

PRESS RELEASE

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UKCS Industry Structure – Time for a Change?

UK oil and gas industry consultants, Hannon Westwood, have concluded that the oil and gas service sector could take a leading role in changing the current structure of the UK oil and gas industry to access the benefit of the estimated 23 billion barrels of oil equivalent remaining.

Hannon Westwood's latest report suggests that the industry is currently only structurally optimised to exploit existing (known) resources rather than to explore for new reserves, and as a result new business models need to be found to ensure continued exploration and production activities in the region.

As the major oil companies continue to focus on higher impact niche plays such as High Pressure/High Temperature and West of Shetland, the independent and small cap operators are the companies left holding the baton. However with little likelihood of further fiscal incentives to encourage UKCS activity and the smaller independents struggling with access to capital, technologies and services, Hannon Westwood believe that the service sector which possesses these resources, can take a lead in driving the solution through increased exploration and development risk/reward exposure

Jonathan Bedford, the author of the special report, commented

“The \$200 billion of investment estimated by Hannon Westwood to be required to deliver this potential over the next 30 years represents a significant prize for the Oilfield Service Industry, a figure that dwarfs the \$27 billion needed for the currently producing reserves. Over the past 30 years, the North Sea oil and gas industry has caused the development of an advanced service industry that increasingly exports its technology and operations overseas. Prolonged activity on the UKCS will ensure that the sector's success continues.”

A PDF copy of the Special Report is available free of charge from Hannon Westwood.

Contacts:

Hannon Westwood LLP

Jonathan Bedford

Karen Alford

<http://www.hannonwestwood.com>

+44 (0) 141 534 7903

+44 (0) 141 534 7903

Aquila Financial Limited

Peter Reilly

<http://www.aquila-financial.com>

+44 (0) 118 979 4100