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Petroleum Exploration and Licensing (Repeal) Bill: Key Considerations

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This Bill Paper aims to support Northern Ireland Assembly scrutiny of the Petroleum Exploration and Licensing (Repeal) Bill – as introduced into the Assembly by the Minister for the Economy on 13 April 2026. The Paper outlines essential context-setting information, along with key policy and “public purse” considerations, if the Bill is enacted as introduced.

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Key Points

The Petroleum Exploration and Licensing (Repeal) Bill, introduced to the Assembly on 13 April 2026, seeks to bring an end to onshore petroleum exploration and licensing in Northern Ireland. It represents a clear policy shift from a permissive licensing regime to a statutory prohibition. This aligns with similar policy approaches in the United Kingdom, the devolved administrations and the Republic of Ireland.

The Bill seeks to achieve this by repealing the provisions of the Petroleum (Production) Act (Northern Ireland) 1964 that empowers the Department for the Economy (DfE) to issue petroleum licences.

The Bill applies only to onshore Northern Ireland and internal waters. It would not affect petroleum licensing in United Kingdom territorial waters adjacent to Northern Ireland, which remain the responsibility of the North Sea Transition Authority.

Two licence applications submitted in 2016 remain undetermined and under the Bill, if enacted as introduced, would be considered withdrawn. The Bill at Clause 2 states that the DfE *may* refund those applicant's application fee.

Evidence cited in the 2021 Hatch Report - compiled by the consultancy firm Hatch Regeneris on behalf of the DfE suggests onshore oil and gas development in Northern Ireland would have relatively modest economic impacts, even under a high development scenario.

The Bill's policy intent aligns with Northern Ireland's current climate change commitments and Energy Strategy.

From a financial perspective, the Bill's Explanatory and Financial Memorandum (EFM) states it would not place an additional burden on the "public purse". Limited potential costs arising from the refunding of application fees and potential legal challenge have been identified in this Paper.

Executive Summary

The Petroleum Exploration and Licensing (Repeal) Bill (the Bill) introduced to the Northern Ireland Assembly (Assembly) on 13 April 2026 seeks to legislate for the end of “petroleum licencing and exploration” in Northern Ireland. This represents a clear policy shift from a permissive licensing policy, to a statutory prohibition of licensing.

The new policy aligns with similar policy approaches in the United Kingdom, the devolved administrations and the Republic of Ireland.

To achieve this aim, the Bill would, if enacted as introduced, repeal those sections of the Petroleum (Production) Act (Northern Ireland) 1964, which empower the Department for the Economy to grant licences.

In effect the Bill, if enacted as introduced, would:

- Rights to petroleum in onshore Northern Ireland remain vested in the DfE.
- The DfE would no longer be able to issue licence “to explore for, bore for and get” petroleum with respect to those petroleum rights.
- Existing applications for licences would be withdrawn, in which case the DfE “may” refund application fees.

The Bill’s effect would be limited to onshore Northern Ireland and its internal waters. It would not affect United Kingdom territorial waters adjacent to Northern Ireland, where licensing remains the responsibility of the North Sea Transition Authority (NSTA) and where current United Kingdom Government policy is not to issue new exploration licences.

Two undetermined licence applications submitted in 2016 would be treated as withdrawn if the Bill is enacted. The Bill provides that the DfE may refund the £1,000 application fee and may apply interest, the calculation interest is to be determined by the Department.

Evidence from the 2021 Hatch Report - compiled by the consultancy firm Hatch Regeneris on behalf of the DfE - suggests that onshore oil and gas exploration

in Northern Ireland would have relatively modest economic impacts, even under a high development scenario, with similar conclusions reached in studies relating to Scotland and Wales.

The Bill's stated intent aligns with Northern Ireland's Climate Change Act commitments and Energy Strategy. The Hatch Report identified moderate adverse environmental impacts under all development scenarios and significant adverse impacts under a high development scenario, while the no-development scenario was assessed as having no additional environmental impacts.

From a financial perspective, the Bill's accompanying Explanatory and Financial Memorandum (EFM) states the Bill would not place an additional burden on the public purse. This paper has identified potential costs that could would may arise from refunds of application fees and possible legal challenge, while a prohibition on licensing could avoid future public costs associated with licensing, regulation and policing, if enacted as introduced.

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Introduction

The Petroleum Exploration and Licensing (Repeal) Bill (the Bill) was introduced into the Northern Ireland Assembly (the Assembly) by the Minister for the Economy on 13 April 2026. The Bill, if enacted as introduced, would legislate for the end of “petroleum licencing and exploration” in Northern Ireland. It would also provide the DfE with discretionary power to refund existing applicants their application fee.

This Bill Paper - prepared by the Finance and Economics Team in the Research and Information Service (RaISe) - aims to support Assembly Members’ scrutiny of the Bill, including that undertaken by Members in the Committee for the Economy. It outlines potential policy and “public purse¹” considerations.

The Paper draws on the Bill’s accompanying Explanatory and Financial Memorandum (EFM) and other available information sources at time of writing. This paper was prepared prior to the Bill’s Second Stage Debate under Assembly Standing Orders and therefore cannot consider those Assembly proceedings.²

The Paper is structured as follows, with potential scrutiny points stated throughout:

1. [Background](#)
2. [Introduced Bill – policy changes](#)
3. [Comparative perspective of onshore petroleum licensing in the United Kingdom and Republic of Ireland](#)
4. [Discussion of Bill Clauses and potential implications](#)
5. [Potential key "public purse" considerations](#)
6. [Key takeaways.](#)

Please note that this Bill Paper is not offered as legal advice or opinion; nor specialist accountancy advice or opinion; nor a substitute for either.

¹ See Appendix 1 for a definition of the “public purse”

² [Standing Orders as amended 01 July 2025](#)

1 Background

This section provides an overview of the context in which this Bill was introduced. First, it sets out the evolution of onshore licensing policy in Northern Ireland; and second, a short overview of the current global energy crisis and its impact on consumers in Northern Ireland.

1.1 Evolution of onshore petroleum licensing policy in Northern Ireland

The Petroleum (Production) Act (Northern Ireland) 1964 provided the Department for the Economy (DfE), with responsibility for onshore petroleum³ licensing in Northern Ireland. The North Sea Transition Authority (NTSA, formerly United Kingdom Oil and Gas) is responsible for the licensing of offshore petroleum licensing across the United Kingdom.⁴

In 2011, four Petroleum Licenses were granted in Northern Ireland by the then Department of Enterprise, Trade and Investment (DETI), for further details see RalSe Research Paper: [Onshore hydrocarbon exploration on the Island of Ireland](#) – March 2012). The granting of those licenses, and subsequent developments related to the use of those licenses, led to community and political opposition. This opposition was particularly focussed on the license granted to Tamboran Resources Pty Limited.⁵ In December 2011, the Assembly debated and carried the following motion on hydraulic fracturing:

That this Assembly believes that a moratorium should be placed on onshore and offshore exploration, development and production of shale gas by withdrawing licences for hydraulic fracturing (fracking), at least until the publication of a detailed environmental impact assessment into the practice; notes that hydraulic fracturing can put local water sources at

³ Onshore petroleum is referred to in other jurisdictions as onshore oil and gas. It is also sometimes used interchangeably with onshore hydrocarbons. A distinction is often drawn between “conventional” and “unconventional”. Conventional oil and gas refers to oil and gas that can be extracted using traditional drilling methods. Unconventional oil and gas requires different technology, most notably hydraulic fracturing or “fracking”. [Conventional vs. Unconventional Oil: What It Means & How They Compare](#)

⁴ [Onshore Petroleum Licensing Policy for Northern Ireland](#)

⁵ See for example BBC News NI, Hundreds attend County Fermanagh anti-fracking protest <https://www.bbc.co.uk/news/uk-northern-ireland-28412299>

*risk of contamination; further notes that, amongst a variety of adverse environmental impacts, the process of fracking can cause serious well blowouts, which put both workers and local communities at risk; considers that the production of hard-to-reach fossil fuels is not compatible with efforts to achieve carbon reduction targets; and urges the Minister of Enterprise, Trade and Investment to give greater support to the generation of energy from renewable sources instead.*⁶

In August 2014, the then Minister for the Environment rejected a planning application by Tamboran Resources to drill an exploratory borehole in County Fermanagh. In October 2014, the company's license was terminated. The license granted in 2011, included a "drill or drop" clause. This Clause required the holder to inform the DETI on its decision to drill or to drop its plans within three years of the granting of the license. The DETI's decision to terminate the license, followed an extension of the three-year period to allow the company to complete exploratory work.⁷

Subsequently, in September 2015, the "Strategic Planning Policy Statement – Planning for Sustainable Development" (SPPS) was published by the former Department of the Environment. That Statement had a statutory basis under Part 1 of the Planning Act (Northern Ireland) 2011; requiring the Department of Infrastructure (formerly the Department of the Environment) to:

