



2017 European Gas Resources Report: Plenty left and more to find

As the EU pushes ahead with its energy & climate agenda, it will need a broad range of cleaner energy sources including natural gas if it is to retain its leadership in emission reductions in a carbon-constrained world.

The International Association of Oil & Gas Producers (IIOGP) asked the international energy consultancy Wood Mackenzie to conduct an analysis of remaining gas volumes in Europe. The main findings of the report are summarized overleaf.

The responsible exploration and development of Europe's gas resources has the potential to secure energy supply, skilled jobs and government revenues for decades to come.

With 5100 billion cubic metres (bcm) of known remaining natural gas resources, Europe has enough gas to meet around half of its own demand for another 25 years.

Outlook for the European upstream gas sector

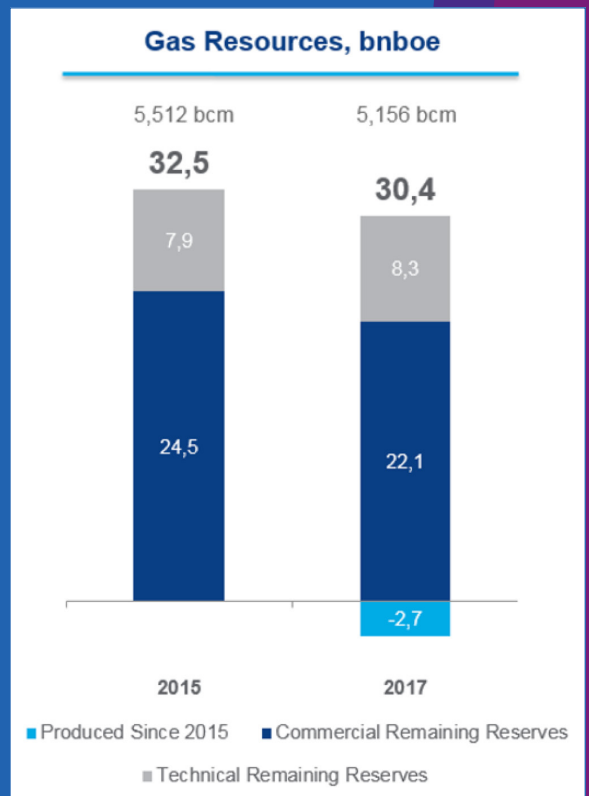
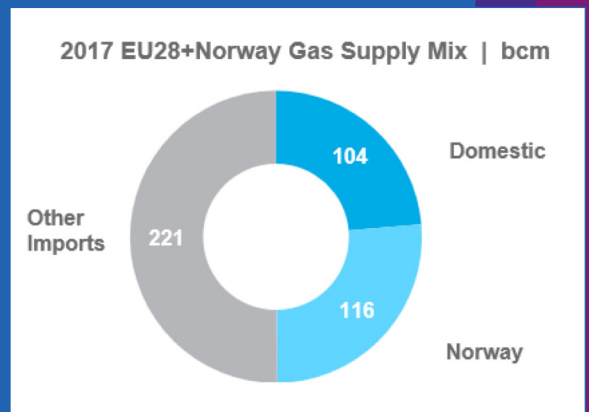
50% of estimated European gas demand is currently supplied by European (EU28+Norway) production.

1/3rd of EU gas demand under a **2°C scenario** could still be supplied by European resources in 2040 (some of which are yet to find).

Europe currently has around **5100 bcm** of commercial and technically recoverable natural gas resources.

This figure does not include an estimated **989 bcm** of resources that are classed as **yet to find**.

Yet-to-find resource expectations have also risen, driven by conducive policies and encouraging prospects in Croatia, Cyprus, Greenland, Ireland, Norway, and Romania.





