragmatic action. A homegrown energy future means skilled jobs, secure energy, and a sustainable path to net zero. Let’s unleash our potential and power our future. Let’s choose a homegrown energy future.

Decisions made this year will shape our industry for decades to come

This year, government decisions on the future of UK energy will determine whether the UK can continue to produce domestic oil and gas to meet future demand, or become increasingly reliant on imports. The outcome will influence investment confidence, job security, and the sector's contribution to net zero. With the right choices, the UK can unlock billions in economic value, safeguard energy security, and maintain global leadership in offshore energy. Without them, the country risks losing its industrial backbone and missing its climate and economic goals.

Ongoing consultations

The UK Government is conducting consultations on key issues facing the sector. OEUK continues to coordinate responses on behalf of our members.

Consultation	Status
Invest 2035: the UK's modern industrial strategy	The final industrial strategy was published in spring 2025, alongside the multi-year spending review.
Oil and gas price mechanism consultation	The Government is analysing feedback and will soon publish the outcome.
Building the North Sea's Energy Future	The Government is analysing feedback and will soon publish the outcome.
Consultation on draft supplementary EIA guidance	Following evaluation of the feedback the government has made relevant changes to the supplementary EIA guidance.
Review of Electricity Market Arrangements (REMA)	The Government published its summer 2025 update confirming it will retain a single GB-wide wholesale market and introduce a package of reforms to improve efficiency and support Clean Power by 2030. Further implementation plans are expected later this year.

For the latest on these consultations, visit our website oeuk.org.uk

Delivering growth:

To support national goals on economic growth, people and industry, security and net zero, the UK offshore energy industry must be at the heart of efforts to deliver a modern industrial Britain.

To secure the future of the North Sea, we need politicians to:

1. Commit to continued licensing

To power a modern industrial Britain, we need secure, affordable, and lower-carbon domestic energy.

- New North Sea oil and gas licences are important as we work to meet the UK’s projected need for 13–15bn boe to 2050.
- Domestic production supports industrial resilience and avoids reliance on higher-carbon imports.

2. Reform the Energy Profits Levy (EPL) before 2030

A stable, investment-friendly fiscal regime is critical to unlocking £200bn in private capital across the energy mix.

- Replace the current windfall structure with a progressive, profit-based model.
- Restore investor confidence and protect jobs in energy-intensive regions.

3. Deliver an energy strategy that supports industrial growth

A modern industrial Britain needs a credible, long-term energy plan - one that includes oil and gas, offshore wind, hydrogen, carbon capture technologies, and the infrastructure to connect them.

- Recognise oil and gas as strategic assets for industrial decarbonisation and energy security.
- Accelerate deployment of offshore wind, hydrogen and CCS through grid and infrastructure reform alongside investing in grid upgrades, port infrastructure, and supply chain capacity.
- Ensure policy coherence across licensing, planning, and fiscal regimes to unlock investment across the energy mix.

Why politicians should back a homegrown energy future

The pragmatic energy path - supporting both domestic oil and gas and renewables – is the most popular choice among the UK public.

The UK is moving to net zero - but we need a plan that works for people and for the planet.

New independent polling shows the British public wants energy that is:

- **Homegrown, not imported**
- **Secure, not unstable**
- **Balanced, not extreme**

What the public really thinks:

- **84%** say relying on imported energy is risky
- **82%** say homegrown energy is better for the economy
- **81%** say we should keep producing UK oil and gas to protect energy security
- **73%** say the oil and gas industry supports jobs and the UK economy
- **68%** are worried ending oil and gas would hurt communities, like when the mines shut

It's not either/or - it's both:

We still need oil and gas **while we grow wind, solar and other renewables.** Accelerating the decline of UK oil and gas production just means **importing from places with higher emissions and fewer rules.**

People are worried about the cost:

- **83%** fear net zero costs will fall on consumers
- **71%** say energy prices are already driven up by global instability

The public supports net zero - but wants a fair, practical plan.

That means:

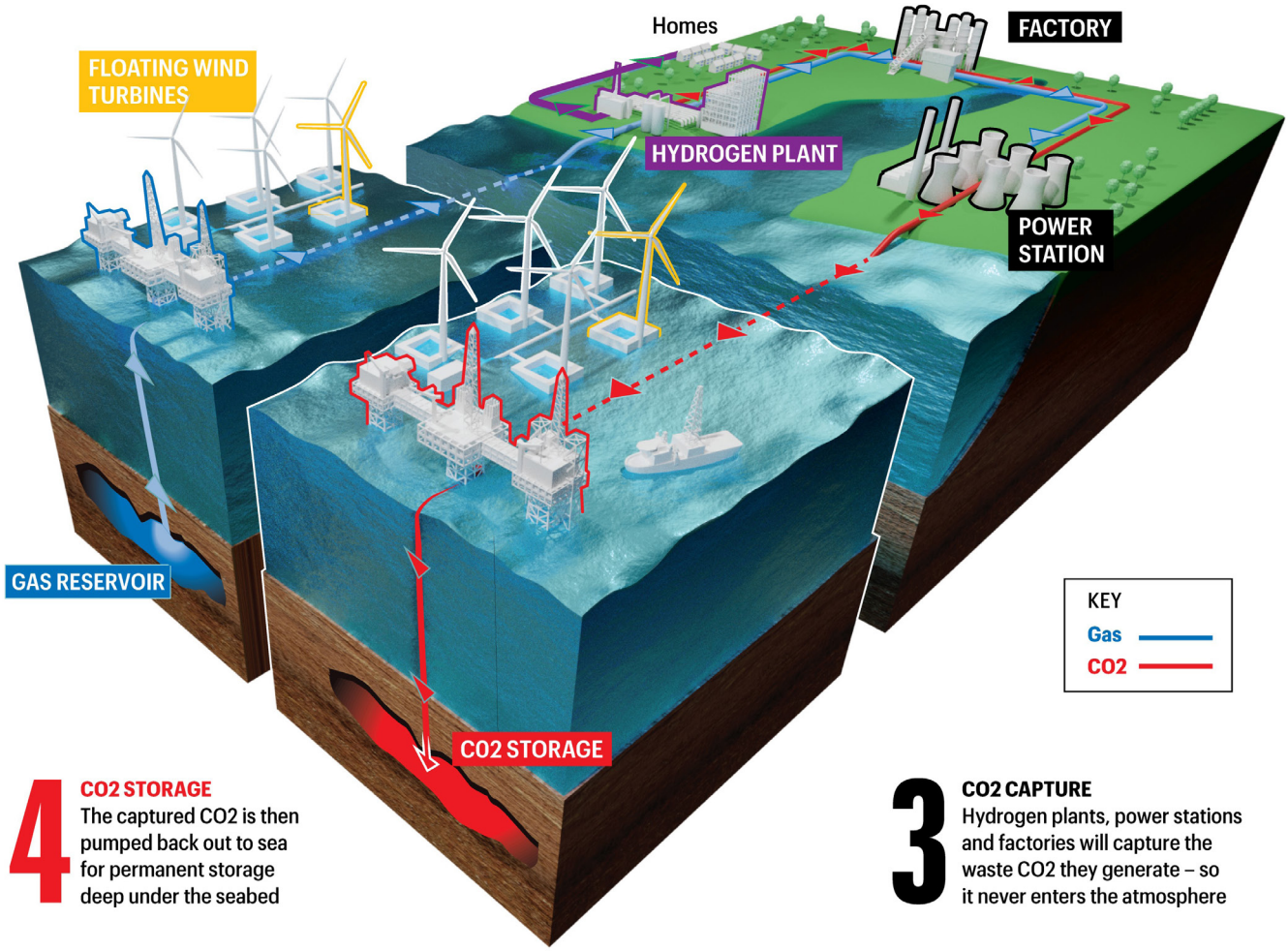
- Protecting **UK jobs**
- Securing **UK energy**
- Using **UK resources** responsibly, as we build the future.