*...formulate and co-ordinate policy for securing the orderly and consistent development of land and the planning of that development.*⁸

The SPPS outlines the "...core planning principles to underpin delivery of the two-tier planning system with the aim of furthering sustainable development". The SPPS states that:

⁶ Northern Ireland Assembly, Minutes of Proceedings (06 December 2011) www.niassembly.gov.uk/assembly-business/minutes-of-proceedings/archive-minutes/session-2011-2012/tuesday-6-december-2011/

⁷ BBC News NI, Tamboran legal challenge to licence termination (01 October 2014) <https://www.bbc.co.uk/news/uk-northern-ireland-29438441>

⁸ Department for Infrastructure, Planning Policy, the Strategic Planning Policy Statement (accessed 23 June 2020) <https://www.infrastructure-ni.gov.uk/articles/planning-policy>

...in relation to unconventional hydrocarbon extraction there should be a presumption against their exploitation until there is sufficient and robust evidence on all environmental impacts.⁹

This means there is a “*presumption against*” granting planning permission to developments that seek to exploit unconventional hydrocarbons in NI. The SPPS does not explicitly mention either hydraulic fracturing or fracking. As such, the SPPS “*presumption against*” the extraction of unconventional hydrocarbons in general, rather than the practice of hydraulic fracturing, in particular.

In 2019, the DfE consulted on the potential granting of two further petroleum licenses received in 2016:

- PLA1/16 concerned a petroleum licence application by the company EHA Exploration Limited in respect of the Lough Neagh region.¹⁰
- PLA2/16 concerned a petroleum licence application by the company Tamboran Resources (United Kingdom) Limited in respect of the Lough Allen Basin.¹¹

In evidence to the Committee for the Economy on 25 March 2026, the DfE noted that the above licences applications remain, but have not been progressed. Officials also noted that those licences would be considered withdrawn, should the Bill be enacted as introduced.¹² This is explored in greater detail in Subsection 4.3, below.

Also in 2019, the DfE commenced a review of onshore licensing policy in Northern Ireland. This was supported by independent research commissioned by the DfE in 2020 and carried out by [Hatch Regeneris](#) in 2021 (the Hatch Report). Subsequently:

⁹ Department of the Environment, Strategic Planning Policy Statement for Northern Ireland – Planning for Sustainable Development (September 2015) <https://www.infrastructure-ni.gov.uk/sites/default/files/publications/infrastructure/SPPS.pdf>

¹⁰ [PLA1/16 Petroleum Licence Application – Consultation \(2019\)](#)

¹¹ [Petroleum Licence Application PLA2/16 | Department for the Economy](#)

¹² [Petroleum Licence applications PLA1/16 and PLA2/16 - consultation responses | Department for the Economy](#)

- In October 2020 the Assembly supported a motion calling for a moratorium on petroleum licensing in Northern Ireland.
- The Climate Change Act 2022 was enacted, introducing a statutory net zero target in Northern Ireland.

Based on the above, the DfE consulted on its preferred petroleum licensing policy during the first half of 2024. That preferred policy was:

*...a moratorium and eventual ban on all forms of onshore petroleum exploration and production.*¹³

In December 2024, the Executive debated and carried a motion to ban petroleum “licensing, drilling and extraction”.¹⁴ Later, in February 2026, the Executive, agreed to the introduction of legislation to “permanently end petroleum licensing and exploration” in Northern Ireland.¹⁵ The Bill introduced to the Assembly on 24 March 2026, seeks to legislate for the end of “petroleum licencing and exploration” in Northern Ireland.¹⁶

1.2 Global context

The Bill has been introduced in a challenging global energy environment. Since March 2026, the war in the Middle East involving the United States (US), Israel and Iran, the related attacks on energy infrastructure in the Middle and restricted tanker movements in the Strait of Hormuz have led to what the International Energy Agency has called the “largest disruption in history” during which “global oil supply [has] plummeted”.¹⁷ As a consequence, the price of oil has risen to almost \$150 per barrel (bbl) in April 2026.

Natural gas has also been affected, with Qatar’s Liquefied Natural Gas (LNG) infrastructure impacted by attacks, leading to a global shortage of natural gas.¹⁸

¹³ [Onshore Petroleum Licensing Policy - Public Consultation Report](#)

¹⁴ [Motion: Ban Petroleum Licensing and Fracking](#)

¹⁵ [Executive approval to end Petroleum Exploration and Licensing is welcome: Archibald | Department for the Economy](#)

¹⁶ [Petroleum Exploration and Licensing \(Repeal\) Bill](#)

¹⁷ [Oil Market Report - April 2026 – Analysis - IEA](#)

¹⁸ [Global shortage of natural gas benefits U.S. companies in Iran war : NPR](#)

At the time of writing, oil prices have begun showing a downward trajectory following the announcement of a two-week ceasefire and potential peace talks.¹⁹ Although the United States currently continues to impose a naval blockade on the Strait of Hormuz.²⁰

Global oil and natural gas price volatility impacts consumers in Northern Ireland; and often initially trigger home heating oil²¹ and road fuel price increases.²² Domestic gas and electricity prices can also be impacted by such global volatility; although the “knock-on” effect to end consumers can be slower for those prices, due to energy companies invoking “hedging strategies” (whereby companies purchase fuel stock ahead of time to protect against volatility in the market²³). The incumbent electricity and gas suppliers are also subject to Utility Regulator Price control processes. In contrast, the home heating oil market in Northern Ireland is not regulated in the same way.²⁴ It is also important to note that 62.5% of Northern Ireland households use home heating oil²⁵, compared to 3.65% in Great Britain.²⁶

2 Introduced Bill – policy changes

The Bill, if enacted as introduced, would place a statutory ban on “issuing licences for all forms of onshore petroleum exploration and production in Northern Ireland”, by amending the current [Petroleum \(Production\) Act \(Northern Ireland\) 1964 \(the 1964 Act\)](#). That Act originally empowered the DfE to grant licences “to explore for, bore for and get”²⁷ petroleum.

The Bill comprises six clauses, as summarised in Table 1 below. In short if enacted as introduced, the Bill would ensure:

¹⁹ [Oil prices continue to fall on hopes of new US-Iran peace talks - BBC News](#)

²⁰ [Global shortage of natural gas benefits U.S. companies in Iran war : NPR](#)

²¹ [Home Heating Oil Price Checker | Consumer Council](#)

²² [Fuel Price Checker | Consumer Council](#)

²³ See, for example [Market scenarios: the role of hedging | Drax](#)

²⁴ [Iran: Warning NI gas prices will rise if conflict 'lasts another month' - BBC News](#)

²⁵ [Home Energy Index | Consumer Council](#)

²⁶ [Starmer announces £53m support to help with heating oil costs - BBC News](#)

²⁷ [Petroleum \(Production\) Act \(Northern Ireland\) 1964 \(the 1964 Act\)](#)

- Rights to petroleum in onshore Northern Ireland remain vested in the DfE.
- The DfE would no longer be able to issue licence “to explore for, bore for and get” petroleum with respect to those petroleum rights.
- Existing applications for licences would be withdrawn, in which case the DfE could exercise its discretionary power and refund application fees.

Table 1: Effect of individual Bill Clauses - if enacted as introduced

Clause	Effect - if enacted as introduced
1(1)	Amends the 1964 Act. This Table outlines the extent of those amendments are set out for the sub-clauses.
1(2)	Omits sub-section 1(3) of the current 1964 Act which empowers the DfE with “the exclusive right of searching and boring for and getting” the petroleum vested in it pursuant to both that Act and the Minerals (Miscellaneous Provision) Act (Northern Ireland) 1959.
1(3)	<p>Repeals sections 2 to 13 of the 1964 Act as follows:</p> <ul style="list-style-type: none"> • Section 2: Allows the DfE to grant licenses to “search and bore for and get petroleum”. • Section 3: Enables the DfE or a person granted a petroleum licence by the DfE to “acquire or use land or ancillary rights” under the provisions of the Mineral Development Act (Northern Ireland) 1969. • Section 4: States that compensation be paid in respect of petroleum vested in the DfE under the 1964 Act; taking the form of royalties payable on various forms of petroleum, as set out in sub-section 4(2) of the 1964 Act. • Section 5: Makes provision as to the form and amount of compensation to paid on a particular petroleum well under Section 4 of the 1964 Act. • Section 6: Makes provision relating to the who is entitled to compensation under Section 4 of the 1964 Act – that is, persons who were previously entitled to any petroleum rights prior to them vesting to the DfE under the 1964 Act. • Section 7: Makes provision on how persons may make claims for compensation.

