

Interview with George Lucan, managing director of Angus Energy

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Ruth Hayhurst (RH) Your background when you came to Angus Energy was described as an experienced finance professional with 30 years' experience of debt and equity markets management. What does that mean, what did you do and what did you bring to Angus Energy?

GL I did almost every branch of finance. I raised debt capital for mostly very large companies, many of them in the energy sector. Way back, I think one of my first financial issues was British Gas when it was just British Gas. From there, I moved into a variety of structured finance into slightly more complicated lending, on into hedge funds, investing much more. I ran a research team for a very large hedge fund. And then became a portfolio manager myself for a while, making investments, selecting investments. And I've done some project finance in the slightly greener space, waste management. And then quite out of the ordinary, I did a few years of Islamic finance, raising money in the Middle East and creating structures which were acceptable to people who were believers. So, I could say I have covered a lot of bases in finance.

Why do I end up in an AIM-listed oil and gas company? That is partly personal.

Three years ago, I got married. Very quickly we had a child, rather late in life for me. And I decided I really wanted to try to be a father in a way that quite a lot of us in the city don't get to be. So, I dropped out of like the 9-5 world and I started to explore directorships of small start-ups and companies and to take corporate governance qualifications, which I passed, happily. And to build myself up as a corporate governance person.

It was really by accident that I came to Angus, which last year had a series of corporate governance mishaps, which are very well documented.

The executive chairman ran into a disastrous minefield of compliance with some share dealing. I know him personally and I believe him to be a man of integrity but somewhat hopeless with paperwork, as it transpired, and I'm quite certain he didn't benefit from any of the breaches of compliance that ultimately led to his resignation.

When he resigned, he left his colleague, Paul Vonk, my predecessor, as lone executive member of a board, which is an extraordinary thing for any company, and I think a very poor example of corporate governance. He left it in that situation for many months and then fell out with Jonathan Tidswell, which is never a good thing to do. Jonathan is not a majority shareholder but he is a significant one. Generally speaking, a good CEO takes reasonable heed of what a significant shareholder says and feels.

Initially, I was slated to come on to that board as non-executive director just to add some eyes and ears. But, as you know, the falling out between Jonathan Tidswell and Paul Vonk led to a shareholder requisition and ultimately Paul's resignation.

At that point in time, Jonathan, the NOMAD and I had discussed what role I would come in as and it was suggested I come in as interim managing director to try to get a decent board together. And I hope I have gone some way to doing that. I've appointed a proper finance director and a proper technical director and an experienced non-executive chairman. Generally speaking, chairman of public companies should be non-executive. He's got a great background in the industry. And we've retained one other non-executive director so it's a nice functioning board.

I had originally intended to make that my point of departure. But I've been very impressed by the team to be managing director of and I greatly enjoy the work. I'm a relatively low-cost managing director and we're a relatively lean company. When you look around and try to buy in your averaging managing director with oil and gas experience, they're not cheap. So, both the company are delighted to keep me on and I'm delighted to carry on. It's been a steep learning curve but I'm distinctly enjoying it.

You've recently bought some shares and your wife has – why now?

To be absolutely honest, we had some cash. In fairness, the first three or four months of my tenure were taken up with multiple crisis fundraisings and during those periods you're generally not allowed to trade. And then we were in the process for a month and a half of acquiring this gas asset at Saltfleetby and again that was very much considered to be a closed period. That's now finished and we had a little bit of brass to put together and we've put in our pennies.

Some of your long-term shareholders have seen their holding drop from mid 30p to 1.375p today. What message have you got for them for the future?

The first message I would have is that we are absolutely at the bottom. I've been in there with a broom and what skeletons there are in the cupboard are out. If I look at the asset portfolio, I don't anticipate any more bad news. I have a relatively high degree of confidence about principally our Balcombe asset, which we hope to exploit next year, subject to planning, and very high-level confidence about Saltfleetby as a producing and cash-generating asset.

The remaining assets, one is dormant, it's called the A24 prospect, one of the Weald ones. The other, Lidsey, we have growing confidence about. We want to shoot some more seismic, be really knowledgeable before we throw a lot of money at that. Principally after Brockham, we don't feel we can afford another mistake, at least for a year or two.

Brockham itself clearly doesn't look the immediate site – may has a little bit of value left in the Portland reservoir and, as I announced the day before yesterday, we are reopening it and seeing whether, with some pressure management techniques, we are able to obtain a decent level. But it is not going to be a game changer for the share price.