Unlocking potential, powering our future

The UK’s integrated, homegrown offshore energy industry in action

1 ELECTRIFICATION
Floating windfarms will power the rigs used to extract oil and gas and bury CO2

2 HYDROGEN PRODUCTION
Natural gas is pumped ashore and broken down into hydrogen, for heating homes or powering vehicles, plus waste CO2



4 CO2 STORAGE
The captured CO2 is then pumped back out to sea for permanent storage deep under the seabed

3 CO2 CAPTURE
Hydrogen plants, power stations and factories will capture the waste CO2 they generate – so it never enters the atmosphere

5 things you need to know about the UK offshore energy industry

1. **Supports skilled jobs nationwide** – The industry sustains over 200,000 jobs across the UK, including 90,000 in Scotland.

2. **The North Sea is a strategic economic asset** – UK oil and gas adds around £25bn to the economy yearly, with the potential to generate an additional £165bn in the coming decades. The sector also plans to invest over £120bn in offshore energy by 2030, including at least £65bn in offshore wind, hydrogen and the carbon capture and storage that can futureproof our heavy industries.

3. **Energy security is national security** – The UK imports almost 40% of its energy needs, and 75% of total energy consumption comes from oil and gas. Even in a scenario where there is economy wide realisation of net zero, the UK will require 13-15bn boe between now and 2050. Current plans show the UK will produce less than 4 billion barrels, leaving us increasingly reliant on imports.

4. **Delivering net zero with homegrown energy** – The industry has cut oil and gas emissions by 28% since 2018 and more than halved methane emissions. The same supply chains, engineering expertise, and infrastructure that deliver our oil and gas today are also building the offshore wind farms, carbon storage projects, and hydrogen networks of the future.

5. **People & industry: the foundation of a modern industrial Britain** – The North Sea underpins industrial capability across the UK, from energy hubs in Aberdeen and Teesside to manufacturing sites in the Black Country, the Humber, and central Scotland.

The value of the UK offshore energy industry

The North Sea is a strategic economic asset

We are proud to make a huge contribution to the UK economy. Each year we add around £25bn to the UK economy. Since 1970, the sector has paid almost £450bn in net production taxes - a critical revenue stream for public services and infrastructure. In the past two years alone, the industry has contributed £15bn in taxes, accounting for 9% of total UK corporate tax payments.

This sector underpins industrial capability across the UK, from energy hubs in Aberdeen and Teesside to manufacturing sites supporting offshore wind, carbon storage, and hydrogen development. The North Sea is a national asset, and its value should be recognised as such.

People & industry: the foundation of modern industrial Britain

We proudly support over 200,000 skilled jobs across the UK, with 90,000 in Scotland alone. Many of these are highly skilled, well-paid careers that drive the economy and innovation.

Our sector’s expertise, developed over 60 years, has made the UK a global leader in offshore energy. The technical knowledge, infrastructure, and supply chain built for oil and gas will be critical to delivering the UK’s energy future.

We are already at the heart of the UK’s carbon capture and storage (CCS) plans, which will retain heavy industry and prevent de-industrialisation masquerading as decarbonisation. Without CCS, industries like steel, cement, chemicals, and refining could be lost to overseas markets that do not share the UK’s climate ambitions.

From global powerhouses to emerging startups, our 400 OEUK members - oil and gas producers, wind developers, carbon storage innovators, and supply chain companies - are already building the low-carbon economy of tomorrow. The companies delivering the UK’s energy needs today will be the same ones delivering our net zero future.

To succeed, we must attract the next generation, retain, and develop our existing skilled workforce. We need to showcase the dynamic careers in energy - both oil and gas and renewables - to ensure we have the workforce to meet our climate and energy security goals.

Energy security is national security: a pragmatic approach to net zero

The UK is on a path to net zero by 2050, and oil and gas will remain a key part of the energy mix alongside the acceleration of renewables. The Climate Change Committee estimates that by 2050, the UK will still need 13-15bn boe. Of these, around half could be produced at home, safeguarding jobs and adding £165bn to the UK economy - on top of the £200bn from planned production.

This is a pragmatic, data-driven approach. Relying on domestic production reduces our reliance on imports, which are often higher in carbon emissions, and supports the UK's transition by securing investment for renewables, infrastructure, and carbon capture projects.

The solution to address energy security is our homegrown offshore energy sector - accelerating renewable energy opportunities but also supporting our important homegrown oil and gas production.

Energy security matters. The closure of the Grangemouth oil refinery shows the risks of neglecting domestic energy production.

The UK cannot afford to deindustrialise under the guise of decarbonisation.

Delivering net zero with homegrown energy

Our industry is already delivering the energy transition and showing climate leadership. Since 2018, we have cut upstream emissions by 28% and more than halved methane emissions. OEUK members are developing 13GW of offshore wind capacity by 2030, requiring £30bn of investment.

BP is supporting the development of the Morven wind project off Scotland's east coast. Shell is working to develop floating offshore wind farms under ScotWind. Equinor is a major developer of the Dogger Bank Wind Farm, the world's largest offshore wind project. Flotation Energy and Cerulean Wind have a combined 5GW of floating wind projects putting the UK in the leading seat in this promising technology.

The UK has the capacity to store over 70 gigatonnes of CO_2 - more CO_2 than we have produced since the industrial revolution. Companies like ExxonMobil, Eni, and Harbour Energy are key players in the UK's carbon capture and hydrogen efforts. ExxonMobil is involved in the Acorn CCS project in Scotland, while Eni is leading the HyNet North West CCUS cluster to decarbonise industry. Harbour Energy is spearheading the Viking CCS project in the Humber region.

Over the next five years, £65bn could be invested in offshore wind, hydrogen, and CCS. We are not waiting for the future, we are building it. But political stability and investment certainty are essential to ensure the UK maximises this opportunity rather than losing projects and jobs to international competitors.