Clause	Effect - if enacted as introduced
1(3) continued	<ul style="list-style-type: none"> • Section 8: Makes provision of the awarding of compensation by the Lands Tribunal for Northern Ireland (the Tribunal). • Section 9: Makes provision concerning the entitlement of the DfE and claimants to appear before the Tribunal. • Section 10: Was repealed by the Minerals Development Act (Northern Ireland) 1969. • Section 11: Provides for a share of royalties received by the Department in respect of petroleum exploration, or where the Department makes a profit from petroleum exploration to be paid to person entitled to said share under the Irish Land Act of 1903. Additional sections 11a, 11B and 11C make provision regarding payments and claims for compensation under Section 11. • Section 12: Requires the Department to provide an account for money received and spent under the 1964 Act. • Section 13: Provides the Department with the power to make regulations regarding licence applications, including fees payable, the areas covered and model clauses.
1(4)	Amends section 15 of the 1964 Act to remove the definitions of: “Act of 1918”; “Act of 1969”; “the appointed area”; “casinghead petroleum spirit”; and “the compensation area”; “crude oil”; “prescribed”; and, “the Tribunal”.
1(5)	Amends the 1964 Act to omit Section 17 , which concerns the application of the Act.
1(6)	Omits the Schedule to the 1964 Act, which concerns the granting of permission to use land or ancillary rights.

Clause	Effect - if enacted as introduced
2	<p>Clause 2 of the Bill, if enacted as introduced, would specify a transitional provision to the effect that where application for a petroleum licence that had been submitted prior to the Bill coming into operation, but not yet determined that:</p> <ul style="list-style-type: none"> • That application would be treated as withdrawn. • The DfE could refund the applicant fee paid for the application, either wholly or partially. • A refund could include interest payments. Those would be calculated “such manner as the Department may determine”. <p>As noted in Section 1 of this Paper, two current applications for petroleum licences in Northern Ireland would be considered withdrawn under this Clause, if enacted as introduced.</p>
3	<p>Clause 3 of the Bill concerns consequential provisions and would make “repeals to legislation referring to the licensing regime being repealed by the Bill” and revoke “regulation that relate to the licensing regime”, if enacted as introduced. Specifically, it would make repeals to:</p> <ul style="list-style-type: none"> • The Offshore, and Pipelines, Safety (Northern Ireland) Order 1992 • The Storage of Carbon Dioxide (Licensing etc.) Regulations (Northern Ireland) 2015. <p>It would revoke:</p> <ul style="list-style-type: none"> • The Petroleum Production (Royalties) Regulations (Northern Ireland) 1965 • The Petroleum Production Regulations (Northern Ireland) 1987 • The Petroleum Production (Amendment) Regulation (Northern Ireland) 2010 • The Hydrocarbons Licensing Directive Regulations (Northern Ireland) 2010.

Clause	Effect - if enacted as introduced
3 (continued)	Clause 3 also states that for the “avoidance of doubt”, section 1(4) of the 1964 Act, as amended by the Hydrocarbons Licensing Directive Regulations (Northern Ireland) 2010, would continue to have effect, despite the regulations themselves being amended. Section 1(4) of the 1964 Act states that “strata in Northern Ireland” includes “strata beneath the internal waters adjacent to Northern Ireland, but not strata beneath the territorial sea of the United Kingdom adjacent to Northern Ireland”.
4	Clause 4 allows the DfE to make regulations, including “consequential, incidental, supplementary, transitional, transitory or saving provision” regulations for the purposes of giving full effect to the Bill.
5	Clause 5 sets out when the Bill would come into operation if enacted as introduced – that is, “on the day after the day of Royal Assent”.
6	Clause 6 sets out what would be the short title of the Bill, if enacted as introduced – that is, “The Petroleum Exploration and Licencing (Repeal) Act (Northern Ireland) 2026.

Source: Compiled by RaISe (2026), relying on links to source material in Table

3 Comparative perspective of onshore petroleum licensing in the United Kingdom and Republic of Ireland

Section 1 set out the evolution of petroleum licensing policy in Northern Ireland, explaining such policy has evolved from: the granting of petroleum licences; to a presumption against the granting of planning permission for projects seeking to extract unconventional hydrocarbons; to the current moratorium on petroleum licensing, with a view to legislating for a permanent ban on petroleum licensing.

The exploration of onshore petroleum is prevented across the United Kingdom and the Republic of Ireland, with the different regions having adopted different legislative restrictions, as explained in the following sub-sections.

3.1 Great Britain

There have been a range of approaches to onshore petroleum licensing across Great Britain, with steps taken by both central and devolved governments to limit exploration in general and the use of hydraulic fracturing in particular.

The following sub-sections look at the development of the United Kingdom Government's approach for onshore petroleum licensing in England and Wales, as well the approach it has taken in an England only context. The sub-sections then outline the approaches taken by the devolved governments in Scotland and Wales.

3.1.1 England and Wales

There currently are moratoria on hydraulic fracturing in both England and Wales. Before they existed, the United Kingdom Government imposed a number of legislative restrictions to limit its practice in the two jurisdictions.

First, Section 50 of the Infrastructure Act 2015 amended the Petroleum Act 1998, inserting a new section into the 1998 Act (Section 4A). The new section specified 13 legislative requirements – that is, conditions - to be met before hydraulic fracturing consent can be granted. The conditions included the carrying out of environmental impact assessments and monitoring of methane

emissions. The conditions also prohibited hydraulic fracturing within “protected ground water areas” and “other protected areas”.²⁸ A full list of the 13 conditions is available [here](#).

Following the enactment of this legislation, the power to grant petroleum licenses in Wales was transferred to the Welsh Government under the Wales Act 2017, with powers effective from 1 October 2018.²⁹ The steps taken by the Welsh Government with respect to petroleum licensing, following the transfer of those powers is explored in sub-section 3.1.4 below.

3.1.2 England

In November 2019 the then Conservative Government of the United Kingdom announced that:

*Fracking will not be allowed to proceed in England...following the publication of new scientific analysis.*³⁰

The scientific analysis referred to in the above quote is a report published by the then Oil and Gas Authority (subsequently renamed the North Sea Transition Authority (NSTA)), which examined seismic activity at a hydraulic fracturing site in Lancashire. According to the Government, that study found that:

*...it is not possible to accurately predict the probability or magnitude of earthquakes linked to fracking operations.*³¹

The Government also stated that due to this finding and the previous seismic activity in the area, it could not:

*...rule out future unacceptable impacts on the local community.*³²

²⁸ Both of which were subsequently defined the Onshore Hydraulic Fracturing (Protected Areas) Regulations 2016 <https://www.legislation.gov.uk/ukxi/2016/384/regulation/2/made>

²⁹ The Welsh Government, Licensing powers on ‘fracking’ transferred to Wales (1 October 2018) <https://gov.wales/licensing-powers-fracking-transferred-wales>

³⁰ Department for Business, Energy and Industrial Strategy and the Oil and Gas Authority, Government ends support for fracking (2 November 2019) <https://www.gov.uk/government/news/government-ends-support-for-fracking>

³¹ *Ibid*

³² *Ibid*

As a result, it placed a moratorium on hydraulic fracturing in England until “*compelling new evidence is provided*”.³³

Following a change of government in July 2024, the Labour Government has maintained this moratorium. More recently, on 1 October 2025 the United Kingdom Government committed bringing legislation that would ban future onshore petroleum licensing in England.³⁴ This proposal featured as part of the NSTA’s (formally the Oil and Gas Authority) consultation “North Sea Future Plan for fair managed and prosperous transition”.³⁵ At the time of writing, legislation to ban petroleum licensing in England had not been introduced in the Houses of Parliament.

3.1.3 Scotland

The licensing of onshore oil and gas extraction was devolved to Scotland by the Scotland Act 2016, effective from 9 February 2018.

Prior to the devolution of licensing powers, in January 2015, the Scottish Government put in place a policy moratorium on unconventional oil and gas, which placed a temporary prohibition on hydraulic fracturing in Scotland. This ban was implemented *via* the Scottish Planning system, particularly through provisions contained in the Town and Country Planning (Scotland) Act 1997 as amended.³⁶ The purpose of the policy moratorium was to allow the Scottish Government to undertake “*a far-reaching investigation into*” unconventional oil and gas.³⁷

In October to December 2018, the Scottish Government conducted a Strategic Environmental Assessment and Business Regulatory Impact Assessment of unconventional oil and gas development in Scotland, leading to two public consultation: first in 2018; and, a second time in 2019. This process led to the publication of the “Scottish Government’s finalised position on onshore

³³ *Ibid*

³⁴ [Labour plans new law to ban fracking permanently - BBC News](#)

³⁵ [North Sea Future Plan for fair, managed and prosperous transition - GOV.UK](#)

³⁶ Town and Country Planning (Scotland) Act 1997
<http://www.legislation.gov.uk/ukpga/1997/8/contents>

³⁷ The Scottish Government, Policy, Oil and gas (accessed 15 April 2026)
<https://www.gov.scot/policies/oil-and-gas/unconventional-oil-and-gas/>

unconventional oil and gas development” on 3 October 2019. That policy stated that the Government would not support the development of unconventional oil and gas in Scotland.