But I do believe that the acquisition of Saltfleetby is a game-changer for the share price. In fact, I believe it will make for the company much more money than Brockham would ever have made for us. That's my own investment banker estimate of the situation.

The difference between my read of it – with a lifetime spent doing discounted cash flows and trying to estimate the cash value of an asset – and the way in which the AIM market investors tend to look at an asset are worlds apart. There's very much more emotive investing on the AIM. So, if I were to tell those investors that I believed this collection of assets together may be worth between 4 and 7p right now, that would be a view which I have professionally with 30 years' experience based on my relative confidence in their immediate producing capability.

1.3p is clearly very far distance from where, as I say, with my hat on and with those expressed conditions - which is that my confidence in those two assets is not unfounded and is supported by my technical team - then I can say to those people who bought at 35p and are here at 1, well you have lost a heck of a lot and I'm very, very, sorry. I wasn't actually the person who was there when you bought in and I have been the person who has seen the last leg of decline from 9p to 1p and I'm acutely sorry about that. And we feel it as well. All of us staff equally have options and interests in the company and have seen that vanish over the last year, as well as being personally and professionally disappointed by the result. But I can say 1.3p is grossly undervaluing the company.

Whether or not we can get confidence and liquidity back into the share is a matter of careful management and, I hope proven, competence in the future.

What is the value of being AIM listed? Wouldn't you be better off taking it private?

I'm not sure. We've seen another competitor, a colleague of ours in the onshore industry, IGas, that's privately owned. You can end up with an awful lot of problems with changing shareholder base that as a listed company with a broad shareholder base we don't have. That's one reason.

I think the second reason is, our retail market won't not give us access to the enormous levels of capital that some players have got, particularly for their offshore projects for exploration abroad. We've certain of our companies go abroad and end up with £300m raises, which they are able to do through these very, very, large funds. We've closed ourselves to that. We've always said we are a nimbler, smaller company and we're happy to raise much less but we like to be able to raise, and quickly, when we see good opportunities. And I think that's the best part of the AIM. What we have to do is to restore confidence that we're able to deliver and then that advantage will be back with us.

I'd like to turn to your sites. Can we begin with Brockham: How is the sale going?

Those negotiations, I would say, are going on, on a very long-term basis. I don't expect to see anything happen very quickly. I do think, although there is only one person we are talking to, there are two potential parties in the longer run. But I don't see anything happening in a six-month timeframe. But we're not hanging up the telephone.

Why is that?

I think availability of funding is one.

From their point of view?

Yes. And I think we want to talk further with our partners about all the options. When I made that announcement, it was to say to shareholders 'We are being very quick. We're straight off the bat. We've had a disaster here but we're on the phone to everybody and seeing what we can get'.

What I didn't want imply, in particular to our partners, was that we were running out like rats scuttling from a sinking ship, leaving them with piecemeal parts. That wasn't our intention at all. Clearly any exit is going to involve discussions with all parties. But I think it is going to be quite slow, to be honest with you.

Which is why, in the meantime, we've immediately gone for a licence extension, submitted a field development plan, to at least work the Portland. We don't expect it to be a gusher but it should pay the field costs whilst we consider all the other options.

So that's one of the existing wells – do you need to do work on it?

Apparently not. We were concerned that Environment Agency might require us to but we don't believe at present we need to do any serious workover on the well.

What's the plan to extract from this well?

The Portland has been a proven exploited resource. Clearly, it's towards the end of its life, although we may be able to sidetrack into other parts of it. That would involve a workover and expenditure. Not the cost of a full well but it would not be very cheap and we would have to be very sure that the new resources would justify it.

What extraction technique are you going to use?

Nothing special. I think it would be absolutely standard. There's no question of fracking.

Had the OGA licence expired?

It was due to expire and you have an obligation to get your renewal in two months prior to expiry. We have a temporary extension.

You talked in the summer about 'proven reservoir management' of the Portland – what do you mean by that?

There are some pressure techniques you can apply, some involving gas and some involving water, although we don't presently have any permission to inject water to maintain production. Those are the main principal means of reservoir management if you don't engage in any kind of fracture.

What will happen to the BRX4z sidetrack?

That will be plugged and abandoned. We have a cost estimate, which I haven't told the market so I can't share with you, which is well within our resources, even our 65% share. If you abandon, you probably want to do that when you do all three. You would probably want to bring the rig on and knock them all out.