The value of the UK offshore energy industry

Energy security is national security: a pragmatic approach to net zero

While we use oil and gas we should prioritise homegrown production over imports

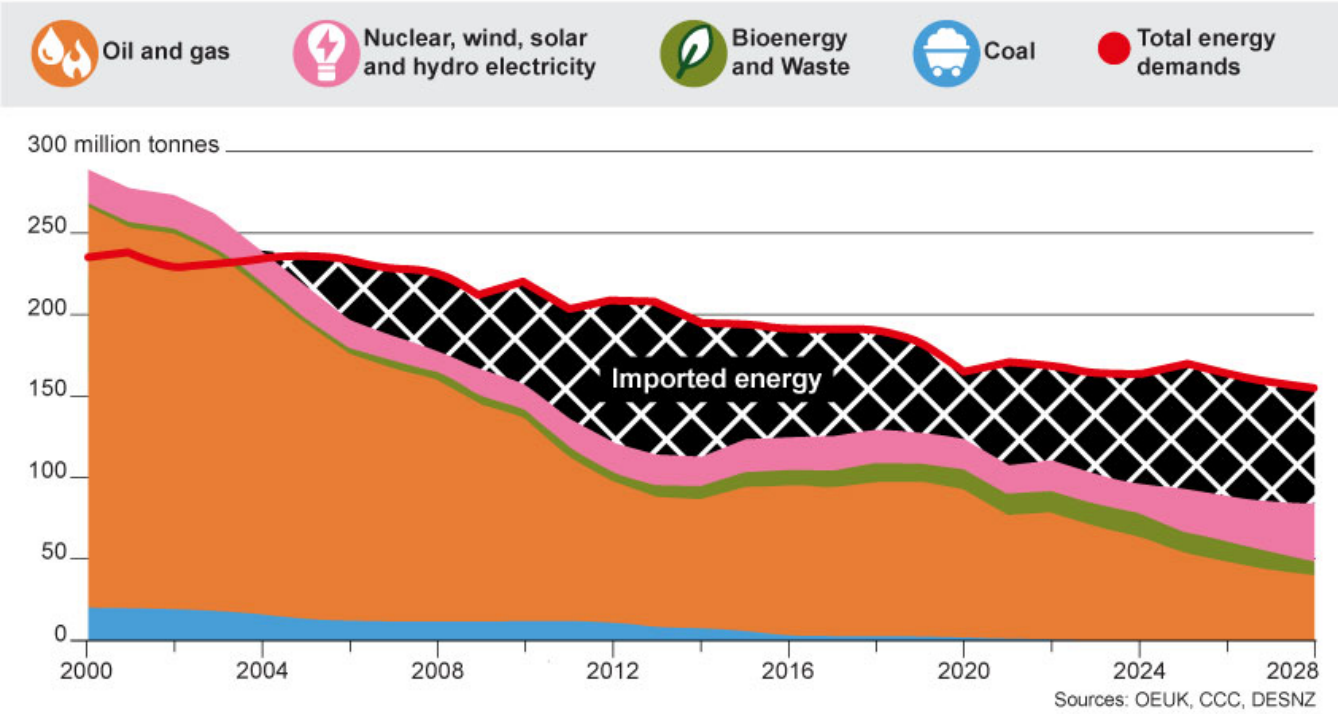


Figure 1: The energy gap between what we will consume and what we will produce ourselves

In 2024, the UK was reliant on imports for approximately 40% of total energy demand. Energy production in the UK was at a historic low. While renewables are growing, electricity accounts for just a third of our total energy use today.

Oil and gas remain the dominant energy sources in the UK economy, accounting for 75% of total energy demand. In 2050, the Climate Change Committee forecast that the UK will be reliant on oil and gas for 20% of energy demand.

It estimates the UK requires 13-15bn barrels of oil and gas equivalent by 2050, the target date for economy-wide realisation of net zero. The UK is on track to produce 4bn of these barrels. With the right policies to encourage firms to invest, another 3bn barrels could be produced at home, meeting the equivalent of half of the UK's needs rather than increasing its reliance on imports.

People & industry: the foundation of modern industrial Britain

This industry is the backbone of our industrial economy and jobs in heartlands across UK

We agree that what we make and who makes it matters.

We proudly support over 200,000 skilled jobs across the UK, with 90,000 in Scotland alone. Many of these are highly skilled, well-paid careers that drive economic growth and innovation.

Our sector's expertise, developed over 60 years, has made the UK a global leader in offshore energy. The technical knowledge, infrastructure, and supply chain built for oil and gas will be critical to delivering the UK's energy future across all aspects of energy.

The UK has the capability to store over 70 gigatonnes of carbon dioxide – the equivalent of over 150 years of current carbon dioxide emissions from the UK. The Climate Change Committee recognises the role that carbon storage and capture will play in the decarbonisation of heavy industry and enabling the decarbonisation of the power sector.

Figure 2: Job numbers by region

The UK's total installed offshore wind capacity will need to quadruple by 2030 to meet the National Energy System Operator (NESO) and the Climate Change Committee (CCC) guidance, with floating wind expected to contribute significantly in the future.

This is an area the existing UK supply chain is well positioned to take advantage of. The UK oil and gas supply chain has 60-80% of the capability required for future UK carbon storage, hydrogen, and floating wind opportunities. The companies delivering the UK's energy needs today will be the same ones delivering our net zero future in the decades to come.

The North Sea is a strategic economic asset

If we get this right, we unlock an additional £165bn for the UK economy

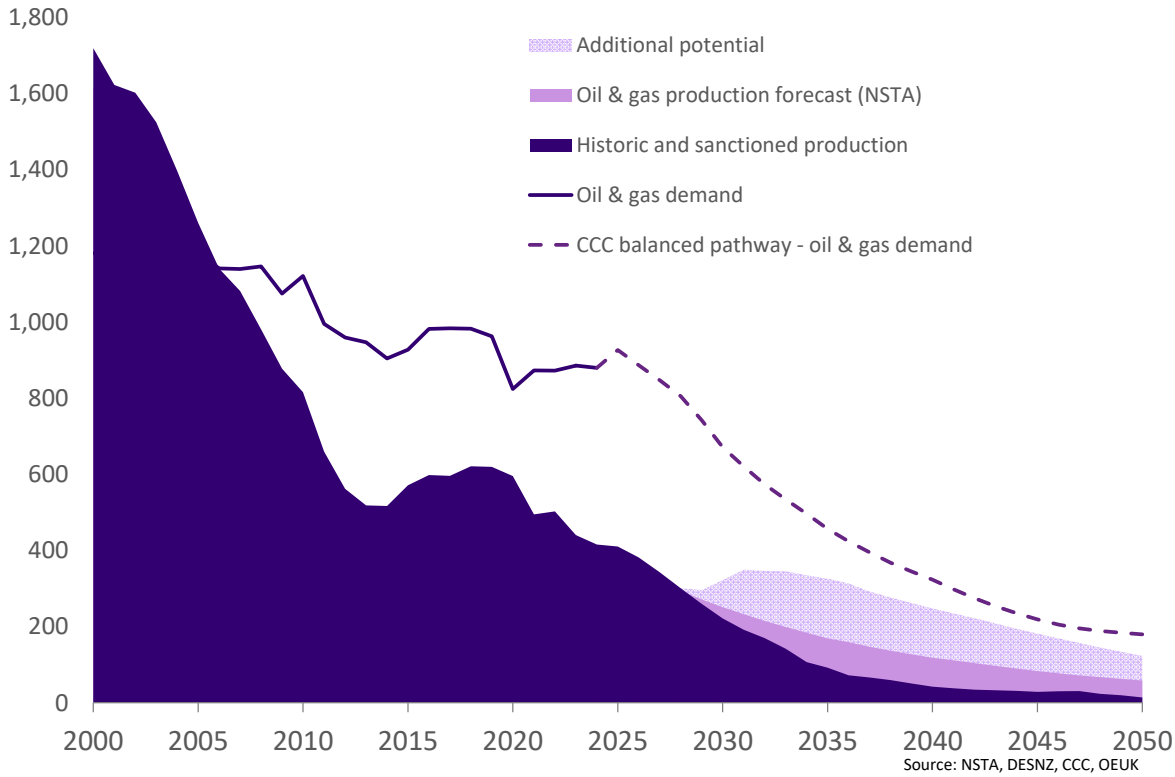


Figure 3: NSTA and CCC oil and gas supply demand outlook (mn tonnes of oil equivalent)

We are proud to make a huge contribution to the UK economy – adding around £25bn a year. Since 1970, the sector has paid almost £450bn in production taxes - a critical revenue stream for public services and infrastructure.

This sector underpins industrial capability across the UK, from energy hubs in Aberdeen and Teesside to manufacturing sites supporting offshore wind, carbon storage, and hydrogen development.

The independent study, produced for OEUK by energy experts Westwood Global Energy Group, finds that up to 7.5bn boe could still be produced from UK waters – 3.2 billion more than current government estimates.

This additional production could add £165 billion in economic value, with a total of £385 billion if the UK meets half its oil and gas demand from domestic sources, supporting jobs, investment, and public services across the country.