A similar process was undertaken with respect to conventional onshore oil and gas exploration in Scotland. A call for evidence took place during the summer of 2022. The results of this, alongside “wider Scottish Government energy and climate change policies”, led to a policy position of “no support for onshore conventional oil and gas development in Scotland” confirmed in January 2023.³⁸

The Scottish Government’s policy positions on conventional and unconventional oil and gas exploration were set out in the Scottish National Planning Framework 4. “Policy 33” of that framework specifies:

*Development proposals that seek to explore, develop, and produce fossil fuels (excluding unconventional oil and gas) will not be supported other than in exceptional circumstances. Any such exceptions will be required to demonstrate that the proposal is consistent with national policy on energy and targets for reducing greenhouse gas emissions.*³⁹

In a June 2025, Statement setting out its policy position on onshore conventional oil and gas, the Scottish Government clarified that the above reference to fossil fuels included conventional oil and gas.⁴⁰

With regard to unconventional oil and gas, Policy 33 states:

*The Scottish Government does not support the development of unconventional oil and gas in Scotland. This means development connected to the onshore exploration, appraisal or production of coal bed methane or shale oil or shale gas, using unconventional oil and gas extraction techniques, including hydraulic fracturing and dewatering for coal bed methane.*⁴¹

³⁸ [Onshore conventional oil and gas: policy position - gov.scot](https://www.gov.scot/publications/policy-positions/2019-10-03-onshore-conventional-oil-and-gas-policy-position/pages/1-10)

³⁹ [National Planning Framework 4](https://www.gov.scot/publications/national-planning-framework-4/pages/1-10)

⁴⁰ [Onshore conventional oil and gas: policy position - gov.scot](https://www.gov.scot/publications/policy-positions/2025-06-03-onshore-conventional-oil-and-gas-policy-position/pages/1-10)

⁴¹ [National Planning Framework 4](https://www.gov.scot/publications/national-planning-framework-4/pages/1-10)

As such, Scotland has prohibited the onshore exploration of both conventional and unconventional oil and gas through its planning system.

3.1.4 Wales

Prior to the devolution of petroleum licensing powers, the Welsh Government used the planning system to halt hydraulic fracturing. In May 2016, the Welsh Government issued the “Town and Country Planning (Notification) (Underground Coal Gasification) (Wales) Direction”. Under this Direction, any applications received by local planning authorities relating to hydraulic fracturing use were:

...referred to Welsh Ministers where local planning authorities...[are]...minded to approve them.⁴²

In such cases, Ministers were responsible for determining whether the application is to receive planning permission. The Direction introduced an effective policy moratorium on fracking activity; although it did not apply to exploratory drilling. As such, a number applications received planning permission following the Direction’s introduction.⁴³

Following the devolution of powers to grant petroleum licenses, the Welsh Government issued a consultation on its draft petroleum policy, which included proposal that it would not:

...undertake any new petroleum licencing in Wales, or support applications for hydraulic fracturing petroleum licensing consents.⁴⁴

According to the Welsh Government:

⁴² Senedd Research, In Brief, Drilling down the Welsh Government proposes policy to ban petroleum extraction (06 September 2018) <https://seneddresearch.blog/2018/09/06/drilling-down-the-welsh-government-proposes-policy-to-ban-petroleum-extraction/>

⁴³ Senedd Research, In Brief, Drilling down the Welsh Government proposes policy to ban petroleum extraction (06 September 2018) <https://seneddresearch.blog/2018/09/06/drilling-down-the-welsh-government-proposes-policy-to-ban-petroleum-extraction/>

⁴⁴ Welsh Government, Written Statement: Petroleum Extraction Policy statement (10 December 2018) <https://gov.wales/written-statement-petroleum-extraction-policy-statement>

*...response to the consultation...demonstrated overwhelming support for the proposed policy.*⁴⁵

In addition, research commissioned by the Welsh Government identified environmental risks, which in the Government's view were not outweighed by the potential economic impacts. This view was supported by a study carried out by the University of Cardiff in 2017, which concluded that the economic impacts were:

*...unlikely to be of the scale and nature to create any long term transformative economic effects for the region.*⁴⁶

Noting the view of the petroleum industry, that petroleum extraction could be “*managed and regulated safely*”, the Welsh Government concluded in a December 2018 Written Policy Statement:

*Having considered the evidence, the risks, and the responses we have received to the consultation, I confirm today hydraulic fracturing “fracking” or petroleum will not be supported in Wales.*⁴⁷

3.2 Republic of Ireland

The Republic of Ireland Government has utilised legislation to prohibit onshore hydraulic fracturing and the new oil and gas exploration and extraction.

Section 1 of the Petroleum and Other Minerals Development (Prohibition of Onshore Fracturing) Act 2017 amended the Petroleum and other Minerals Development Act 1960 to the effect that:

*...it shall not be lawful for a person to search for, get, raise, take or carry away petroleum by means of hydraulic fracturing.*⁴⁸

⁴⁵ *Ibid*

⁴⁶ Senedd Research, In Brief, Drilling down the Welsh Government proposes policy to ban petroleum extraction (06 September 2018 <https://seneddresearch.blog/2018/09/06/drilling-down-the-welsh-government-proposes-policy-to-ban-petroleum-extraction/>)

⁴⁷ Welsh Government, Written Statement: Petroleum Extraction Policy statement (10 December 2018) <https://gov.wales/written-statement-petroleum-extraction-policy-statement>

⁴⁸ S1 [Petroleum and Other Minerals Development \(Prohibition of Onshore Hydraulic Fracturing\) Act 2017, Section 1](#)

Section 1 of that Act also set the scope of the prohibition to the “petroleum situated within the State including the internal waters”. It also set out that any person that contravened the prohibition would be “guilty of an offence” and would be liable, upon conviction, to “a class A fine or imprisonment for a term not exceeding six months or both”.⁴⁹

In February 2021, the Republic of Ireland Government announced its intention to “ban licences for new oil and natural gas exploration”.⁵⁰ This was subsequently delivered through Section 21 of the Climate Action and Low Carbon Development (Amendment) Act 2021.⁵¹ That section amended the Petroleum and Other Minerals Development Act 1960, repealing:

- Sections 7 to 10 of the 1960 Act which gave the Minister the power to grant licences to exploration and prospecting licences as well as petroleum leases, with respect to petroleum “anywhere in the state”.
- Section 13 of the 1960 Act which defined petroleum leases.⁵²

Potential Scrutiny Point:

1. Given the variety of approaches adopted across the jurisdictions in Great Britain and the Republic of Ireland to preventing onshore petroleum licencing, why has the DfE chosen the approach proposed in the Bill – that is, utilising a statutory prohibition instead of using the planning system (as is the position in Wales and Scotland) or continuing the policy moratorium (as is the current position in England)?

⁴⁹ [Petroleum and Other Minerals Development \(Prohibition of Onshore Hydraulic Fracturing\) Act 2017, Section 1](#)

⁵⁰ [Government to introduce legislation to ban new oil and natural gas exploration and extraction](#)

⁵¹ [S21 Climate Action and Low Carbon Development \(Amendment\) Act 2021](#)

⁵² [Petroleum and Other Minerals Development Act, 1960](#)

4 Discussion of Bill Clauses and potential implications

Drawing on the content in sections 2 -3, this section focuses on the outcome of the consultation and technical aspects of the Bill, while also drawing on existing research which explores the potential economic, environmental and consumer impacts of onshore petroleum exploration.

4.1 Consultation responses

As noted in Section 1 to this Paper, responses to the policy consultation indicated significant support in Northern Ireland for the preferred policy option – that is, the proposal to place “a moratorium and eventual legislative ban on all forms of onshore petroleum exploration and production” – which led to the Bill.

A total of 95% of consultee responses fully agreed with that proposal (361 or 382 responses). Of remaining responses, 21 indicated that they “disagreed with the preferred option”. However of those 21:

- 12 indicated support for a total ban on petroleum licensing.
- Eight responses provided limited information, answering “No” to all five consultation questions”.
- One response “indicated clear support for the continuation of petroleum licensing” in Northern Ireland. That response argued that “so long as we are still reliant on oil and gas we should be supporting licensing”.

In general, those supporting the DfE’s policy approach cited the potential environmental and social harm, as well as the need to support renewable generation, as their key motivations for support.