Whilst there is still an opportunity elsewhere, that's won't be something we'll do immediately.

If there were no sale and if you decided not to go ahead with the Portland at Brockham, are you saying that the whole site would be abandoned and restored?

I think so, yes, if we didn't go ahead with the Portland. There's an opportunity to use the famous sidetrack. I believe there's an opportunity to use that to address some of the Portland. What we won't be going back to is the Kimmeridge, at least in that area of our licence.

What I would say, though, is that you do see a variation in the Kimmeridge. What we have no doubt is that when we drilled that well there was oil there in the shale. And the reason we had no doubt is that we used electrical tools to measure the resistivity of that rock. And if there had been water all the way through the resistivity measured all the way down would have been different. There was oil but not in sufficient quantity or under sufficient pressure to want to release itself and come up the pipe.

Was it a question of pressure or a question of the maturity of the Kimmeridge formation?

In all probability it was both. There is considered to be a sweet spot in the basin. Horse Hill is considered to be much closer to that. We at Brockham, we think, are a little bit on the margins. That said, we have seen anomalous results at Broadford Bridge which should also supposed to be in the so-called sweet spot.

If we look at the whole Kimmeridge play it is really an unknown. It is something we said in our original prospectus that this was an unconventional play. It was not well known. We were not addressing what an oil man normally does, which is you find the structure on a seismic map, you tap it and it is what it is. You are drilling straight into a source rock here and hoping it will blow. It does at Horse Hill wonderfully. It doesn't not very far away, a few kilometres, away at Brockham. Does that tell us something about the Weald? Not yet. I think we'll have to drill, I'm afraid, another ten, 20 holes, all over the place before you'd actually have a good sense of how the rock is behaving in different areas. I'm telling, as a layman, that I don't think any of the technical teams know very well yet.

What was the impact of drilling the Brockham sidetrack on Angus Energy's reputation?

What do you mean, the actual act of drilling or the way we drilled or the result of the drilling?

Let's begin with drilling, allegedly without planning permission

That's taking me back well before my time. I'm aware there were major issues with council. All I can say is that I come from a very regulated background myself so whenever I'm dealing with any of these assets I go with special attention to make sure that the regulators are properly communicated with, we hear what they say, and do what they say, because I've learnt, 30 years in finance, to do otherwise never works. You can win and sue the regulator. You can appeal against the regulator. Ultimately it comes back on you and you lose and the regulator keeps their job and you don't keep yours.

There are some wonderful characters in the oil industry but they don't always think so realistically about the modern world in the way that perhaps they should.

So, was Angus's reputation damaged?

I think it must have been at the time. I think it doesn't help.

Angus Energy said the Kimmeridge may not be commercial without fracking at Brockham. Why did the company rule out fracking?

Personally speaking, I'm not a fan of it. I speak as something of a layman.

Why did the company rule it out? It is quite an expensive technique. You do it when you're reasonably sure that you'll have very significant resources.

If you are going to do it at all. In a very populous area, you need to be mindful of the feeling of local residents. This is before you consider the science. And the feeling, we believed, of local residents in the Weald would be overwhelmingly against fracking. There's great concern by residents about earthquakes and notwithstanding very extensive and professional academic research to suggest that there isn't any impact at present you have to appreciate that even if the science is on your side people are concerned. And that was simply conventional drilling. So, my view is that to try to persuade locals in our community liaison group that fracking is ok is hopeless.

Personally, I'm unconvinced that there aren't greater liabilities associated with fracking than are generally understood, particularly in an environment when you can't rely on an operation to deal with excess water, such as our own.

Professionally, the company is of the view that (a) it is too expensive and (b) too difficult to get community support, or at least community neutrality. Which is the best I think you can hope for drilling in a populous area.

What are your plans for the water reinjection well at Brockham?

What we'd like to do is to discuss water reinjection. We'd like to do more studies internally. We have done it in the past. We may conceivably do it again. We would do it only on the basis that there would be negligible risk of any significant pressure problems on the hole.

Over the 20 or 30 years that the Portland has been worked at Brockham, about 300,000 barrels of fluid have been removed. So, it's a depleted reservoir that could be available for injection.

Injecting water would clearly allow us to increase the recoverable oil and would potentially solve problems in terms of disposing of water elsewhere.

We haven't made any definitive planning or application for that purpose. But what I will say is this: water disposal for the onshore industry is quite an issue.