Exploration performance and competitiveness

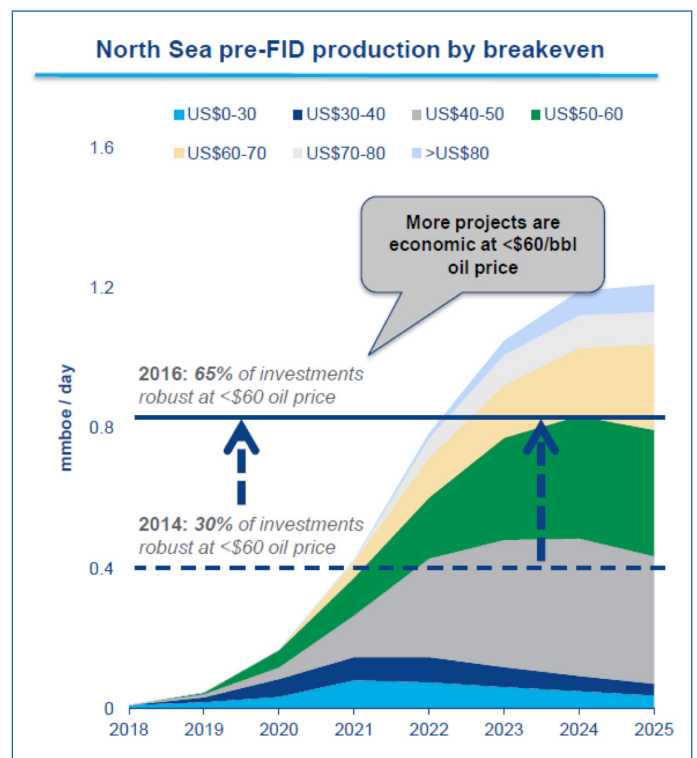
Successful results of recent licensing rounds show that oil & gas **companies are investing in Europe's many prospective basins**, both onshore and offshore. Unconventional reservoirs have the potential to add to this effort.

European exploration activity is recovering since 2016, with success rates and discovery costs back to 2009-2010 levels.

Upstream **project economics have improved** thanks to:

- Supply chain deflation
- Project simplification
- Standardisation of equipment
- Increased efficiency of operations
- Application of new technologies

Proven basins, together with competitive fiscal regimes and lower breakeven costs, **are attracting new players that are complementing established participants**.



Between 2016-2025, **over €50bn of exploration spending is expected** in EU mature areas (roughly €5bn/y).

Looking ahead

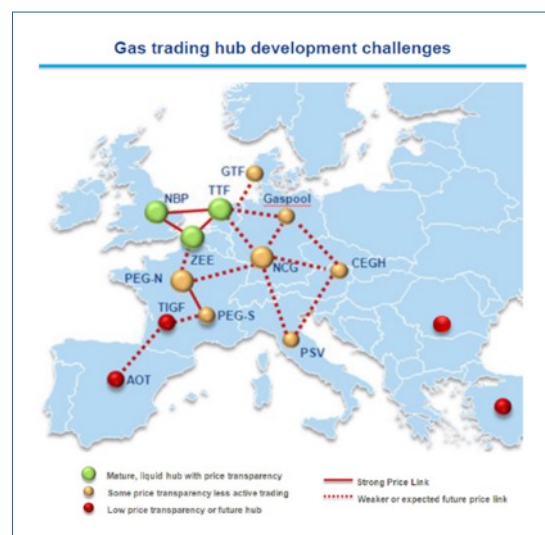
Europe's own resources can continue to be a secure foundation to meet domestic demand, complemented by future pipeline and LNG imports.

Completion of market interconnectivity is necessary if Europe wants to reap the full benefits of its remaining indigenous gas potential.

More gas hubs are needed in certain regions of Europe to provide liquidity and transparency.

Europe has to compete with other regions to attract upstream industry investment.

A stable and predictable regulatory environment will be critical to maximise the recovery of Europe's gas resources for the benefit of its citizens.



About IOGP

The International Association of Oil & Gas Producers (IOGP) is the voice of the global upstream industry. Oil and gas continue to provide a significant proportion of the world's energy to meet growing demands for heat, light and transport.

Our Members produce 40% of the world's oil and gas. They operate in all producing regions: The Americas, Africa, Europe, the Middle East, the Caspian, Asia and Australia.

We serve industry regulators as a global partner for improving safety, environmental and social performance. We also act as a uniquely upstream forum in which our members identify and share knowledge and good practices to achieve improvements in health, safety, the environment, security and social responsibility.

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All data and illustrations in this factsheet are taken from: *Wood Mackenzie, European Upstream Competitiveness Outlook, September 2017*. Report produced for the International Association of Oil & Gas Producers.

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