4.2 Definition of “petroleum”

To provide context for the sub-sections that follow in this sub-section, it is helpful to define the term “petroleum” under the current 1964 Act, as follows:

... any mineral oil or relative hydrocarbon and natural gas existing in its natural condition in strata, but does not include coal or bituminous shales

*or other stratified deposits from which oil can be extracted by destructive distillation.*⁵³

That definition excludes certain things; notable are “coal, bituminous shales or other stratified deposits”. The Committee for the Economy may wish to seek clarification from the DfE as to the meaning of those exclusions.

Potential Scrutiny Point:

2. What is the DfE’s rationale for excluding “coal, bituminous shales or other stratified deposits” from the specified definition of “petroleum” under the 1964 Act?

4.3 Geographic scope

As outlined in Table 1 at Section 2 of this Paper, Clause 1 of the Bill, if enacted as introduced, would provide for the issuance of licences in respect of petroleum rights vested in the DfE by the 1964 Act and under the Minerals (Miscellaneous Provision) Act (Northern Ireland) 1959. The effect of those Acts was to make the DfE the “lawful owner of any petroleum which might be exist in strata (underneath ground) anywhere in Northern Ireland”. “In strata” is more precisely defined by Section 1 of the 1964 Act to include:

*...strata beneath the internal waters adjacent to Northern Ireland, but does not include strata beneath the territorial sea of the United Kingdom adjacent to Northern Ireland.*⁵⁴

According to the United Nations Convention on the Law of the Sea, “waters on the landward side of the baseline of the territorial sea form part of the **internal waters of the State**” (emphasis added).⁵⁵ Within that context, “the baseline” generally refers to “the low-water line along the coast”.⁵⁶

⁵³ [Petroleum \(Production\) Act \(Northern Ireland\) 1964](#)

⁵⁴ [Petroleum \(Production\) Act \(Northern Ireland\) 1964](#)

⁵⁵ [UNITED NATIONS CONVENTION ON THE LAW OF THE SEA](#)

⁵⁶ [UNITED NATIONS CONVENTION ON THE LAW OF THE SEA](#)

Rights to petroleum found in United Kingdom territorial waters adjacent to Northern Ireland are vested in the Crown as per section 2(2) of the Petroleum Act 1998, with licensing the responsibility of the NSTA.

Given the above, the Bill would impact only the granting of licences relating to petroleum within Northern Ireland and Northern Ireland's internal waters. The granting of licences in respect of petroleum found in United Kingdom territorial waters adjacent to Northern Ireland would remain the responsibility of the NSTA. The United Kingdom Government's position with respect to both on and offshore exploration is to not issue new licence for oil and gas fields.⁵⁷ It also intends to introduce legislation to prohibit the licencing of onshore petroleum exploration, as explored further in sub-section 3.1 of this Paper, above.

The current pressures on global energy prices has led to challenges of the United Kingdom Government's position on exploration. For example, on 24 March 2026, the House of Commons debated a motion, introduced by Shadow Secretary for Energy and Net Zero, calling on the Government to "end the ban on new oil and gas licences". During the debate, the Government argued that:

*The North sea is a super-mature basin that accounts for around 0.7% of global oil and gas production. Production has been naturally falling for more than 20 years, which means that our North sea no longer has the reserves available to support domestic energy demand. Crucially, any new licences now would not make any difference to people's energy bills because, regardless of where it comes from, oil and gas is sold on international markets, where we are price takers, not price makers.*⁵⁸

Ultimately, the House of Commons supported an amended motion, which stated that:

That this House welcomes the Government's approach to the future of the North Sea, which maintains existing oil and gas fields for their lifetime, as well as introducing Transitional Energy Certificates while accelerating the transition to clean energy; notes that new licences to

⁵⁷ [North Sea Future Plan for fair, managed and prosperous transition - GOV.UK](#)

⁵⁸ [Oil and Gas - Hansard - UK Parliament](#)

*explore new fields would take many years to come online and would make no difference to energy bills; recognises that oil and gas prices are set on international markets; and further welcomes the measures announced by the Government to go further and faster on national energy security by reducing reliance on volatile fossil fuel markets and expanding secure, home grown clean energy.*⁵⁹

As such, the United Kingdom Government is, at the time of writing, to retain its current position on the granting of licences in United Kingdom territorial waters, including those adjacent to Northern Ireland, despite the current volatility in global fuel prices.

4.4 Existing applications

As outlined in Table 1, Clause 2 of the Bill, if enacted as introduced, would ensure that any undetermined onshore petroleum licence applications received by the DfE prior to the Bill's enactment would be considered withdrawn if the Bill was enacted as introduced. If enacted, Clause 2 of the Bill would also provide the DfE with a discretionary power to refund the application fee to such applicants. It would enable that refund to include interest payments, calculated in "such manner as the Department may determine". In evidence to the Committee on 26 March 2026, DfE Officials confirmed:

*That will be considered when the legislation is in place.*⁶⁰

As noted in Section 1 of the Paper, two such licences are currently with the DfE. In evidence to the Committee on 25 March 2026, the DfE confirmed that both of those applications would be considered withdrawn should the Bill be enacted, as introduced.⁶¹

It is worth noting that those two licence applications were made by two separate companies, in respect to two specific geographic areas of Northern Ireland. PLA1/16 concerned a licence application by the company EHA Exploration

⁵⁹ [Oil and Gas - Hansard - UK Parliament](#)

⁶⁰ Committee for the Economy [Minutes Of Evidence Report](#) 25 March 2026

⁶¹ Committee for the Economy [Minutes Of Evidence Report](#) 25 March 2026

Limited in respect of the Lough Neagh region.⁶² According to Companies House, EHA Exploration Limited was dissolved on 2 April 2024.⁶³

PLA2/16 concerned a petroleum licence application by the company [Tamboran Resources United Kingdom Limited](#) (Tamboran) in respect of the Lough Allen Basin. Companies House listing's show that Tamboran remains an active company.⁶⁴

Given the status of the two applicant companies and proposals set out in Clause 2 of the Bill, the Committee for the Economy may wish to seek further clarification from the DfE on whether a refund would be provided to those companies, whether that refund would include interest payments, and how those interest payments would be calculated – if the Bill would be enacted as introduced.

Potential Scrutiny Points:

3. Under what circumstance would the DfE refund an application fee to licence applicants, if the Bill would be enacted as introduced?
4. If such a refund would be made, when would the DfE determine the interest payments calculation?
5. Would such a determination require a legislative instrument?

4.5 Potential economic impact of a ban on onshore petroleum licensing

According to the Bill's Explanatory and Financial Memorandum (EFM), the DfE's previous position on onshore exploration – that is, applicants could apply for a petroleum licence “at any time for any part of onshore Northern Ireland” – was driven by “economic considerations”, including:

⁶² [PLA1/16 Petroleum Licence Application – Consultation \(2019\)](#)

⁶³ [EHA EXPLORATION LIMITED overview - Find and update company information - GOV.UK](#)

⁶⁴ [TAMBORAN RESOURCES \(UK\) LIMITED overview - Find and update company information - GOV.UK](#)

*...wanting a secure and local source of energy and attracting inward investment by developers/licensees.*⁶⁵

The following sub-sections look at estimates of potential onshore oil and gas resources in Northern Ireland, as well as assessments of the economic impact of exploration based on those estimates.

4.5.1 Potential resources

The EFM that accompanied the Bill noted there has been oil and gas exploration in Northern Ireland since the enactment of the 1964 Act, but that “there was insufficient oil or gas found to be suitable for commercial development”.⁶⁶

The Hatch Report, which the DfE commissioned when it was developing its current policy position on onshore petroleum licensing, drew on existing resources, including the Geological Survey Northern Ireland, to assess Northern Ireland’s potential resources. The Report concluded that:

Exploration for onshore oil and gas in Northern Ireland began in 1965 and whilst oil and gas shows have been encountered they have never been discovered in commercial quantities. The basins which offer most prospects of commercial extraction are in the Lower Carboniferous rocks the counties of Fermanagh and Tyrone and the Carboniferous to Triassic rocks beneath the Antrim Plateau. The former has a history of gas shows from a small number of exploration wells but the prospectivity for conventional oil and gas is reduced by the poor quality of the low permeability tight gas sandstone reservoir rocks and incomplete knowledge of the gas content of the shale reservoirs. The latter have potential for conventional oil and gas accumulations and, although exploration is technically challenging, a working petroleum system has been demonstrated in the Rathlin Basin by the 2008 Ballinlea No. 1 well.

