

Environment & Climate Change - Denmark

Total and Nordsøfonden end shale gas exploration in Northern Jutland

Contributed by **Plesner**

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Introduction

On August 17 2015 the Energy Authority issued a press release in which it stated that:

- work at the Vendsyssel-1 exploration well in Northern Jutland had been completed;
- the exploration had confirmed the presence of shale gas, but the layer was thinner than expected; and
- no further work would be performed in the well, which would be permanently plugged and abandoned.

The exploration was conducted by French energy company Total and Nordsøfonden, the Danish state oil and gas company, which has participated with a 20% interest in all new licences issued in the Danish sector since 2005.

The end of exploration was welcomed by local residents, environmental groups, local municipalities and a number of politicians in Parliament.

Total and Nordsøfonden also had permission to test drill for shale gas in North Zealand, but had already chosen in early summer to discontinue further exploration there.

Background

When the licence was granted to Total and Nordsøfonden in 2010, it was done administratively and was not subject to political debate in Parliament.

Public attention focused on the shale gas exploration when the Municipality of Frederikshavn required an assessment of the environmental impact of the first test drilling to be drafted.

When the environmental assessment was completed, environmental groups concluded that it was not satisfactory. They stressed that:

- the environmental assessment had failed to clarify the overall effects that releasing the shale gas would have on the environment and climate in Denmark – shale gas is a fossil fuel that contributes to global warming when it is burned; and
- concrete drilling does not meet Danish and European standards regarding the protection of groundwater and drinking water.

However, on June 25 2014 the Municipality of Frederikshavn nonetheless approved the environmental assessment and thus the start of exploratory drilling.

Local residents, environmental organisations – including Greenpeace and the Danish Nature Protection Association – filed a complaint against the permit with the Environmental Board of Appeal. However, the appeal was unsuccessful and the board upheld the permit.

Drilling began in May 2015. There was no question of using the controversial fracking method, which would have required an additional assessment of that method's environmental impact.

Total, the operator that carried out the drilling, used nine chemicals not included in the environmental impact assessment without permission. This caused the Nature Agency – which had used its call-in powers to take over the matter from the Municipality of Frederikshavn – to order a temporary halt to drilling pending approval of the nine new chemicals. Upon application, the agency granted permission to use the chemicals in question without requiring an additional assessment of their environmental impact.

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Future of shale gas exploration

It is difficult to say whether this is the end for shale gas exploration in Denmark. Total and Nordsøfonden are undecided as to whether they will continue shale gas exploration in Northern Jutland. Their licence for exploration is valid until June 5 2016 and may be extended until June 5 2020 at the latest.

Although public protest against shale gas exploration is increasing in Denmark, it is hard to imagine that the Energy Authority will withdraw a licence which has already been granted to a private party. That would infringe Danish administrative law. The same would probably apply if Total and Nordsøfonden applied for an extension of the licence, provided that they could establish the need for additional time for exploration.

Conversely, increased protest against shale gas exploration and production in Denmark and worldwide will undoubtedly have an impact on the requirements that the Nature Agency makes on future environmental impact assessments, and thus on the requirements imposed on test drillings for permits that are issued, in terms of safeguarding the environment and the safety of residents close to drilling sites. It also appears that knowledge of the consequences of fracking is growing, which will likely influence the Nature Agency.

As regards new applications for shale gas exploration and production in Denmark, the previous government introduced a temporary moratorium on new applications, which still applies under the new government that took office this summer.

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