UK Gas Reserves and Estimated Ultimate Recovery 2011

The gas reserves quoted comprise all the gas reserves expected to be available for sale from dry gas fields, gas condensate fields, oil fields with associated gas and a small amount from coal bed methane projects. Gas reserves are summed in the Gas Table below at different probability levels to give a range of estimates from proven to the maximum level.

The gas reserves presented are in both sanctioned fields (i.e. fields in production or approved fields under development but not yet producing) and other significant discoveries not yet fully appraised. The latter comprise discoveries for which there is an intended field development and a provisional start date. Proven, probable and possible reserves for a large number of individual fields have simply been summed to give the totals shown. There is, thus, a much smaller likelihood that the true figure for total gas reserves is outside the indicated range than when considering probability levels for an individual field.

Cumulative gas production to the end of 2010 has been added to (remaining) gas reserves to give the estimated ultimate recovery figures.

Reserves and Estimated Ultimate Recovery in the Gas Table below are presented in units of billion standard cubic metres (bcm). Note that billion means thousand million [10^9]. The UK Gas Reserves figures are also available in "field units" in Appendix 1 where we have used the conversion factor of 1 bcm = 35.31 billion cubic feet (bcf).

Estimates of UK Gas Reserves and Ultimate Recovery at 31st December 2010[1][2]

[figures in brackets are for end 2009]

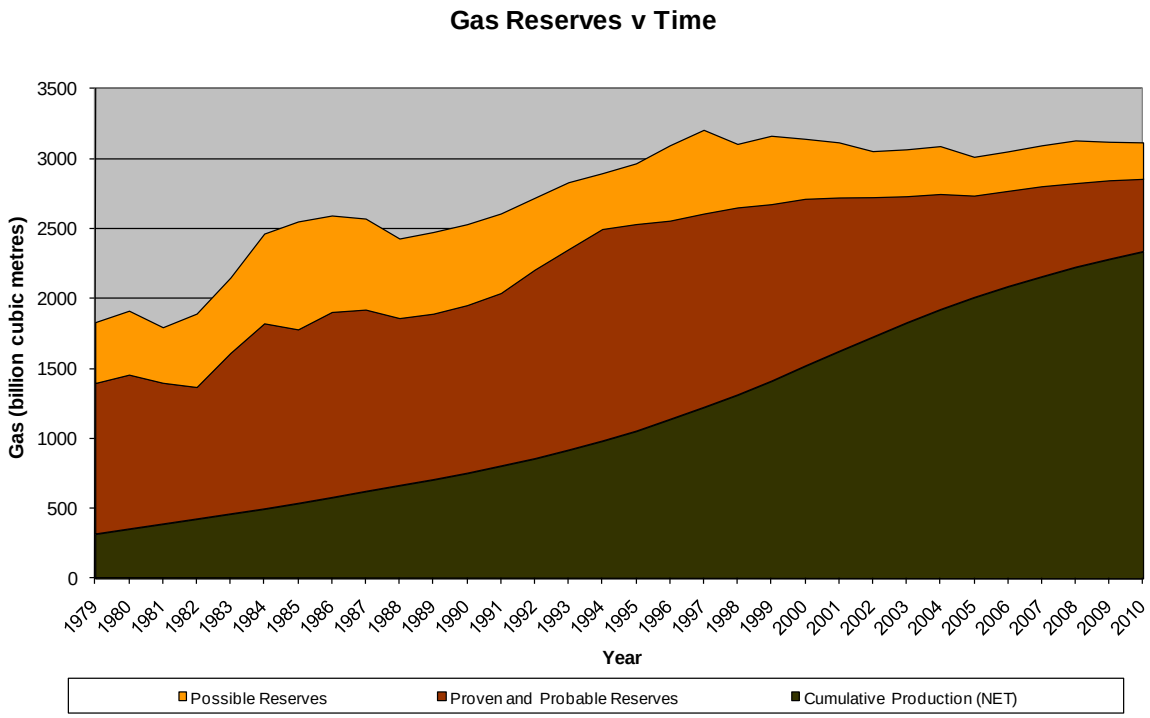
Gas Reserves units - billion cubic metres (bcm)	Proven	Probable	Proven & Probable	Possible	Maximum[3]
Gas from Dry Gas Fields					
Fields in production or under development					
Southern basin	76 [80]	41 [52]	118 [132]	54 [48]	172 [180]
Other areas	25 [31]	12 [12]	37 [43]	3 [4]	40 [47]
Subtotal	101 [111]	54 [64]	154 [176]	58 [51]	212 [227]
Other significant discoveries not yet fully appraised					
Southern basin	0 [0]	54 [48]	54 [48]	38 [35]	92 [83]
Other areas	0 [0]	0 [3]	0 [3]	3 [1]	3 [4]
Subtotal	0 [0]	54 [51]	54 [51]	42 [36]	95 [87]
Total Dry Gas	101 [111]	108 [116]	208 [227]	99 [87]	307 [314]
Gas From Condensate Fields					
Fields in production or under development	115 [103]	78 [54]	193 [157]	61 [48]	254 [205]
Other significant discoveries not yet fully appraised	0 [0]	41 [101]	41 [101]	49 [86]	90 [187]
Total Condensate Field Gas	115 [103]	119 [155]	233 [258]	111 [134]	344 [392]
Associated Gas from Oil Fields					
Fields in production or under development	37 [42]	30 [27]	67 [69]	41 [46]	109 [114]
Other significant discoveries not yet fully appraised	0 [0]	11 [10]	11 [10]	10 [9]	21 [19]
Total Associated Gas	37 [42]	41 [37]	78 [79]	51 [54]	130 [133]
Total Gas Reserves in bcm [4]	**253 [256]**	**267 [308]**	**520 [564]**	**261 [276]**	**781 [840]**
Cumulative dry gas production	1527 [1500]				
Cumulative condensate gas & associated gas production	810 [782]				
Cumulative Gas Production to end 2010[5]	**2337 [2282]**				
Estimated Ultimate Recovery in bcm	**2589 [2538]**	**267 [308]**	**2857 [2846]**	**261 [276]**	**3118 [3122]**