Delivering net zero with homegrown energy

We deliver net zero by investing in clean energy & cutting emissions

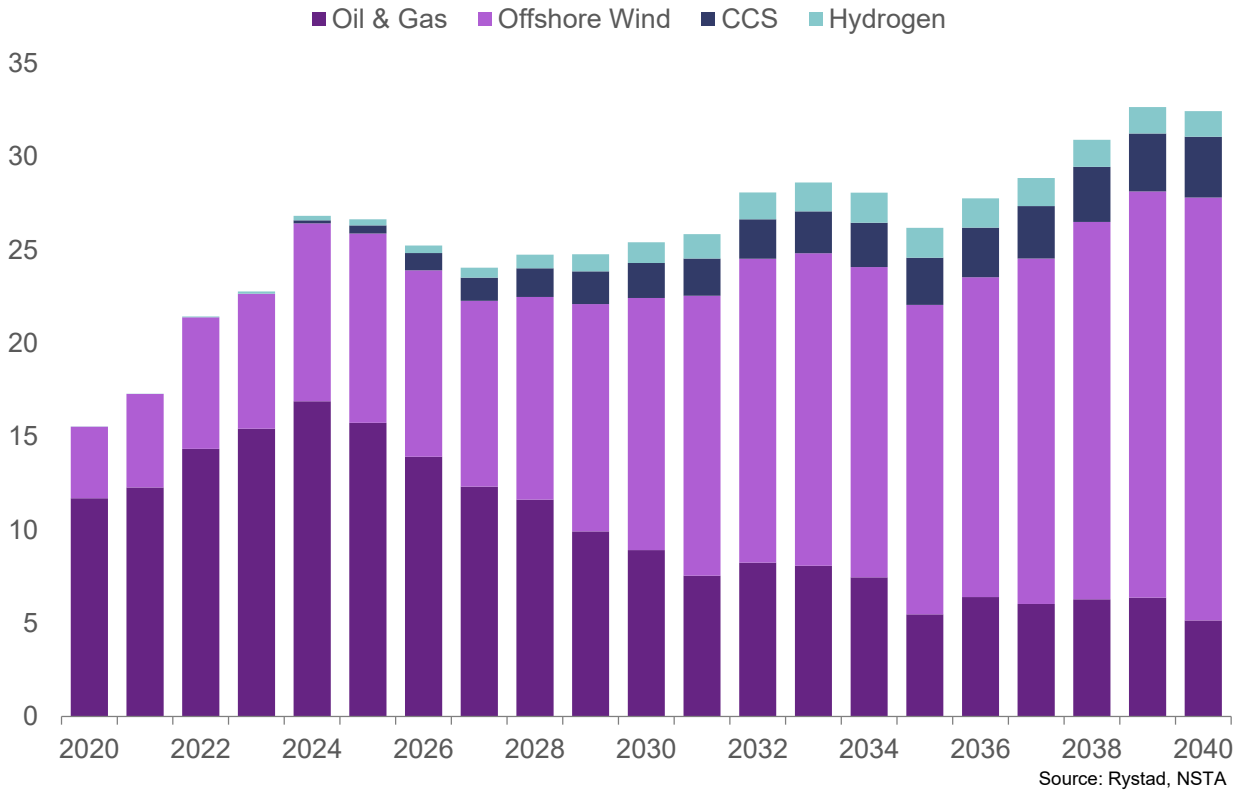


Figure 4: Total UKCS expenditure profile (£billion)

Our industry is already delivering climate leadership with energy innovation and investment:

- **Emissions reductions:** Since 2018, we have cut oil and gas production emissions by 28% and more than halved methane emissions.
- **Offshore wind leadership:** OEUK members are developing 13GW of offshore wind capacity by 2030, requiring £30bn of company investment.
- **Carbon storage potential:** The UK has the capacity to store over 70 gigatonnes of CO_2 - the equivalent of over 150 years of current carbon dioxide emissions from the UK.
- **Hydrogen:** Our oil and gas infrastructure, supply chains and people are crucial for the UK to scale up low carbon hydrogen production. Over the next five years, £10bn could be invested in hydrogen and CCS.

Political stability and investment certainty are essential to ensure the UK maximises this opportunity rather than losing projects and jobs to international competitors.

The case for change

The cost of energy

Secure and affordable energy will be the cornerstone of industrial growth, ensuring businesses remain competitive and productive. High energy costs and supply uncertainties put pressure on manufacturers, making it harder to invest, expand, and create jobs.

UK electricity prices are some of the most expensive in the world, rising above prices in Europe, Asia, and North America. UK wholesale gas prices are lower than many European countries because of our domestic production, but are higher than countries like the USA that are self-sufficient.

Homegrown energy - from renewables and oil and gas - plays a crucial role in stabilising prices, reducing reliance on volatile global markets, and enhancing energy security. By developing domestic energy resources from UK waters, we can build a more resilient energy mix, safeguard jobs, and create a stable foundation for long-term economic growth.

Industrial and domestic consumers’ energy prices

Gas price

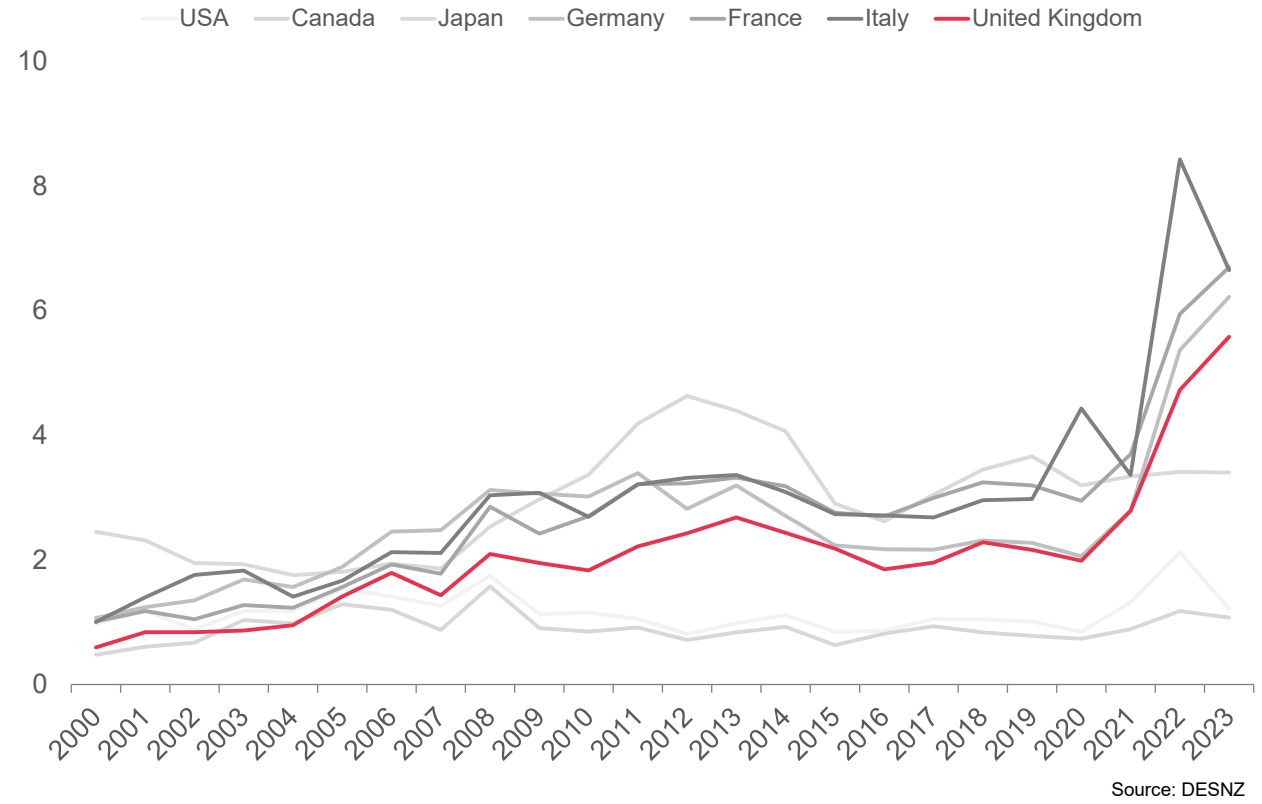


Figure 5 - real terms (2023 prices) industrial gas prices across G7 countries (p/kWh)

UK wholesale gas prices remain below those of comparable European countries due to domestic production. In the UK gas has been the dominant fuel for heating homes, powering industry and generating electricity for the past 30 years.

UK gas production meets around half of national needs, with the remainder met from imports. The majority of imports are provided by pipelines from mainland Europe and liquified natural gas (LNG) shipped from nations such as the United States and Qatar.

