

North Sea Reporter

News & Analysis – keeping you informed

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OEUK backs domestic oil, gas and renewables for energy security

The UK will continue to need significant volumes of oil and gas for decades to come, even with accelerating use of renewables, according to Offshore Energies UK's (OEUK) *Business Outlook Report for 2026*, published yesterday (Tuesday). The report warns that without more domestic production the UK risks becoming increasingly reliant on energy imports at a time of rising global instability.

Although offshore wind, carbon capture and hydrogen production will have expanding roles, oil and gas still currently supply around 75% of the UK's energy needs and are expected to meet around one-fifth of demand in 2050. Maintaining domestic supply is therefore essential for energy security, affordability and reliability.

The report shows that domestic oil and gas production brings clear advantages over imports. North Sea gas has a lower emissions footprint than LNG from overseas, as well as supporting supply chains and reducing exposure to volatile global markets.

Current projections suggest the UK could rely on imported LNG for more than a quarter of its gas supply by 2030 and almost half by 2035, up from around 14% last year. However, OEUK says this trajectory is not inevitable and with the right investment conditions and support for pragmatic energy policies LNG reliance could fall to 6% in the same year.

Regulatory and fiscal uncertainty rather than resource availability is accelerating decline in domestic production and overall business confidence. Replacing the temporary energy profits levy in 2026 with the permanent oil and gas price mechanism (OGPM) could unlock up to £50 billion (\$67 billion) of additional capital investment in oil and gas, adding substantially to domestic supplies and increasing tax receipts over the next decade, while strengthening national energy security. *(Continued on page 2)*