Notes on Gas Table

(1) Includes onshore as well as offshore discoveries but excludes flared gas and gas consumed in production operations.
(2) All entries are rounded to the nearest one billion cubic metres.
(3) Maximum is the sum of proven, probable and possible reserves.
(4) The gas reserves include 26 (5) proven, 30 (5) probable and 19 (5) possible billion cubic metres in approved fields under development but not yet producing.
(5) Cumulative gas production includes 159 (98) bcm from decommissioned gas fields.

Note that there are also "Potential Additional Resources" (PARs) in fields and drilled prospects for which there are no current plans for development. These are listed in a separate section on the website.

Stacked Graph to Show Gas Reserves and Production from 1979 to 20010



The chart shows how reserves, cumulative production and estimated ultimate recovery of gas have changed over time. There has been a steady decline in proven plus probable reserves since 1994, initially associated with a higher rate of production.

Review of UK Gas Reserves

The change in UK gas reserves during 2010 arises from a combination of:

- production during the year;
- reserves additions from new field developments including those resulting from recent exploration success;
- reserves revisions in established fields.

Annual net gas production was 55 bcm in 2010.

There was a net reallocation of 2 bcm from Potential Additional Resources (PARs) and exploration to probable reserves and a net reallocation of 4 bcm from possible reserves back to PARs.

From the Gas Table it can be seen that the central estimate of (remaining) gas reserves based on proven plus probable reserves now stand at 520 bcm which is a reduction of 44 bcm compared to last year. Taking annual gas production of 55 bcm into account this leaves a proven plus probable reserves replacement of 11 bcm.

Proven gas reserves at the end of 2010 now stand at 253 bcm which is 3 bcm less than at the end of 2009. After accounting for production, there has been a net transfer of 51 bcm from probable to proven reserves. Amongst the gains to proven reserves was the development approval during 2010 of five offshore condensate fields – Laggan, Tormore, Islay, Jasmine and Devenick and one offshore dry gas field – Wingate.

Probable gas reserves have decreased by 41 bcm to stand at 267 bcm. This reflects the fact that the reallocation of possible reserves to probable reserves has not kept pace with that from probable to proven reserves.

Possible gas reserves have decreased by 15 bcm. This decrease reflects downward revisions in a number of fields and the fact that the progression from Potential Additional Resources and exploration to possible reserves was less than that from possible to probable reserves.

At the maximum level, (remaining) gas reserves based on proven plus probable plus possible reserves now stand at 781 bcm which is a reduction of 59 bcm compared to last year.

Review of UK Estimated Ultimate Recovery of Gas
(i.e. Gas Reserves plus Cumulative Production)

Estimated ultimate recovery of gas has increased at two levels this year. At the proven plus probable level, the estimated ultimate recovery of gas has increased by 11 bcm and now stands at 2,857 bcm. At the proven level it has increased by 51 bcm to 2,589 bcm. However, the maximum estimated ultimate recovery of gas, combining proven plus probable plus possible reserves, has decreased by 4 bcm to 3,118 bcm.

Cumulative gas production to the end of 2010 stood at 2,337 bcm.