Electricity price

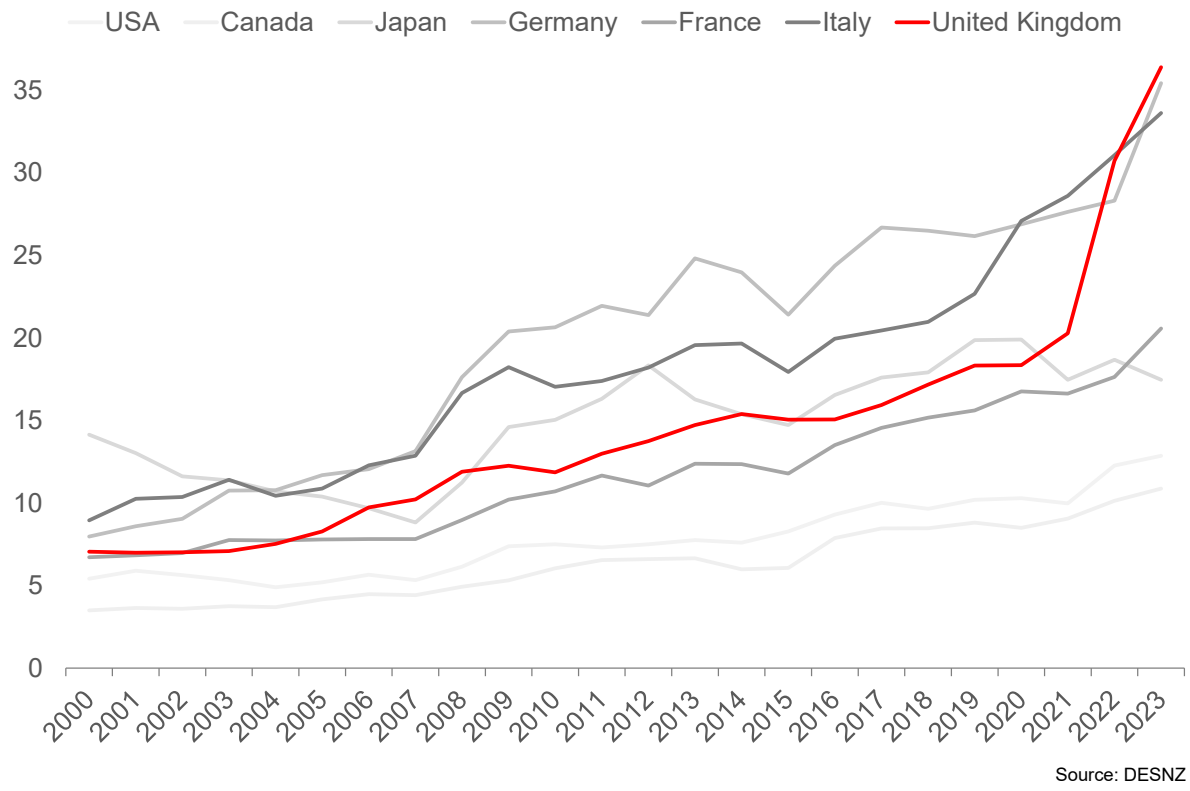


Figure 6 - real terms (2023 prices) domestic electricity prices in G7 countries (p/kWh)

Electricity prices paid by industry have risen from 3.7 p/kWh in 2000 to 25.9 p/kWh in 2023 (in real terms, adjusted to 2023 pricing). As a result, the UK has moved from having average global electricity prices to the most expensive compared to Europe, Asia, and North America.

Domestic energy costs

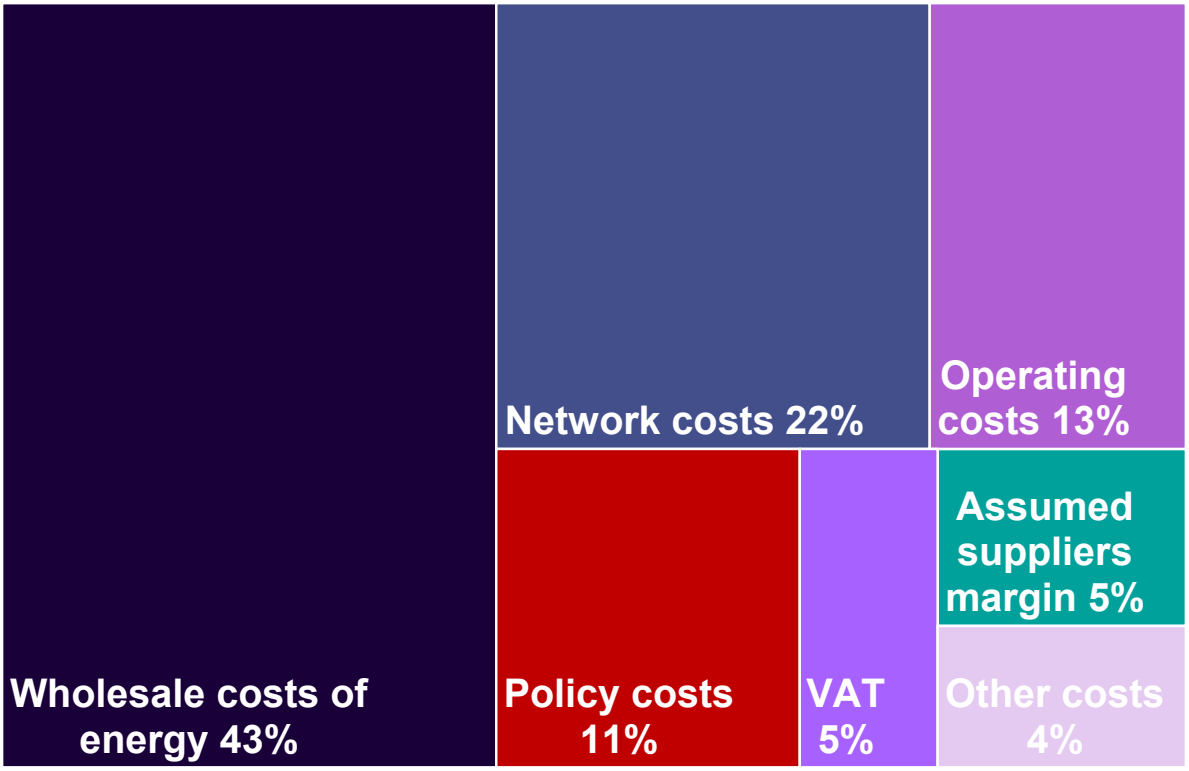


Figure 7 – breakdown of domestic energy costs

The wholesale costs of energy make up 43% of the typical household energy bill. The majority of domestic energy costs are comprised of other factors; network costs 22%, policy costs 11%, operating costs 13%, VAT 5%, and other costs 4%.

Commonly asked questions

We're regularly asked about our industry and its role in the UK economy. We've provided answers to the most commonly asked questions below.

1. What are the benefits of the UK's offshore energy industry?

Our industry is essential for the economic and environmental prosperity of our country. Our brilliant, skilled people work tirelessly to produce the energy from off the coast of Britain that powers not just our homes, transport and industry, but the everyday products we need to live well.

In 2023 alone we added £25billion to the UK economy, representing one of Britain's most significant industrial sectors. Over the next five years up to £120billion could be spent on UK offshore energy. At least £65billion of this will be spent on offshore wind, hydrogen and CCS.

The UK oil and gas supply chain has 60-80% of the capability required for future UK carbon storage, hydrogen, and floating wind opportunities. The industry expertise and infrastructure we have built up will be needed to support the expansion into clean energy.

We are proud to make a huge contribution and we recognise the need for change. Our members are the same companies that are investing to accelerate our expansion into renewable sources. The homegrown expertise of our people is driving innovation in cleaner energy production. We are determined to create a sustainable future.

2. Why does the UK need secure sources of oil and gas?

The UK consumed 164mn tonnes of oil equivalent (toe) in 2024. Around 75% of the UK's total energy is derived from oil and gas.

