



We represent owners of land, property and businesses in rural England and Wales and help safeguard the interests of those with interest in rural land and the rural economy. Our 33,000 members own and manage about half of the rural land in England and Wales.

Infrastructure Bill Report Stage (Shale Gas)

Across rural areas there is land that has the potential to be used for shale gas exploration and the Infrastructure Bill grants shale gas developers unilateral underground access to this land without providing direct compensation to landowners who own it. The current proposals only provide compensation to an undefined community; however, the amendments put forward by Nick Herbert MP and supported by the CLA provide direct payments to landowners, whose access rights are infringed, whilst still providing compensation to the wider community. ***Please speak in support of amendments 78, 79, 80 & 81 which will ensure landowners receive payment for the infringement of their property rights.***

Amendments 78, 79, 80 & 81 (Pages 1449 & 1450)

The industry proposal provides a payment of £20,000 into an undefined community fund for each lateral well drilled rather than recognising individually those owners whose rights are affected by the changes.

Amendments 78-81 would ensure INEOS', a shale gas company in the UK, approach to compensation is used. This approach would give away a percentage of the income generated from commercialised wells to the local community. This would include a proportion made as a payment **direct to land and property owners under whose property drilling takes place** while a further payment, based on a proportion of the income, would be made to the local community to recognise the possible effects of development on them. This is similar to the access arrangements in the US which have been highly effective in enabling the development of the industry there.

Below are five reasons why this proposal is better than the current scheme:

1. *Identifies and recognises property rights infringement by providing a direct payment to those whose rights are affected.*
2. *The level of compensation is based on the area affected by underground drilling and so is proportionate to the extent to which a property owner's rights are affected.*
3. *Provides a genuine stake in the development for the local community to share any benefit rather than a one off payment, which is seen by some as an incentive to allow development.*
4. *Incentivises land and property owners and the local community to support development by allowing them to share directly in the success of any development.*
5. *Reduces the upfront cost and risk of development for investors since any payments are deferred to a point at which a well goes into commercial production and is generating income. If a well is unsuccessful then fewer costs are incurred by the developer.*

Whilst it might be expected for other operators to bring forward similar proposals the licensing process means that each licensee has a monopoly within their licence area. As such there is little pressure to put forward competing offers. As the Bill is currently drafted there is **no guarantee** that landowners will receive compensation for the infringement of their property rights.

If you would like further information or to discuss these issues in more detail please contact Tom Harlow using the details below.

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