The salinity of formation water is incredibly high. The salinity is of such a concentration that even using the most sophisticated filtration techniques it is almost impossibly expensive to clean it up. And when I say clean it up, we're not talking about some heavy metal. It's just the salt. So, you get to a point where we do what we do now. Right now, the water has to be trucked several hundred miles and then burnt because there is simply nothing else that we can do with it. We're at a loss that we can't get environmental permits to inject 2,000 meters below the surface, 1.5km away from the nearest water table that anyone conceivably uses and yet one gets this great resistance that, somehow, we're poisoning the environment. And yet we truck it miles and miles and miles up country roads and motorways and then it gets burnt.

We'll consider it [water reinjection] but we haven't got any application in to do it yet.

Do you need water reinjection to get the Portland flowing at reasonable rates?

My understanding is it unquestionably increases recovery, yes.

Turning to Balcombe – a planning application for a well test is going in this week?

It went in this morning.

This was first talked about in February, what was the reason for the delay in getting the application in?

Unfortunately, and I think inadvertently, the existing planning permission should have covered the works we were hoping to do in the early spring. A notification made by my predecessor to the council that the works were finished was understood to mean that no further works were due under that permission and therefore they closed the permission.

When we realised this had been done, it was quite heart-rending because to put an application together is a multi-month exercise involving endless environmental reports and we simply couldn't use the old ones because you have to recheck seasonality, recheck migration, the nesting habits of particularly two types of animals. It's a heck of a piece of work. And then you want to go back to talk to the community. So that was heart-rending when we discovered it.

This is an application for two years of what is described as production testing.

It's called extended well testing.

Isn't this just masquerading as production?

No, in fairness, it is what it says it is. You will stop production for periods of time, proper periods of time, to observe and monitor pressure. And what it tells you, at the end of that period, is whether it's worth spending another £10 million putting in two further wells. In other words, whether or not the resource is available there, the pressure is there in the reservoir, to press on with it. It genuinely is a test. It is a test that more than pays for itself because you are able to produce most of the time.

When are you expecting a decision from the council?

The statutory period is 13 weeks and then a recommendation is made by a planning officer and then a decision is made by the council proper. So, 13 weeks from today is ...

Towards the end of the year?

Yes. Into the New Year.

If it were to be approved, do you have a timeframe for when the work would start?

It would be immediate. It would take two to three weeks, assuming the availability of all the equipment, we'd be going at it hammer and tongs.

And then run for two years?

And then run for two years.

You are setting up a community liaison group?

We have and have held a meeting.

Who is on the group?

I think it is on the Balcombe Parish Council website.

What are relations like in Balcombe?

The meeting that we had with the CLG, I thought was courteous, respectful, inquiring and helpful on both sides. I thought the questions were pertinent. I thought they were straight to the point: noise, traffic, potential for pollution of any sort, what you'd expect from local residents. So very helpful for us and I hope it was helpful for them too.

And does that process carry on?

Yes, we hope to have, subsequent to planning, a further meeting. We hope to do site visits as well. We took note of their comments and we're going to address two or three things and we want them to see that we have addressed. For instance, noise baffling. And to see what sensible measures we've been able to put in place on traffic management.

As part of your application, are you looking to use acid to clean and/or stimulate the well?

I don't believe we are. As I understand it, it's take out the drilling fluid and the rest will follow. Possibly there was a sufficiently good acid job done last time but I'm not aware of the details of that.

Before Cuadrilla drilled at Balcombe, the company talked about the need to frack. After they drilled, they said fracking wasn't necessary. You ruled out fracking at Brockham. Do you equally rule it out at Balcombe?

Yes

You talked just now about the possibility of two extra wells?

It's a tremendous resource – what number of wells do you put down? If you find that you are sitting on top of 7m barrels in any area you would want to extract at a faster rate.

So, what's the long-term plan for Balcombe if everything went well from Angus Energy's point of view?

It absolutely depends on the resources and the pressure and I asked the question you asked me of my technical director (not of Balcombe but another asset we are looking at) and I said how do you decide how many wells to put down in a place. And the answer came out a lot more complex than just how much oil you've got. It's also what kind of structures it's trapped in for one, and the whole

basis here of appraisal, which is part of what we're doing, is that it gives rise to the data that will ultimately inform whether or not you're very happy with taking it out on one level or you want a second or a third.

Do you think Balcombe will accept a production site at Lower Stumble?

Do we mean the totality, taken on a show of hands, or do we mean the community liaison group?