The UK has been a net importer of oil and gas since 2005, receiving over 1billion tonnes to date. The UK is projected to be import-reliant for half of our oil and 90% of our gas in 2050, the target year for reaching net zero.

Any reduction in UK production would risk even higher future import bills. By investing in homegrown production, we avoid costlier, less secure and higher carbon imports while supporting the infrastructure we need to make cleaner, more affordable energy in the UK, for the UK.

3. Why do we still need so much oil and gas?

We are still reliant on oil and gas for much of our everyday lives:

• 24 million homes rely on gas boilers for heating. 1.1 million more homes rely on heating oil.

• Over 26% of UK electricity is supplied by gas power stations

• 38 million UK vehicles run on petrol or diesel.

Today, approximately 73% of households in the UK depend on gas central heating systems. Alongside this, gas contributes to over 26% of the UK’s power supply, providing secure supplies of power to supplement intermittent renewables.

Our members are many of the same companies that are investing to accelerate our expansion into renewable sources. The homegrown expertise of our people is driving innovation in cleaner energy production. We are determined to create a sustainable future.

As we build that future there is no simple choice between oil and gas on the one hand and renewables on the other. The reality is that to keep the lights on and grow our economy, we need both.

4. Why can’t we just use our existing oil and gas fields?

UK oil and gas resources occur in multiple small reservoirs which become depleted, so constant investment is needed to develop new sources to replace those that are no longer viable. This ‘churn’ is the only way to maintain production.

Without continued investment in the basin, there is a potential for the import gap to exceed through an accelerated decline, reaching 75% by the turn of the decade. This would make the UK even more dependent on imports and increase the ‘energy gap’ – meaning the difference between what we produce and what we consume.

5. Would new North Sea oil and gas developments undermine the UK’s carbon budget?

No. The Climate Change Committee states in its ‘Balanced Net Zero Pathway’ scenario that even as our energy mix expands, oil and gas will still be needed - meeting over a fifth of our energy needs in 2050.

The UK’s carbon budgets reflect that and allow for those emissions, including from new developments. The UK’s carbon budgets include emission allowances for new oil and gas fields in UK waters.

We were one of the first industries to commit to net zero carbon emissions by 2050 and have reduced our own impact on the environment by 28% since 2018. The key to cutting the UK's emissions lies in reducing demand for oil and gas. Cutting off supplies before reducing demand just exposes the UK and Europe to the risk of supply shocks.

6. Shouldn't we be cutting all emissions?

Yes. And we are! The UK's emissions have fallen from 821 million tonnes of CO_2 in 1990 to about 370 million tonnes in 2024 - a 54% fall. But this was caused by changes in demand (less industrial activity and greater efficiency) as well as where our energy comes from with further growth in offshore wind. A key factor was the move away from coal to gas and the initial roll out of wind and solar power.

The next phase of the UK's transition will require rapid expansion of electricity capacity as well as the development of cleaner sources of fuel and heating including hydrogen, gas with CCS and the scale up of offshore wind. This will take two to three decades, throughout which the UK will still need oil and gas, in declining amounts.

North Sea oil and gas can meet much of this demand more securely than imports. The UK is in a global race for the investment to make that future a reality and it is critical that it wins. Put simply, enabling our members to continue investing in the UK is essential both to the long-term economic health of our country and to the planet.

7. How can UK oil and gas projects support energy security when most of UK oil production is exported?

The UK gets three-quarters of its total energy from oil and gas. Domestic production is equivalent to around half these needs. UK crude oil is sold on the global market, mostly to European refineries. So, UK crude reduces Europe's reliance on OPEC, Russia and other countries. Its products will boost energy security for the UK - which re-imports lots of oil products from Europe.

The UK's gas supply is mainly from the UK Continental Shelf (our waters) and Norway, augmented by LNG shipments which run to the UK's three main import terminals: Isle of Grain, Dragon, and South Hook.

The UK lacks gas storage capacity for overall demand. Europe has roughly 105 billion cubic metres (bcm) of gas storage capacity, equating to 22 per cent of annual consumption. By contrast, the UK has just 0.9 bcm of gas storage relative to annual consumption of roughly 80 bcm. The UK often has a surplus capacity to import LNG. Instead of importing substantial amounts of LNG in the summer and storing it in winter storage, the UK relies on its production and Norwegian pipeline supplies, 'topped up' with LNG imports.

Background

Oil is complex and can be transformed into hundreds of different products. These range from fuels like petrol and diesel to plastics, solvents and tarmac for paving roads. These transformations are done in refineries which process crude oil into usable products.

Few European countries have the range of refineries needed to make all the products they need. Instead, European oil companies operate a network of refineries, specialising in different products. It means countries export and import crude and refined oils according to what they produce or need.

Crude oils also vary in quality and uses – so UK refineries do not always want UK crude oils. It means crude and refined oils are traded around Europe and globally according to need. The UK relies on that trade – as shown by the government figures for 2024 when the UK:

• Imported 43 million tonnes of crude and other primary oils

• Imported 31 million tonnes of refined oils

• Exported 27 million tonnes of crude oil and other primary oils

• Exported 19 million tonnes of refined oils with UK oil projects being part of this figure – securing oil supplies for the UK and its European neighbours.

8. Will UK oil and gas oil help reduce UK energy bills?

UK wholesale gas prices are lower than our European counterparts because of our domestic production but are higher than countries like the USA that are self-sufficient.

Homegrown energy – whether from renewable sources or oil and gas – plays a crucial role in stabilising prices, reducing reliance on volatile global markets, and enhancing energy security. By developing domestic energy resources from UK waters, we can build a more resilient energy mix, safeguard jobs, and create a stable foundation for long-term growth.

The International Energy Agency and others have predicted that global demand for oil and gas will hit an all-time high in 2030. Global demand for gas is predicted to keep rising till beyond 2035.

If the UK and Europe fail to invest in their own resources, they will become increasingly dependent on countries like the US, Saudi Arabia and Qatar. Putin’s invasion of Ukraine underlined why the world needs secure and responsible supplies of oil and gas – and how risky it would be to allow our reliance on imports to increase.

9. What are oil and gas licences and how do they differ from oil and gas fields?

Oil and gas production in the UK is heavily regulated. Activities are approved by regulators through a regime of permits, licences and consents. There are different types of licences, including:

- Exploration licences – allow companies to search for oil and gas deposits typically through seismic surveys, it does not allow companies to produce.

- Production licences – run for three successive terms. These terms are commonly associated with a particular activity - the initial term with exploration and the third term allows companies to produce.

In contrast, oil and gas fields refer to physical locations beneath the Earth's surface where oil and gas is found and extracted. These fields exist independently of licences, but their development and production are only possible if they fall within licenced areas.

Other regulatory approvals are required for development and production:

- Consents – These approvals allow companies to build and operate the infrastructure needed to extract and process oil and gas. Examples include annual production consents and flaring consents, which regulate the amount of gas that can be burned off during production.

- Permits – These authorisations set conditions for specific regulated activities, such as environmental controls. For example, produced water permits regulate the handling and disposal of water extracted alongside oil and gas.

Most of the UK's future oil and gas production will come from existing, licenced blocks where fields have already been identified.

However, new licences will play a part in ensuring that the life of existing assets are extended through tie-backs, helping the UK meets as much of its own demand through homegrown production.

10. Does the UK need new licences for oil and gas in the North Sea?

Yes. The UK Government must retain the ability to leverage its domestic resources, including oil and gas. Oil and gas is a critical strategic asset and central to our national and economic security.

The UK is projected to use at least of 13bn boe by 2050. Our resources in the North Sea will not meet this demand in full, so any barrel of oil and gas that we leave in the ground simply means that we will import that energy with no wider benefits to our jobs and economy. By developing these resources ourselves, we can help reinforce energy security, support the UK economy and retain hundreds of thousands of jobs across the UK.