⁶⁵ [Petroleum Exploration and Licensing \(Repeal\) Bill Explanatory and Financial Memorandum](#)

⁶⁶ [Petroleum Exploration and Licensing \(Repeal\) Bill Explanatory and Financial Memorandum](#)

*Only eighteen exploration wells have been drilled and although several wells have recorded gas and oil shows, none of these have led to field development and commercial extraction. **Despite this initial lack of success to date, there remains the prospect that commercial quantities of oil and gas may be identified across Northern Ireland's basins. However, it is subject to considerable uncertainty.***⁶⁷

(Emphasis added)

The Report also concluded that:

- Previous exploration of Northern Ireland's potential oil and gas resources has provided "little data" to reduce the "considerable uncertainty" around available resources. In turn, that "absence of this intelligence" has made "future investment highly speculative" and the "potential economic return lower".
- The two applications received by the DfE in 2016 were indicative of "some industry interest in Northern Ireland".⁶⁸

Commenting on the potential resources available in Northern Ireland in evidence to the Committee for the Economy on the 25 March 2026, DfE Officials stated:

*Over the 60 years since the 1964 Act, around 30 licences have been awarded to carry out exploration activities to varying degrees. Through all of those, insufficient oil and gas has been found for commercial development. That is clear evidence.*⁶⁹

The devolved administrations in Scotland and Wales noted similar resource uncertainty when developing their onshore exploration policies. In this context, it is important to note that available studies tend to focus on **unconventional** oil and gas resources – meaning oil and gas that is more difficult to an access and

⁶⁷ [The Potential Economic, Social and Environmental Impact of Onshore Petroleum Development in Northern Ireland](#)

⁶⁸ [The Potential Economic, Social and Environmental Impact of Onshore Petroleum Development in Northern Ireland](#)

⁶⁹ Committee for the Economy [Minutes Of Evidence Report](#) 25 March 2026

which requires different technology, such hydraulic fracturing or “fracking”, to extract.⁷⁰

In its Business and Regulatory Impact Assessment on unconventional oil and gas policy, the Scottish Government noted:

*The amount of unconventional oil and gas that could be economically or technically recovered in Scotland is not known. Further exploratory work (including core sampling) would be required to better understand the resources that could be commercially exploited.*⁷¹

According to the 2015 report “Socio-economic impact of unconventional gas in Wales”, commissioned by the Welsh Government, exploratory drilling of the region’s coal seams revealed a potential resource to provide between 4-8% of the United Kingdom’s gas consumption. The picture with regards to shale gas was found to be less certain. The Welsh Government 2015 report noted that limited exploration had led to a “paucity” of data, which in turn had led the British Geological Society to conclude:

*...there is presently not enough publicly-available data available data on the geology, engineering or associated cost of production to make reliable estimates at this stage.*⁷²

Taking a United Kingdom-wide view, a 2011 “Post Note” by the Houses of Parliament Office of Science and Technology noted that:

*United Kingdom reserves of unconventional gas, principally shale gas and coalbed methane, may add an additional 50% to the United Kingdom’s potentially recoverable gas resources.*⁷³

The same Post Note cautioned that:

⁷⁰ [Conventional vs. Unconventional Oil: What It Means & How They Compare](#)

⁷¹ [Unconventional oil and gas policy: partial BRIA - gov.scot](#)

⁷² [Regeneris Report](#)

⁷³ [postpn374-unconventional-gas.pdf](#)

There is significant uncertainty, however, over the prospect for both gas sources.⁷⁴

The United Kingdom's onshore oil and gas industry has been more confident in its predictions on the available resources. For example, in a January 2026 submission to the House of Commons Committee for Energy and Net Zero, the industry body United Kingdom Onshore Oil and Gas stated:

Onshore investment has demonstrated a very large onshore resource available across the UK in terms of in-place volumes and potential recovery

Today, the UK has around 120 active sites and 250 operating wells, producing c. 15,000 barrels of oil equivalent per day. Importantly, estimates show potential reserves of 1,329 trillion cubic feet (tcf) of gas located in central England alone, compared to the UK's annual consumption of just over 3 tcf as well as material additional oil resources. This highlights the importance of the onshore industry for energy security⁷⁵

4.5.2 Potential economic impact of exploration of potential resource

Given the uncertain, but potential resource, as outlined in sub-section 4.4.1 above, the Hatch Report developed four scenarios to explore the economic impact of oil and gas development in Northern Ireland over the period 2021 to 2050. The Report also rated the likelihood of each scenario given the DfE's "prevailing policy position" at the time of the report's writing. According to the Bill's EFM, the prevailing policy position at that time was that "applicants could apply for a licence at any time for any part of onshore Northern Ireland".⁷⁶ As noted in Section 1, that policy position has subsequently been amended. The scenarios and the Report's assessment of their likelihood were as follows:

- No development scenario, no development – assessed as unlikely to arise under the then prevailing policy position.

⁷⁴ [postpn374-unconventional-gas.pdf](#)

⁷⁵ [committees.parliament.uk/writtenevidence/161048/pdf/](#)

⁷⁶ [Petroleum Exploration and Licensing \(Repeal\) Bill Explanatory and Financial Memorandum](#)

- Low development scenario, two conventional and one unconventional resource developed, with total of 10 wells, between 2021 and 2050 – assessed as having a moderately high likelihood under prevailing policy position.
- Medium development scenario, three conventional and two unconventional resources developed, with total of 18 wells, over the period – assessed as having a moderate likelihood under prevailing policy position.
- High development scenario five conventional and four unconventional resources developed, with total of 34 wells, over the period – assessed as having a low likelihood under prevailing policy position.⁷⁷

Based on the above, the report identified the “following economic estimated impacts” (note all values are in 2021 prices):

- There was no additional economic benefit under the no development scenario.
- The annual Gross Value Added (GVA) impacts were estimated to be:
 - £2.2 million to £3.3 million under the low development scenario
 - £4.0 million to £6.0 million under the medium development scenario
 - £7.6 million to £11.3 million under the high development scenario.
- The annual full-time equivalent (FTE) impact was estimated to be:
 - 35-45 jobs under the low development scenario
 - 60 to 84 jobs under the medium development scenario
 - 110 to 155 jobs under the high development scenario.

Overall, the Report concluded that:

In the context of the Northern Ireland energy sector as a whole, as well as the low carbon and renewable sectors, the scale of the GVA and employment impacts are shown to be relatively low, even under the high development scenario. The fairly modest scale of impact can be

⁷⁷ [The Potential Economic, Social and Environmental Impact of Onshore Petroleum Development in Northern Ireland](#)

*attributed to the combination scale of development and the relatively limited scope to capture the associated revenue within Northern Ireland.*⁷⁸

In reaching this conclusion, the Hatch Report mirrored similar reports commissioned elsewhere in the United Kingdom. For example, in Scotland, a 2019 Business and Regulatory Impact Assessment of the Scottish Government's policy on unconventional oil and gas exploration, drew upon an earlier (2016) KPMG report, to conclude:

*The total economic impact of unconventional oil and gas is estimated to be relatively low, and is not comparable to the current offshore industry in Scotland.*⁷⁹

Moreover, in Wales, a 2015 [report](#) by the University of Cardiff and Regeneris commissioned by the Welsh Government when developing its onshore petroleum policy, concluded that the economic impacts :

*...unlikely to be of the scale and nature to create any long term transformative economic effects for the region.*⁸⁰

In contrast, an earlier 2013 "Strategic Environmental Assessment [SEA] for further onshore oil and gas licencing" carried out by the consultancy group AMEC for the then United Kingdom Department of Energy and Climate Change found that unconventional oil and gas exploration in Great Britain could "generate substantial direct and indirect employment opportunities" under a high development scenario. It, however, did caveat this noting:

...the potential for these jobs to directly benefit those local communities in which sites are located would depend on the balance between skilled and unskilled construction and oil and gas posts required and the

⁷⁸ [The Potential Economic, Social and Environmental Impact of Onshore Petroleum Development in Northern Ireland](#)

⁷⁹ [Business and Regulatory Impact Assessment - Unconventional oil and gas policy: BRIA - gov.scot](#)

⁸⁰ Senedd Research, In Brief, Drilling down the Welsh Government proposes policy to ban petroleum extraction (06 September 2018 <https://seneddresearch.blog/2018/09/06/drilling-down-the-welsh-government-proposes-policy-to-ban-petroleum-extraction/>)

*availability of individuals in the local labour market with the required skills and relevant experience.*⁸¹

That SEA did not consider the potential impact of such development on GVA. It did, however, estimate that the “United Kingdom Onshore Operators Community Charter” (2013), which had set out that local communities host to shale gas exploration would be provided with a community benefit of £100,000 per pad where hydraulic fracturing is carried out. The SEA estimated that this could result in total community benefits of between £3 million and £12 million. The SEA also noted that:

*...community benefits to the value of 1% of revenue from production could amount to a total of £2.4 million to £4.8 million per site (equivalent to between £0.3 billion and £0.6 billion across all sites) under the high activity scenario, assuming each well is productive for 20 years.*⁸²

