

Consultation Title: Talking “Fracking”

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To: uogconsultation@gov.scot / Citizen Space

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Scottish Land & Estates is a member organisation that uniquely represents the interests of both land managers and land-based businesses in rural Scotland. Scottish Land & Estates has members with interests in a great variety of land uses and welcomes the opportunity to respond to this consultation on unconventional oil and gas. Scottish Land & Estates argues that it is absolutely crucial for the government to make its decision based on sound scientific evidence, and that is why we welcome the explorative work that has been carried out in parallel to this consultation.

As is the case with many energy resources, Scottish Land & Estates recognise “fracking” is very controversial, with strongly held views on both sides. These disparate views are also passionately reflected within our own membership. It is for this reason that in our response to this consultation, Scottish Land & Estates will not take a stance either for or against the development of a “fracking” industry in Scotland. Instead we have focused our response on the possible risks and/or benefits for landowners should such an industry be developed.

As a general principle, we believe that landowners should, within the bounds of the law, be able to meet their aspirations for their landholding and we defend their right to do so. This applies to both landowners who support “fracking” development on their land and those who oppose it. It is the view of Scottish Land & Estates that the prospect of unconventional oil and gas exploration should not put private property rights at any risk.

We recognise the importance of allaying environmental, health and social concerns as far as possible before any development takes place. These concerns need to be weighed against the economic benefits that may accrue from having energy security and a new strand to our energy sector.

Q1. What are your views on the potential social, community and health impacts of an unconventional oil and gas industry in Scotland?

Scottish Land & Estates considers that the potential social, community and health impacts should be carefully considered and fully understood before committing to any development of an unconventional oil and gas industry in Scotland.

In terms of social impacts for our members, the potential for the procurement of labour for “fracking” developments could result in a significant increase in population of a rural area, as well as providing new employment opportunities for those living in rural areas. This will have the potential for both positive and negative effects, and would be particularly dependant on the current demographics and capacity for services that already exist within the area. There are concerns over the possibility that the value of property land associated with unconventional oil and gas developments may be adversely affected, however we accept that evidence at this point is “mixed”. Possible effects on insurance premiums for property should also be considered. All of this should be taken into account during production and post-decommissioning.

Especially relevant for more rural settings is the potential for road traffic impacts which could arise principally from increases in heavy goods vehicle movements on potentially unsuitable roads. As the report highlights, it is possible that accelerated road surface degradation, increased risk of accidents, risk of accidental release of hazardous material in transit, air pollution, and noise could have the potential to affect communities in the vicinity of unconventional oil and gas developments. On the other hand “fracking” developments might be a catalyst for long-overdue infrastructure improvements in rural areas through planning conditions etc.

We feel unable to take a view on the potential effects on health considering the research findings on the potential health implications were “lacking in quality, quantity and consistency”. Communities in the vicinity of potential “fracking” developments will need significant reassurance that their health will not be adversely affected and we therefore recommend that evidence of health safety is robust before there is any commitment to the development of this industry.

Q2. What are your views on the community benefit schemes that could apply, were an unconventional oil and gas industry to be developed in Scotland?

Scottish Land & Estates would be in favour of a community benefit scheme developed as a direct result of any unconventional oil and gas industry. We would welcome something akin to the UK Onshore Oil and Gas charter for community benefits which voluntarily commits operators to providing communities with a £100,000 payment per exploratory (hydraulically fractured) well site and a community stream of no less than 1% of revenues during the production stage. Given that a report stated, “a licence-holder in Scotland announced in 2014 that it would give 6% of the shale gas revenues to homeowners, landowners and communities close to its wells”, we believe it would be acceptable in the right circumstances to expect developers to contribute more than the 1% revenues suggested. Additionally, Scottish Land & Estates believes that any benefit scheme should not just be restricted to financial benefit at the exploration/appraisal and production stages but that it should also include a requirement for the developer to improve the original site following decommission.

Scottish Land & Estates would like to see a similar 'Shale Wealth Fund' established for Scotland in the event of the development of an unconventional oil and gas industry. The possibility of ensuring Local Authorities retain 100% of non-domestic rates payments from "fracking" developments could also be considered.

Additionally, communities set to benefit from any fund should be clearly defined to avoid disputes. Within that definition, the role of any landowner whose property is being directly affected outside any contractual agreement with a developer (for example, through horizontal drilling of minerals which they do not own but which lie directly under their land) must be given appropriate consideration and compensation.

Q3. What are your views on the potential impact of unconventional oil and gas industry on Scotland's economy and manufacturing sector?

The impacts on agriculture as a sector of the Scottish economy could include the availability of agricultural land and the potential contamination of it. Some agricultural producers are concerned about the possible risk (perceived or real) related to unconventional oil and gas development, specifically both ground water and soil contamination. Some are worried that both crops and animal stock could be poisoned by possible adverse chemical spills from "fracking" activities. While at this stage it is hard to quantify, there is also the possibility that there could be a reputational impact on farmers and producers in case of actual contamination or even perceived risk of contamination. Vegetable and horticultural growers for example, rely on high standards of water quality for crop irrigation as well as crop washing and processing and any threat, real or perceived, to water quality could be detrimental to their business.