Let's start with the community liaison group

I think it would be fair to say that like all people in a very beautiful bit of the world you'd rather not have any heavy industry on your doorstep – that's the starting point. And I don't blame people for thinking that. And that's always weighed up by council, with all sorts of other aims, including government desire to see British oil extracted rather than imported and the pollution pushed overseas. Do I expect anyone to be coming and waving me home with flags? No.

You don't think there'll be protests?

No, I mean I don't think anyone will be jumping for joy amongst the residents. But what I hope we can do with the majority of the residents is, through the community liaison group, establish what their greatest concerns are and undertake such measures as are reasonable to alleviate those concerns. So, they don't wake up in the middle of the night hearing some dreadful noise, there isn't any pollution, and such as there is, is coming from their boiler, and they're not hearing traffic at the wrong times of day and equally that traffic is not turning round in the middle of the village. Those sorts of things we can do.

And is the community liaison group representative of the village?

That you would have to put to the community liaison group.

Did the group choose its members?

Again, I have no idea. It involves the parish council and I would imagine it would have tried to have a representative selection.

A final question on Balcombe, are you offering the village any community benefit related to the value of any oil produced?

I can't answer that question. I believe there is a charitable programme in place which we set up in the Weald. To be honest it is not something I've got around to exploring yet.

Can we touch briefly on Lidsey – what's happening there?

What we did at Lidsey is a bit of a historical exercise. Lidsey is still producing at a relatively low rate. However, we came across some early seismic data from 1987. Whilst the full colour 3d seismic we have today is magnificent in some circumstances but in a smaller set of circumstances the old stuff is actually clearer and brings out structures so they are much more identifiable. The seismic from 1987 covered the western extension to the current drill site and it all looks very promising.

We'd like to shoot some more seismic. That can be quite an expensive exercise and we've been looking at quotes. One quote came in considerably lower than the original estimate so we are quite happy with that. Having decided who to use we then have to permissions to do it. I don't see us doing this this side of Christmas.

And then based on that?

Then we take a view whether we sidetrack one of the existing wells or whether we drill a new one. It slightly depends on level of confidence after the seismic is shot.

There was talk of hundreds of barrels a day coming out of Brockham with its own rail terminal, Balcombe has not done much for six years, the Lidsey sidetrack didn't work, the Gatwick Gusher isn't really gushing. Is the Weald dream bust?

No, I really don't think so. What I don't have doubts about is the figure of oil in place, which I do believe lives up to the expectations. I am comfortable that the oil is in place. But it does seem to want to remain in place and that's the problem. How many wells have been drilled to address the Kimmeridge? I would imagine half a dozen at the most. How big is the Weald? It's huge. We've seen the variation between Horse Hill and Brockham so you spread that across the Weald, how many wells would you need to drill to feel comfortable that you'd eliminated all the possibilities?

How many do you think?

Well in the order of hundreds, which no one can afford. Which is just as well because the residents would be flinging up their arms in horror. It's going to come down to, probably, one or two operators sharing data, rather than hoarding it.

Do you share at the moment?

We're very happy to share.

Do people share with you?

Not everybody. But sharing data saves residents, potentially, a lot of earache over time because you start to be able to how this thing is distributed. And there may well be these wonderful pockets where it's very easy to extract, whereas across the bulk of it, it may not be.

But the dream hasn't gone at all on the basis of Brockham or Broadford Bridge not being gushers.

Turning to Saltfleetby, you're an oil company in the Weald and you start looking at a gas company in Lincolnshire. Why was that?

We have looked - in the weeks before I started, I was doing some work tangentially with the company - I suppose at 40 different projects in the last year. Most of them you can chuck in the bin in about 10 minutes. But about 10 of them have proved to be interesting enough to merit a lot of attention.

Originally, Saltfleetby was thought by my predecessor not to be worth the candle - to be treated as an abandonment issue. Actually, when I first joined, that was still the technical team's view. And I think they didn't have enough data. When they did, they immediately said it was a very attractive asset.

We have a gas operator's licence and our principal technical man, our technical director, he is in fact ex British Gas. He's almost more familiar in that territory than he is in oil so he was delighted to go back and put his gas hat on and look at this field.