There are currently 283 active oil and gas fields in the North Sea, by 2030 around 180 of those will have ceased production due to natural decline. To meet more of the UK’s demand, we need to replace some of these fields. It is in the national interest to retain the capability to generate our own energy, ensuring stability, flexibility, and resilience.

11. What should the oil and gas fiscal regime look like and when should any changes be brought in?

Everyone recognises that the exceptional profits seen in the past are no longer present, and that’s why government is consulting on the price mechanism, which we have welcomed. Any new mechanism must avoid harming investment or UK competitiveness.

Industry is already feeling the effects of past policies, and urgent action is needed to restore confidence and prevent investor and supply chain losses. Fiscal changes must be matched with a supportive regulatory and business environment to ensure continued oil and gas production while driving UK decarbonisation, economic growth, and job creation.

Our focus is on striking the right balance - ensuring the sector contributes fairly, without undermining jobs, production, or investment in our homegrown energy future. The way to drive long term tax receipts from the sector is to encourage more investment. The current tax regime in the UK does not compete internationally. The sooner the current regime is replaced, the more long-term value will be created in the UK economy.

12. The Government is updating supplementary guidance to environmental impact assessments following the Finch ruling – what will this mean for UK supplies of oil and gas?

Our nation still relies on oil and gas for 75% of its energy, and we're proud to represent an industry delivering this power safely and responsibly nationwide.

North Sea oil and gas projects rightfully already undergo robust technical, environmental, and commercial evaluations - ensuring high levels of due diligence from developers and regulators prior to them proceeding. This standard must be upheld.

A pragmatic approach would involve allowing necessary oil and gas licences, but only when transparent and rigorous checks confirm the granting of the licences is in the national energy security interest. Licences should only be granted if this action supported jobs, met UK energy demand, benefitted consumers, contributed to the economy, while being fully compatible with meeting climate goals and wider policy ambition.

We will continue advocating for competitive and supportive fiscal and regulatory policies here in the UK to ensure companies can confidently invest in our homegrown energy future, benefitting the UK supply chain, jobs, economy, and energy security.

The facts about the future of the North Sea

The UK Government is currently consulting on building the North Sea's energy future, with key decisions expected on energy including oil and gas licensing. We share the key facts below.

The consultation says… *The Government has said it will support existing oil and gas fields for the duration of their lifetime – isn't that enough?*

The facts: No. The UK's oil and gas fields are in natural long-term decline. UK oil and gas production will never increase and new developments are needed simply to minimise that decline. UK oil and gas resources occur in multiple small reservoirs which become depleted, so constant investments and licenses are needed to develop new sources to replace those that are no longer viable. This 'churn' is the only way to maintain production.

There are currently 283 active oil and gas fields in the North Sea, by 2030 around 180 of those will have ceased production due to natural decline, it is in our national interest to replace some of these fields. By investing in homegrown production, we avoid costlier, less secure and higher carbon footprint imports while supporting the infrastructure we need to make cleaner, more affordable energy in the UK, for the UK.

Without such investment UK oil and gas output would fall ~80% by 2033. This would make the UK even more dependent on imports and increase the 'energy import gap' – meaning the difference between what we produce and what we consume.

The consultation says… *Production is declining and has done so for the last 25 years. Our North Sea no longer has the reserves to meet UK demand.*

Given the basin’s maturity and the high proportion of production that will come from existing developments, we expect that the government’s commitment not to issue new licences will make a marginal overall difference to future North Sea production.

The facts: According to the CCC – the UK will use 15bn barrels of oil and gas equivalent between now and 2050. The UK industry is currently only set to produce 4bn – only a quarter.

Our figures show that with responsible production we can produce 8bn barrels between now and 2050. Not only will this meet about half of the UK’s gas demand over that time period, it will also provide £200bn value for the UK government and profits, which companies can reinvest in future of North Sea.

We can manage the UK’s energy import gap and reach our climate goals in a way that strengthens the UK economy. We only do this by carefully managing homegrown supplies of gas and oil while also accelerating renewable electricity capacity, hydrogen and carbon capture and storage.

The consultation says… *No new fields is in line with 1.5 degrees.*

The facts: This was a global commitment and doesn’t take into account energy security. The International Energy Agency has proposed a ‘no new investment’ scenario. This suggests a global halt to opening new oil and gas resources is essential if emissions are to fall.

Such a policy risks making the UK and other countries increasingly reliant on Russia and OPEC member states. It would push their share of the global oil supply market from 37% to 52% by 2050, which has obvious implications for UK and global energy security. We need to maintain a safe balance between what we import and what we produce here.

The consultation says… *New licenses aren’t compatible with science aligned approach to limit global warming.*

The facts: We are clear in commitment to net zero and will help as an industry by reducing emissions across all of our activities and also driving supplies of cleaner energy.

The UK’s oil and production is unlikely to be the decisive factor in pushing global warming to 1.5deg – with global and economy wide action needed to reduce demand, accelerate supplies of clean energy and capture outstanding emissions.

The UK produces around 1 million barrels of oil equivalent per day (boepd), a small fraction of global production (~100 million boepd). The UK’s contribution to global emissions through this production is relatively modest compared to major producers like the U.S., Saudi Arabia, and Russia.

UK production of gas and oil primarily meets domestic and European demand. If the UK stopped production, this demand would likely be met by imports often from countries with higher emissions due to less stringent regulations or more carbon intensive extraction methods.

UK North Sea oil and gas production has a lower carbon intensity.

The consultation says… *OEUK data as well as that of RGU and others shows a decline in oil and gas jobs in recent years and a project that this will decline further. Doesn't this demonstrate the need to take action accelerate clean energy if this is declining anyway?*

The facts: Jobs in this industry are directly linked to investment and projects.

Activity has plummeted in the sector in recent years due to a range of factors including government policies and sentiment.

A pragmatic approach must make responsible use of our oil and gas reserves while also accelerating towards renewables. This includes slowing the more rapid decline we have seen in recent years by replacing some of the production lost in recent years with new production.

Rystad shows the oil and gas supply chain is needed. OEUK SC report shows 60% are seeing some revenue in new energy but majority rely on oil and gas revenue – this is sustaining their diversification. Volume of new energy projects isn't there. If we allow oil and gas to decline before new energy projects backfill the activity then the supply chain will leave – they employ most of the workforce. 9/10 companies already looking elsewhere.

Economic contribution must be sustained.

The consultation says… *Oil produced here is needed for refineries but the government shows that 80-90% of refinery input in the UK is already imported from a diverse range of sources. What's the point of producing oil just to export it?*

The facts: Oil produced here pays taxes, supports jobs, provides good work to the supply chain and provides profits which companies can reinvest in the future of the North Sea.

The UK is part of a global network of refining capabilities, and overall refinery capacity in the UK has fallen by 30% since 2010.

Oil from the UKCS is mainly 'premium crudes', meaning they are relatively simple to refine and in high demand. Much of it is transported to refineries in hubs around Europe. Some are in the UK and others in nearby countries such as the Netherlands.

Each refinery specialises in different grades of crude oil and producing particular fuels and chemicals. The UK then imports the fuels and other refined products that it needs to balance customer demand with domestic refinery production.

Essentially the UK is part of a network of refineries with countries exporting and importing according to which specialised products they produce and need.

Exported goods contribute to the UK's balance of payments, helping to strengthen the pound, give the UK a stronger hand in trade policy, reduce government borrowing costs and underpin economic growth.

The consultation says… *The UK already has robust import routes for gas, and global supply of LNG is expected to grow by 50% from 2024 levels by 2030 according to the government, why not use that?*

The facts: Energy which is imported, including gas, is not produced here. It pays no UK taxes, supports no UK jobs and we have no UK control over its emissions.

The energy dependency gap between what we produce in the UK and what we import also has energy security implications. In a volatile world it makes sense to prioritise homegrown energy including oil and gas.