Given that "the amount of unconventional oil and gas that could be economically or technically recovered in Scotland is not known", it remains difficult for Scottish Land & Estates to come to any definitive conclusions for this question. Based on the estimations within the consultation it is reasonable to surmise that the development of an unconventional oil and gas industry in Scotland would have a positive effect on the country's oil and gas and petrochemical sector, especially given the current state of the offshore industry. The potential to positively transform the economic outlook of more deprived areas of central Scotland (where current "fracking" licences exist) would be welcome, bringing employment and training opportunities. For rural communities, the development of a "fracking" industry has the potential to further diversify the local economy and bring greater economic resilience to relatively fragile areas, concerned about depopulation and opportunities for young people.

There remains significant dependency on gas for heating throughout Scotland's industrial and domestic sectors and there is a case for this to be sustained before the transition to a fully decarbonised energy sector can be realised. We would also make the point that to date, Scotland has a legacy of large energy users completely divorced from the areas where energy is generated and the development of a "fracking" industry could represent an opportunity to reverse that trend.

Q4. What are your views on the potential role of unconventional oil and gas in Scotland's energy mix?

In terms of energy security, a diverse energy mix is prudent. Although prolonging gas supply is not necessarily well-matched with the Scottish Government's draft Energy Strategy target for 50% of Scotland's energy needs to come from renewable sources by

2030, the same Strategy does recognise that advances in technology mean that new and innovative ways of using hydrocarbons are emerging (for example, in conjunction with Carbon Capture Storage (CCS)). We agree that a Scottish “fracking” industry could increase security of gas supply, particularly for high energy use industries and that it would become an important raw material supplier to Scotland’s petrochemical sector. However, given the projected small scale of any industry in Scotland, we agree that “fracking” development would be unlikely to significantly lower energy prices for consumers.

Q5. What are your views on the potential environmental impacts of an unconventional oil and gas industry in Scotland?

While the current licenced “fracking” sites in Scotland would not affect “environmentally sensitive” areas, concerns, whether perceived or real, around agriculture and food production remain. Scottish Land & Estates acknowledges The Royal Society and Royal Academy have concluded that environmental risks can be managed through a strong regulatory regime and the role of robust planning and environmental permitting, however, it is hard to predict how such measures would detract from any reputational impact on farmers and producers from a perceived risk of contamination.

Q6. What are your views on the potential climate change impacts of unconventional oil and gas industry in Scotland?

Given the relatively limited size of reserves that are estimated to be economically viable to exploit, Scottish Land & Estates agrees with the reports’ assessment that there will be a broadly neutral impact on greenhouse gas emissions if the industry is tightly regulated. Any impact could be further negated through appropriate development of CCS technology. Additionally, in the wider context of larger reserves in England, the European continent and around the world, Scotland’s reserves are relatively small and their impact should be somewhat less significant. However, consideration must be given to how the development of an unconventional oil and gas industry could affect Scotland’s ability to meet its own ambitious targets and its reputation as a climate change leader.

Q7. What are your views on the regulatory framework that would apply to an unconventional oil and gas industry in Scotland?

Scottish Land & Estates acknowledges the high level of regulation already required for this type of development and we agree with the suggestions for additional regulation as prescribed in the consultation. We feel it is particularly important to address the fact that there is no power to require specific arrangements for well decommissioning and aftercare if a company fails financial tests after consent to drill a well has been given. Related to that, Scottish Land & Estates stresses that landowners should not be put into a position where they could be held liable for any potential environmental issues deriving from fracking operations on their land – including post-decommissioning. The nascent status of fracking and the incomplete information available at present means that the accuracy of environmental concerns remains undetermined, and while they may be addressed through planning and the permission process, there should also be effective and continuing dialogue with affected landowners over the long-term.

Q8. Overall, and in light of the available evidence, what do you think would be the main benefits, if any, of an unconventional oil and gas industry in Scotland?

From the perspective of landowners in Scotland, benefits could include; the potential for land to be leased or ancillary rights to be granted to the developer; and increased business resilience through diversification. The Government would stand to gain tax revenue, the developer could make considerable profit from its development, and for wider communities there is the opportunity for job creation and potential revenues including at the initial exploration/appraisal stage and the production stage. The improvement of land post-decommissioning could also benefit the landowner, community and environment, and the potential for improved infrastructure could benefit both the landowner and community.

Q9. Overall, and in light of the available evidence, what do you think would be the main risks or challenges, if any, of an unconventional oil and gas industry in Scotland?

From the perspective of landowners in Scotland, risks include; potential disruption to land with drilling, road traffic disruption around site and noise of drills; and water and soil pollution risk. As we have already stated, while some of these risks can be minimised through regulatory framework, the perceived risk/s must still be considered. For communities there is potential damage to the local environment and the government's strategy for reducing reliance on fossil fuels could be set back.

Q10. If you have any other comments on the issues discussed in this consultation, please provide them here.

In the event of an unconventional oil and gas industry being developed, Scottish Land & Estates would strongly oppose any proposal to remove the need for individual landowner notification of "fracking" plans above and below ground as has happened in England. In addition to tight regulation, Scottish Land & Estates considers it appropriate for robust multi-agency response measures to be put in place to mitigate the effects of any environmental damage and to prevent further harm should it arise from the establishment of a Scottish "fracking" industry.