4.6 Potential environmental impact of a ban on licencing

The EFM accompanying the Bill notes the preferred policy option adopted by the DfE in 2025, and that it would be delivered through the Bill if enacted as introduced. It explains that option was chosen due to its alignment with the “framework” introduced by the Climate Change Act and the policy direction introduced by the Energy Strategy. Moreover, the EFM states that a policy facilitating oil and gas exploration would “run contrary to th[o]se commitments”.⁸³

Similar conclusions have informed the policy directions adopted across the United Kingdom and the Republic of Ireland. To this end, the United Kingdom Government’s North Sea Future Plan states:

⁸¹ [Strategic Environmental Assessment for Further Onshore Oil and Gas Licensing: Environmental Report](#)

⁸² [Strategic Environmental Assessment for Further Onshore Oil and Gas Licensing: Environmental Report](#)

⁸³ [Petroleum Exploration and Licensing \(Repeal\) Bill Explanatory and Financial Memorandum](#)

To go backwards and issue new oil and gas exploration and production licences would not help our energy security and would not enable us to provide global leadership in climate action in line with the science.⁸⁴

Similarly, the Scottish Government argues that its conventional onshore oil and gas policy aligns with “wider Scottish Government energy and climate change policies”. Moreover, in announcing the Republic of Ireland’s intention to introduced legislation to ban oil and gas licensing in February 2021, the Minister for Climate Energy and the Environment stated:

The decision we have made today to legislate for a ban on new oil exploration and extraction will send a powerful message, within Ireland and internationally, that Ireland is moving away from fossil fuels towards a renewable future. By keeping fossil fuels in the ground, we will incentivise the transition to renewable energy and put ourselves on a pathway to net zero by 2050.

Against this, however, the trade association United Kingdom Onshore Oil and Gas argued in a January 2026 written submission to House of Commons Energy Security and Net Zero Committee:

The UK’s energy system remains fundamentally reliant on oil and gas, which supplies approximately 75% of total energy demand...

...Furthermore, the Committee on Climate Change and others have forecast that the UK will continue to require oil and gas into the 2050s and beyond.

It is in the best interests of our economy, environment and our local communities that this demand is met from domestic resources.⁸⁵

A number of studies have noted the potential environmental impacts of onshore oil and gas exploration. In Northern Ireland, the 2021 Hatch Report” found that all development scenarios, excluding the no development scenario, could potentially lead to some “moderate adverse” effects on the environment, with

⁸⁴ [Building the North Sea’s energy future: government response](#)

⁸⁵ [committees.parliament.uk/writtenevidence/161048/pdf/](#)

the high development potentially leading to major adverse impacts. Those effects are summarised in Table 2 below.

Table 2: Moderate and major adverse environmental impacts of onshore oil and gas exploration identified in the 2021 Hatch Report

Development Scenario	Moderate adverse effects	Major adverse effects
Low	<ul style="list-style-type: none"> • Noise and seismicity • Health 	None identified
Medium	<ul style="list-style-type: none"> • Soils • Water • Climate change • Noise and seismicity • Health • Landscapes and Geodiversity 	None identified
High	<ul style="list-style-type: none"> • Air quality • Soils • Waste management • Climate change • Biodiversity, Flora and Fauna • Noise and seismicity • Health • Landscapes and Geodiversity 	<ul style="list-style-type: none"> • Groundwater abstraction and pollution • Social cohesion and community

Source: Compiled by RaiSe (2026), relying on links to source material in Table

Conversely, the Hatch Report concluded that under the “no development” scenario, there would be “no additional social and environmental impacts on the baseline conditions”.

Other assessments of the environmental impact of onshore oil and gas exploration have concluded that the activity could have similar potential impacts on the environment. A summary of a range of such assessments is included in Table 3.

Table 3: Environmental impacts of onshore oil and gas exploration identified in a range of reports dated 2013-2018

Report	Potential Impacts identified
DECC/AMEC - Strategic Environmental Assessment for Further Onshore Oil and Gas Licensing: Environmental Report (2013)	Report focussed on United Kingdom onshore policy. It found that oil and gas exploration and production activities could lead to significant negative effects in relation to climate change and waste. Minor effects to population, health, land use, geology, soils water, air, resources use and land scape were also identified. Those minor effects were found to be potentially significant in a high activity scenario. The report found positive effects in relation to job creation and community benefit (as explored in subsection 4.4 above) and noted that mitigation measure should also be considered.
Environmental Protection Agency and Northern Ireland Environmental Agency: Unconventional Gas Exploration and Extraction (UGGE) Joint Research Programme (2016)	A joint study of oil and gas exploration on the island of Ireland, the UGGE identified potential impacts occurring at various stages of the exploration process, including those on ground water, water use, flora and fauna, air quality, landscape, noise and traffic. Mitigation measures were also considered.

Report	Potential Impacts identified
<p>Various reports commissioned by the Welsh Government 2017 to 2018 and summarised in the Petroleum Extraction Policy in Wales consultation September 2018</p>	<p>A series of reports commissioned by the Welsh Government through 2017 and 2018 found potential impacts such water use, risk to ground water, emissions from drilling, waste and other greenhouse gas emissions. Such risks could be managed, if “operations were properly run and regulated”.</p>
<p>Various reports commissioned by the Scottish Government in 2016 summarised in the Talking “Fracking” consultation of January 2017</p>	<p>A series of reports commissioned by the Scottish Government noted that unconventional gas exploration would result in emissions, but those would be broadly equivalent to imported gas. Potential seismic activity could occur, but these were of low risk. Other potential impacts were identified such as visual disturbance, air quality, water contamination, noise, light pollution and traffic disruption. The consultation noted that those could be mitigated through strengthening existing regulation. Despite this, the Scottish Government argued that supporting unconventional oil and gas would create challenges in meeting its climate change ambitions.</p>

Source: Compiled by RaiSe (2026), relying on links to source material in Table

4.7 Potential impact on consumers

As noted in sub-section 1.2 of this Paper, the Bill has been introduced at a time of significant volatility in global energy markets. Increased wholesale energy prices are impacting end consumers in Northern Ireland.

As noted earlier, the trade association United Kingdom Onshore Oil and Gas argued in a submission to the Committee for Energy and Net Zero, that it was in the “best interest” of local communities and the economy that gas “demand is met from local resources”.⁸⁶

From a Northern Ireland perspective, the Hatch Report found that the development of a “large-scale” oil and gas industry “could be of benefit to the downstream sector” in Northern Ireland. In theory, the development of such a sector could produce gas to be used as “feedstock” for manufacturing and energy generation. However, the Report noted that:

*..besides the power sector, Northern Ireland currently lacks significant downstream chemicals and major energy intensive sectors which would be a ready source of demand for the oil and gas output.*⁸⁷

From a domestic consumer perspective, the Hatch Report noted the impact the shale gas industry had on driving down prices in the United States. It concluded that:

*Whilst Northern Ireland would undoubtedly benefit economically from lower energy prices, it is unlikely that future gas production in Northern Ireland from onshore sources will provide the type of price effect experienced in the US. The main reason for this is that the sector will not be able to achieve the economies of scale and low costs of production in Northern Ireland, even with the scale of activity envisaged under the high development scenario.*⁸⁸

The DfE’s Energy Strategy long-term vision is “net zero and affordable energy for Northern Ireland”. It seeks to reduce Northern Ireland’s “reliance on fossil fuels and become more self-sufficient, strengthening our energy security”. The Climate Change (Northern Ireland) Act 2022 introduced a mandatory statutory target for renewable electricity. By 2030, that Act requires 80% of electricity

⁸⁶ committees.parliament.uk/writtenevidence/161048/pdf/

⁸⁷ [The Potential Economic, Social and Environmental Impact of Onshore Petroleum Development in Northern Ireland](#)

⁸⁸ [The Potential Economic, Social and Environmental Impact of Onshore Petroleum Development in Northern Ireland](#)

consumption in Northern Ireland to come from renewable resources.⁸⁹ As noted, in the RaiSe paper “[Renewable Energy in Northern Ireland a Primer](#)” (June 2025) reaching 51.6% of total consumption in November 2022 renewable energy consumption in Northern Ireland has fluctuated around 45% for a number of years.⁹⁰ According to the latest Northern Ireland Research and Statistics Agency data (published March 2026) renewable electricity consumption 47% in the 12-months up December 2025.⁹¹

Commenting on the relationship between Northern Ireland’s potential oil and gas resources and the current energy crisis, during their 25 March 2026 evidence session with the Committee for the Economy, DfE Officials stated:

The Bill progressed through the previous energy crisis in 2022 as well as the current one....Even through there is a current crisis, to develop something commercially would take a long time. Furthermore, even if oil and gas were to be found in a commercial quantity here, it would be sold on international markets and would therefore make no difference to fuel prices for local consumers.⁹²

