

For immediate release

25 November 2014

Third Energy to apply for permission to hydraulically fracture existing well at Kirby Misperton

Third Energy UK Gas Limited (Third Energy), the gas development and production company, has announced today that it is applying for permission to hydraulically fracture the KM8 well at Kirby Misperton in North Yorkshire.

Third Energy drilled the KM8 well, within its existing Kirby Misperton gas field, during 2013. Samples were taken at several different depths to assess the hydrocarbon potential. Analysis of the gas bearing zones in the deeper Bowland section concluded that they should be appraised further. To assess their commercial potential, hydraulic fracturing will be used to stimulate gas flow from these inter-bedded sandstone and shale sections.

Third Energy will consult widely with the local community and all relevant regulators during the planning and permitting phase. The first consultation will identify areas of potential environmental impact for the Environmental Risk Assessment for the Department of Energy and Climate Change (DECC). This will be later followed by wider public consultation on the project, prior to submitting the planning application.

Rasik Valand, chief executive of Third Energy, said: "Our analysis indicates that there could be a significant new gas reservoir in our North Yorkshire licence area. Having operated in the area for many years, we know the importance of being a good neighbour and we will work in partnership with the local community to develop this opportunity."

He continued "As the project involves hydraulic fracturing, the community would receive the pre-agreed community benefit of £100,000, once operations start."

Third Energy has been operating in North Yorkshire for over 20 years and already produces gas from four fields. The gas is delivered, via pipeline, for use at its generating station at Knapton that supplies power to the National Grid.

For further information contact the Third Energy on:

Yorkshire: 0845 544 3799

London: 020 7680 6534

Notes to editors:

1. What is Hydraulic Fracturing?

Hydraulic fracturing is a technique used to stimulate oil or gas flow from reservoirs that have insufficient permeability for the oil or gas to flow at economic rates without stimulation.

2. Is this a new well site that will require significant ground works?

No, this is an existing well, located within an existing site. The KM8 well was drilled from the KM-A location in Kirby Misperton in 2013.

3. How long has this well site been in operation?

A well was originally drilled on this site in the 1980s.

4. What is the DECC ERA?

Recent DECC guidelines have asked companies to carry out a preliminary Environmental Risk Assessment (DECC ERA) if they are proposing hydraulic fracturing. As part of best practice, they recommend that this includes public engagement. This provides a clear way for companies to engage with the public from the start of a project.

5. Can you explain about the £100,000 community benefit fund?

Before Third Energy starts any hydraulic fracturing, it will provide the agreed pre-operation community benefits of £100,000 per hydraulically fractured well site, as announced by the Chancellor of the Exchequer in 2013 and set out in the Community Charter of UK Onshore Oil & Gas (UKOOG). These funds will be administered by UK Community Foundations (UKCF)

6. Would there be longer term community benefits?

If the appraisal leads to commercial production, 1% of gross revenues from production will also be paid into the local community fund. At current gas prices, under the UKOOG Community Charter, production revenues from 1 trillion cubic feet (tcf) of gas would yield about £70 million to the local community over 20 years.

7. How will you manage the environmental and social impacts of this operation?

Third Energy is committed to minimising any impacts from its operations. The ongoing consultation process enables us to identify potential impacts and to discuss ways of reducing them. In past operations we have altered aspects of project timing or adjusted locations to reduce impacts.