We have undeveloped supplies of gas in our waters which the UK should develop while accelerating renewables. This production will pay taxes, contribute to the wider economy, support jobs and underpin a successful North Sea.

The UK’s gas supply is mainly from the UK Continental Shelf (our waters) and Norway, augmented by LNG shipments which run to the UK’s three main import terminals: Isle of Grain, Dragon, and South Hook. The South Hook and Dragon LNG terminal in the Milford Haven port, Southwest Wales, was launched in 2009.

The UK lacks gas storage capacity for overall demand. Europe has roughly 105 bcm of gas storage capacity, equating to 22 per cent of annual consumption. By contrast, the UK has just 0.9 bcm of gas storage relative to around 80 bcm. The UK often has a surplus capacity to import LNG. Instead of importing substantial amounts of LNG in the summer and storing it in winter storage, the UK relies on its production and Norwegian pipeline supplies, ‘topped up’ with LNG imports. Europe, by contrast, has comparatively less LNG import capacity.

The consultation says… *Domestic oil and gas production has done nothing to drive down prices. The only way to tackle high energy prices is to accelerate renewables?*

The facts: This is wrong on two counts.

First - Reducing domestic oil and gas production even further and faster would make us more reliant on imports and drive-up energy costs for UK industries and consumers. Without new investment, the UK will rely on imports for around 80% of its oil and gas needs within this decade.

Second – we absolutely must accelerate supplies of renewable electricity. While gas will continue to play a smaller but important role supporting flexibility in electricity generation, Oil will continue to support many sectors. It is important that appropriate supplies are maintained to soften the volatile price spikes which come with an imbalance in demand and supply.

The consultation says… *You keep asking for more oil and gas licenses, but less than 1 in 10 of the new ones lead to actual production. The basin is mature, and it's getting harder to turn exploration into working fields.*

The facts: It's true that not all licenses lead to production, but when the government focuses on the right areas—especially near existing infrastructure—and provides the right support, the chances of success go up a lot. That means there's still plenty of useful oil and gas we can get, in a smart and efficient way.

Claim 1: Less than 10% of licenses produce oil/gas

Our take: That's just an average across the whole area. In focused, well-planned licensing rounds, success rates can be much higher—often within just 5 years.

Claim 2: Low success means low future supply

Our take: Not necessarily. Even a few successful projects, especially ones that connect to existing pipelines and platforms (called tie-backs), can deliver a lot of oil and gas.

Claim 3: There won't be much production by 2050

Our take: Actually, estimates show we could still produce around 7–7.5bn boe—if the right support continues.

Claim 4: The North Sea is nearly empty

Our take: Far from it. Experts still see significant untapped resources, especially near where we already have equipment in place.

The consultation says…*The UK is already an importer of LNG and it can act as a balancing fuel, between UK oil and gas exploration and energy transition being completed. Therefore why is industry asking for continued access to new areas?*

The facts: While imported LNG plays a role during the transition, it is insufficient as a long-term substitute: it is environmentally worse, costlier to consumers, and less reliable. Renewed access to exploration and production licensing supports cleaner domestic supply, strengthens energy resilience, and underpins economic and environmental ambitions.

Let’s keep UK energy flowing. Let’s do this the right way.

Back homegrown energy. Back our workers. Back our future.

The future of the North Sea is in our hands. By supporting a homegrown energy future, our industry can help drive economic growth, support people and industry, ensure national security and deliver net zero.

We need your help.

There are three things you can do today to make your voice heard:

Tell your story Celebrate achievements and showcase exciting project in the press – local, national and trade. Share them with us so that we can spread the word in reports, case studies and campaign activity.

Join the conversation Share your news and updates via your social media channels and help us raise the profile of the industry’s contribution. Tag OEUK so that we can share it too.

Engage local stakeholders By introducing your local parliamentarians or local authority spokespeople on energy, sustainability and the economy to your business, you can help build awareness of the industry’s value and contribution.

Contact us for more information

If you have any questions about anything in this document, please contact Communications and Marketing Director Natalie Coupar at **ncoupar@oeuk.org.uk**

Thank you.
Offshore Energies UK

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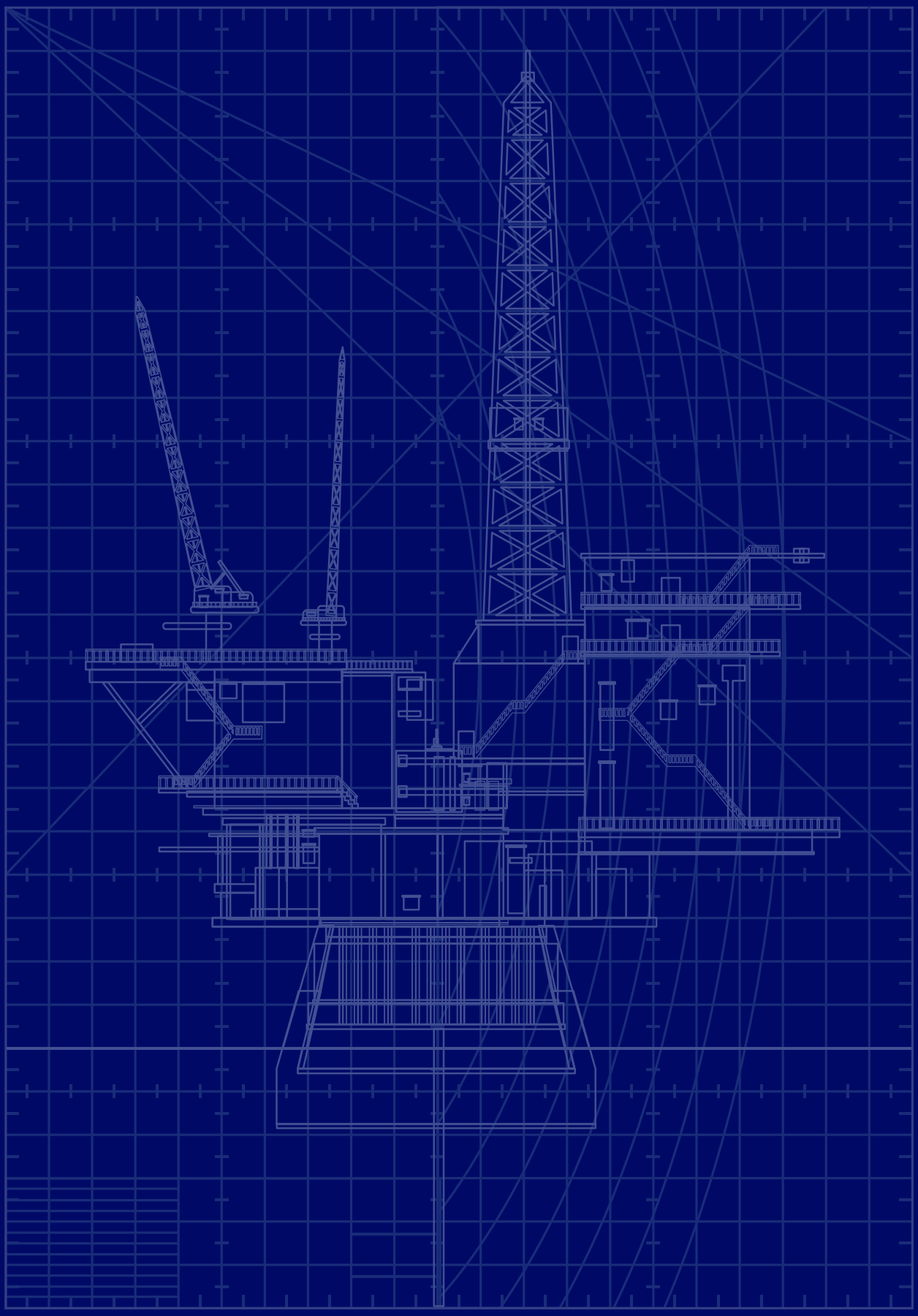


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