As noted in sub-section 3.1 of this Paper, the United Kingdom Government had previously promoted onshore oil and gas exploration as a way for enhancing energy security. That changed in 2019 when the then Conservative Government introduced a moratorium on onshore licensing due to concerns about seismic activity. The current Labour Government has maintained this moratorium and has announced plans to legislate to prohibit onshore petroleum licensing. Explaining its approach during a March 2026 debate on its energy policy, the current United Kingdom Government argued:

Crucially, any new licences now would not make any difference to people’s energy bills because, regardless of where it comes from, oil and

⁸⁹ [Climate Change Act \(Northern Ireland\) 2022](#)

⁹⁰ [Assembly Research and Information Service Research Paper - Renewable electricity in Northern Ireland: a primer](#)

⁹¹ [Electricity Consumption and Renewable Generation in Northern Ireland](#)

⁹² Committee for the Economy [Minutes Of Evidence Report](#) 25 March 2026

*gas is sold on international markets, where we are price takers, not price makers.*⁹³

Similarly in its Business and Regulatory Assessment of its onshore unconventional oil and gas policy, the Scottish Government noted:

*While an unconventional oil and gas sector in Scotland could provide important benefits to Scotland's petrochemical sector and provide a cost-effective gas supply for local energy networks, and increase security of supply, particularly for high energy use industries, the scale of production in Scotland would be relatively low in comparison to European or international gas production and would be unlikely to have an impact on global gas supply prices, and therefore on consumer energy costs.*⁹⁴

Comparable conclusions were reached in the Welsh Government commissioned 2015 paper entitled "Socio-economic Impact of Unconventional Gas in Wales". Again, drawing on the United States, that report concluded that similar consumer outcomes were unlikely in a Welsh context because:

Wales is part of a UK electricity and gas grid, and operates in a gas market where prices are largely set at a European level and the cost of transportation (along the gas grids at least) is low.

And adding to that the exception of "mutually beneficial, two-party contracts":

The likelihood of Welsh origin gas being used in Wales is not high, and even where this is the case it will be under UK or EU market prices.

5 Potential key "public purse" considerations⁹⁵

The Bill's accompanying EFM explains that the Bill, if enacted as introduced, would:

⁹³ [Oil and Gas - Hansard - UK Parliament](#)

⁹⁴ [Summary - Unconventional oil and gas policy: BRIA - gov.scot](#)

⁹⁵ Appendix 1 defines "public purse".

*... not place any additional financial burden on the public purse, businesses or the third sector.*⁹⁶

As noted in sub-section 2 of this Paper, the Bill would repeal the parts of the 1964 Act that enable the DfE to issue licences for onshore oil and gas exploration. That would place on a statutory basis the moratorium on the granting licences that has been in place since 2024. That moratorium itself was preceded by a “presumption against” the granting of planning permission for hydraulic fracturing introduced through the September 2015, “Strategic Planning Policy Statement – Planning for Sustainable Development”.

In effect, therefore, the Bill is seeking to repeal a power that is not currently used, as such it seems reasonable to assume that any public purse implications would be limited.

Nonetheless, there are some potential public purse implications of the Bill. As noted in sub-sections 2 and 4.3 of the Paper, the Bill, if enacted as introduced, would give the DfE an discretionary power to refund current licence applicants. There are currently two such applications with the Department, and the company associated with one of those is now dissolved. As of the 2018, the petroleum licence fee was £1,000.⁹⁷ As such, even with potential interest payments, the impact on the public purse of this Clause would be likely to be minimal.

Given the Bill’s proposal represents a significant change in policy, that is, a departure from encouraging licence applications to prohibiting them. There is the possibility that the Department could face legal challenge. This would require the Department to engage in such a process and the associated legal cost that would incur. Such a process would also require the court service and that in itself has public purse implications when such cases are pursued.

Potential Scrutiny Point:

⁹⁶ [Petroleum Exploration and Licensing \(Repeal\) Bill Explanatory and Financial Memorandum](#)

⁹⁷ [Petroleum licensing in Northern Ireland - Guidance for Applicants](#)

6. What is the DfE's assessment of the likelihood of potential legal challenges arising from this Bill if enacted as introduced? Please detail.

From a broader perspective, the continuation of a permissive licence policy could result in additional costs that current policy direction would avoid. That scenario was explored in the Hatch Report, which drew off the National Audit Office assessment of costs in England. That Report noted that the development of onshore petroleum in Northern Ireland would result in financial and economic costs to the public sector. Such costs could result from the licensing and consenting process, regulation, policing and "other public services". Examining this in respect to England, the National Audit Office found that such costs were "highly uncertain", but they would "nevertheless arise and need to be accounted for".

6 Key takeaways

As discussed in the Paper, the Bill, if enacted as introduced, would end onshore licensing in Northern Ireland. In doing so, it would place the existing policy moratorium on a statutory basis by repealing the DfE's relevant powers under the 1964 Act (see sub-section 2 of this Paper for details).

That represents the culmination of a clear policy shift from a permissive licensing framework to a statutory prohibition. This proposed approach is consistent with approaches taken in the United Kingdom and Republic of Ireland, although the means to achieve the desired outcome differs across those regions.

The Bill impact would apply to onshore Northern Ireland and its internal waters only. It would not impact petroleum licensing in the United Kingdom territorial water adjacent to Northern Ireland, which would remain the responsibility of the NSTA. United Kingdom Government policy with respect to those waters is to not issue new exploration licences.

Two applications submitted in 2016 remain undetermined. Those applications would be considered withdrawn should the Bill be enacted as introduced. The

Bill provides DfE with discretionary power in this area, stating the DfE may refund the £1,000 application and apply interest payments. The nature of those payments is to be determined by the DfE. The DfE stated in evidence to the Committee for the Economy on 25 March 2026 that this would be considered once the “*legislation is in place*”.⁹⁸

The 2021 Hatch Report’s assessment of the economic impact of oil and gas exploration in Northern Ireland found that it would have a relatively modest effect even under a high development scenario. Similar conclusions were drawn by comparable reports in Scotland and Wales.

The Bill’s EFM noted that the Bill’s intent aligns with Northern Ireland’s Climate Change Act commitments and energy strategy. The Hatch Report identified moderate adverse environmental impacts in all development scenarios and significant adverse environmental impacts in the high development scenario. The “no development” scenario was assessed as having no additional environmental impacts. Other studies have also identified potential environmental impacts, but they have also found that those could be mitigated through regulation and operational practices.

From a financial perspective, the EFM states that the Bill would “*not place any additional financial burden on the public purse*”.⁹⁹ Some financial implications could arise from the potential refunding of application fees and the possibility of legal action occurring. Conversely, the prohibition of onshore licensing could prevent potential costs to the public purse arising from licensing and consenting process, regulation and policing.

⁹⁸ Committee for the Economy [Minutes Of Evidence Report](#) 25 March 2026

⁹⁹ [Petroleum Exploration and Licensing \(Repeal\) Bill Explanatory and Financial Memorandum](#)

Appendix 1: Definition of “public purse”

The public purse refers to taxpayers’ money raised through taxation and other government revenue-raising.¹⁰⁰ Government departments are custodians of the public purse and must use funds “efficiently, effectively and economically”, with Accounting Officers personally responsible for ensuring value for money.¹⁰¹

In Northern Ireland, that encompasses: the Northern Ireland Block Grant from His Majesty’s (HM) Treasury; revenues raised regionally; and, other funding sources. The Northern Ireland Executive is responsible for those monies, including allocating them through the Executive Budget. And the Executive is to do so in line with the financial arrangements under current devolution, including requirements specified in the [Budget Sustainability Plan](#) and the accompanying [Budget Improvement Plan Roadmap](#), which aim to improve Northern Ireland public finances, while seeking to balance numerous competing priorities and demands for limited available funding.¹⁰²

If the Member’s currently proposed Bill would be introduced, enacted and receive Royal Assent, then the Department for the Economy and other Northern Ireland Executive Departments would be responsible for covering costs that would arise from the Bill’s implementation. The Executive Departments would do so using its existing budget and or seeking additional monies from the Executive.

¹⁰⁰ Details on how Government Departments must handle taxpayers’ money are set out in *Managing Public Money Northern Ireland*, published by DoF, available [here](#).

¹⁰¹ The standards expected of the Accounting Officer’s organisation are outlined in Box 3.1 (page 38) of *Managing Public Money Northern Ireland*, published by DoF, available [here](#). The Accounting Officer, acting within the authority of the Minister(s) to whom they are responsible, must ensure the organisation meets the standards set out in the Managing Public Money Northern Ireland policy.

¹⁰² For more information please [PFSU Workshop Series](#)