

Press release

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Cuadrilla updates its Lancashire exploration programme

Cuadrilla has announced that it intends to apply for planning consent to hydraulically fracture and test the shale at its existing exploration well at Grange Hill. It has also announced that it intends over time to apply for consent to drill, hydraulically fracture and test the gas flow at up to six new temporary exploration well sites in the Fylde. A decision on drilling and testing at the existing Anna's Road site will be deferred until later in the exploration programme. Cuadrilla has appointed Arup, the engineering and environmental consultancy, to undertake Environmental Impact Assessments for each application to drill, fracture and flow-test. The precise locations of the new sites and the order in which they might be drilled will be determined over the coming months.

Cuadrilla will also apply for planning consent to drill up to three further vertical exploration wells. These wells will not be hydraulically fractured. They will allow additional rock samples to be taken, and further improve knowledge of the subsurface geology; their locations will be discussed with the community before they are finalised. These operations will be discrete from the proposed exploratory works detailed above.

A further stage in determining how much of the natural gas reserves can be recovered from the shale would be to test gas flow from some of the hydraulically fractured exploration wells over an extended period.

Francis Egan, Cuadrilla's chief executive, said:

"The purpose of all our ongoing exploratory work is to demonstrate that natural gas can be produced from the shale in commercial quantities. By sharing our plans for the exploratory programme, we hope that people will have an understanding of what we plan to do and why. The British Geological Survey last week confirmed the exciting scale of Lancashire's gas resource, and we look forward to working closely with local communities and regulators as our exploration work progresses.

"The UK increasingly depends on imports for its supplies of gas. Gas is vital in heating our homes and businesses, supplying our industry and, along with other fuels and renewables, generating our electricity. According to a recent report by the Institute of Directors, natural gas from Lancashire could lead to thousands of new jobs, higher tax revenues and lower emissions. We remain at the exploration phase of assessing the



possibility, and together with our new partners at Centrica Energy, we are committed to doing this transparently, safely and sensibly. ”

ENDS

Notes to Editors:

1. Cuadrilla Resources uses proven, safe technologies to explore for and recover natural gas reserves.

Cuadrilla aims to be a model company for unconventional exploration in Europe. It is acutely aware of the responsibilities this brings, particularly with regard to safety, environmental protection and working with local communities.

2. Thus far, the company has drilled vertical exploration wells at its exploration sites at Beconsall, near Banks; Grange Hill, near Singleton; and Preese Hall, near Weeton. Its Preese Hall well was partially hydraulically fractured and flow-tested in 2011.
3. In 2012, the company carried out a three-dimensional survey of 100km² of the Fylde, which yielded an incredibly detailed picture of the underground geology. It has since been studying the data from that survey carefully. Subject to planning and permitting consents, the company now intends to drill exploration wells horizontally into the most promising layers of shale at up to six sites within that survey area. It would then hydraulically fracture the shale rock penetrated by the horizontal wells, and test the flow of gas.
4. Cuadrilla recently announced that Centrica Energy has joined the company as an investment partner in our Lancashire shale gas exploration licence. Centrica Energy has significant technical expertise in gas exploration and production, and brings to the project a strong track record in safe and transparent project development. In the North West, it employs around 400 people across both on and offshore operations in Barrow, Heysham and the Morecambe Bay gas fields, which have been producing enough gas to meet around 8% of gas supply from the UK continental shelf since the 1980s.
5. Cuadrilla also announced the appointment of engineering and environmental consultancy Arup to carry out detailed Environmental Impact Assessments (EIAs) as part of our planning applications for exploration well sites. Arup's work on the EIAs will include environmental risk assessment, public and



stakeholder consultation and planning application support. Arup, which was founded in 1946, is a leader in consulting to industry and governments around the world.

6. As part of the EIA process, Arup will fully assess, explain and, as appropriate, ensure steps are taken to mitigate any implications for the local environment or communities. Arup is working closely with Lancashire County Council to ensure a high quality of public consultation and there will be a number of opportunities for the community to take part in the process.
7. There are comprehensive regulations associated with the environmental permits and planning consents required from a number of bodies, including Lancashire County Council, the Department for Energy and Climate Change, the Environment Agency and the Health and Safety Executive. Cuadrilla is working with these bodies to ensure that their detailed requirements are met; only when all permits and consents, appropriate environmental measures and safety controls are in place will exploration work commence. Compliance with regulations, industry standards and best practice for all aspects of our work is of paramount importance for the company.
8. In their recently published *Community Engagement Charter*, the United Kingdom Onshore Operators Group announced that its members, of which Cuadrilla is one, will 'provide benefits to local communities at the exploration/appraisal stage of £100,000 per well site where hydraulic fracturing takes place'. We are in discussions with UKOOG, DECC and LCC about just what form this will take in Lancashire, but expect that commitment to apply to the wells that we are today announcing that we intend to hydraulically fracture.

The same document commits members to giving 1% of revenue from producing well pads back to the local community. At current gas prices, based on Cuadrilla's estimate of 200 trillion cubic feet of gas in place, that would equal at least £1.4 billion across the licence area.

9. For media enquiries, please call the press office line on 0800 170 1116. For further information, please visit www.cuadrillaresources.com.