I love it because it is not oil. I won't say I'm an out and out bear on oil. I'm not. But I would have to say that with the advent of the electric car, possibly the hydrogen fuel cell car one day, but certainly the electric is already in place, we will see diminished demand for the crude oil product, unless, somehow, we manage to greatly expand plastic use. So, I'm not saying this is the death of oil whatsoever. But, if I had to take a view as somebody who had been in hedge funds with commodity

traders, a long-term view on oil is I don't think we'll see \$80, \$90 oil again and if we do it will only be very briefly, which means a lot of projects make less sense.

I also think that environmental concerns will grow greater on the oil producing side of the industry and it's already been years of materials replacement as well as alternatives to traction power.

People don't like it, put bluntly. They like gas because they need it and they are likely to need it for ever. It is pretty much the same stuff but it is a lot, lot, cleaner. I like the fact that it is cleaner.

I like the horizon that exists around gas in conversion to hydrogen – I say horizon because it is not really very economical now - but I like having that in the distance.

If I were to express my preference, we would look more at gas assets than oil assets in the future. I wouldn't turn my back on oil. It is still essential. It still forms the backbone of the materials that you and I use in hospitals, critical components in heart pumps and such like, and you can't make them out of bamboo. Plastic is a really important useful thing and oil is the only way of getting there really. But it's not the product I'd rather be dealing with when looking at the hydrocarbon universe because I do feel it will be under pressure, price-wise at any rate, and is already environmentally under pressure.

So, what is the current status of Saltfleetby?

The private deal is done. The application for transfer of licence and operatorship is now with the OGA and it's for them to take a view on.

And does the deal stand and fall on the use of the restoration money to reconnect the site to the gas grid?

Wingas has paid us that money and we had to take a view on whether we used those funds to abandon or to reconnect. We are now quite certain, having had three months to go over the data, we are going to try to reconnect subject to permitting and approvals.

Do you need OGA approval to use that money to reconnect the gas grid?

OGA would only approve or not approve of us as licensor and operator. They could attach conditions, for instance conditions as to abandonment provisioning and so forth. That's not a discussion that I've yet to have in any detail.

What's the timescale for the OGA decision?

The application is with them so I'd imagine, when their work burden eases up, they'd be straight on to it, certainly before the end of the year. I'd imagine they'd have addressed this one way or another.

Are you happy about the idea of using this restoration money for reconnecting the gas grid?

Yes. The level of confidence that this will flow gas comfortably for one or even three years is, in my view, 99.9%. Five or seven years is our estimate. After which time, that abandonment cost will be covered many, many, times over.

I think I have expressed an interest in the past in reserving from the revenues of all of our fields as a kind of best practice. It is certainly something that I would hope to do from this field and I aim to do from this field.

What sort of level are we talking about?

I don't want to be held to this with handcuffs, but I think 15% a year more than does it. I think after about three years you should be covered entirely. And this, we think, will have a nine-year life. And the costs of abandoning, we've really been over now with as fine a toothcomb as you can. Can I caveat that with: those are very rough estimates and we're not committed to 15% but I have mentioned it as a reasonable, sensible, level of provision.

Finally, is it appropriate to be producing oil in a climate emergency?

That's a very good question. It's rather odd for an oil man but I gave up my car in London in 1991. I walk everywhere or take public transport. I have a horror of aeroplane travel. I think it is terribly wasteful. I can't bear the way that everybody does it. I get roped into it. People even with an educated background who should know a lot better, they all are still doing it like mad. I think it's awful.

Whether you blame the user or the producer, that seems to be a harder question. You could argue that if Angus didn't produce, this product wouldn't be consumed. It's not true.

Ultimately oil is an addiction, isn't it, really, at a certain level. There are great uses of plastic but oil is an addiction. Weaning people off summer holidays looks to protesters to be a lot, lot, more difficult than standing outside the gates of Balcombe and Brockham and waving a placard.

I wonder whether this is one better addressed at demand level than supply level, given that the government doesn't seem interested in interfering in supply, and given the multifarious sources of this oil.

When we clean up our act as a nation, in terms in shutting down our domestic production, that has to come hand in hand with shutting down our domestic consumption, otherwise we are pushing our pollution into somebody else's backyard. And it may all be very well to stand in a placard outside Brockham when there is someone else with diesel in their face in some other much poorer country with fewer environmental protections.

I do have a lot of sympathy with the environmental lobby. I do think they've got an absolutely good case. Equally, I think the oil industry has quite a good record now onshore UK in being responsible with the environment and that it is delivering a product which at least in some of its use is highly laudable and probably essential. But I would agree that the matter deserves continuing and on-going discussion. But, personally, I still think demand not supply is where we should be waving our placards.