

LONDON--( [BUSINESS WIRE](#) )--Argentina's Neuquén basin promises the greatest potential for development of its unconventional resources, including shale gas and oil, of any country outside of North America, according to a new report published by Accenture (NYSE:ACN).

Accenture's report, [International development of unconventional resources: If, where and how fast?](#) reviews basins in Argentina, Australia, China, Mexico, Poland, Russia, Saudi Arabia, South Africa and the United Kingdom. The report examines these basins against eight critical factors required for the development of unconventional resources and analyses their investment prospects.

"Before investing in shale oil and gas basins, developers need to consider eight key areas. These not only include the **size of the potential resources** and **an enabling fiscal regime**, but also **the basin's geology**, in particular the availability of data, quality of the rock and requirements to adapt technology to the local rock", said Melissa Stark global managing director of Accenture's new energy business. "It's also important to consider **land access and operability**, including population density, water availability and existing roads and rail infrastructure, as well as views of local Non-Governmental Organisations (NGOs). Additionally, developers should consider the presence of an **existing unconventional services sector** to support development; **existing oil and gas distribution networks** to commercialise the product; **competition** from conventional or other resources that could divert focus away from shale; and, finally, a **skilled oil and gas workforce** to enable future development of unconventional resources."

"Although it would seem like the more factors that are met in each location, the sooner it is likely to become a viable unconventional resources investment, any single factor can delay development. We believe that even in the most favourable basins, development is at least five to 10 years away, and one thing that we tried to determine in this analysis is which factor will define the pace of development in each market," Melissa Stark added.

So far, the largest number of exploration and test wells (~200) have been drilled in Argentina and China, where the technically recoverable shale gas resources are estimated at 802 trillion cubic feet (tcf) and 1,115 tcf, respectively, compared to the United States, which has 665 tcf.

Although Argentina is a challenging environment for foreign investment, its government has begun to offer attractive incentives demonstrating a commitment to developing its unconventional resources. The established Neuquén basin has significant conventional oil and gas production and existing infrastructure, including roads, pipelines and rail, as well as an experienced oil and gas workforce, making it the next most attractive prospect for development. The fiscal regime is the most important factor driving its pace of development.

China's biggest challenge is land access and operability, given its terrain, population density and water scarcity. But the pace of development in China will be driven primarily by its geology, the success of Sinopec's and China National Petroleum Corporation's exploration and the ability of those companies to adapt existing technologies to the local geological conditions.

In Australia and Mexico, the level of competition for investment and human resources from conventionals, or other resources like coal-bed methane in Australia and shallow water and offshore investment in Mexico, will have the greatest effect on the pace of developing unconventional resources.

In the UK, NGO opposition to unconventional resources is the key factor affecting the pace of development.

The pace of development of Poland's Baltic basin will depend upon the draft bill currently in parliament that addresses many of the operators' concerns regarding the previous regulatory proposals. The draft bill abandons plans to create a new national regulator, proposes a more attractive tax regime and seeks to streamline licensing procedures. The question is whether the early enthusiasm in Poland will return.

Energy demand in Saudi Arabia is growing rapidly but lack of knowledge of the shale formation and lack of infrastructure in some frontier locations are so far among the biggest challenges for developing unconventional resources in the region.

“All eight factors need to fall into place to enable successful development in each location and regulators need to support the progression of all factors, not just the local fiscal regimes. Although Argentina is the most promising market today, this may change depending on how other markets respond. For example, Australia, the United Kingdom and Saudi Arabia, and even China, could all progress quite quickly, if they address the factor that is pacing the development in these markets,” concluded Melissa Stark.

## About Accenture

Accenture is a global management consulting, technology services and outsourcing company, with approximately 289,000 people serving clients in more than 120 countries. Combining unparalleled experience, comprehensive capabilities across all industries and business functions, and extensive research on the world’s most successful companies, Accenture collaborates with clients to help them become high-performance businesses and governments. The company generated net revenues of US\$28.6 billion for the fiscal year ended Aug. 31, 2013. Its home page is [www.accenture.com](http://www.accenture.com).