

UPDATE ON ONSHORE GAS AND OIL OPERATIONS

1. PURPOSE OF NOTE

The purpose of this note is to provide an update on onshore gas and oil activity. It should be noted that there is no current activity or proposed activity in the Hyndburn area.

2. SITE ACTIVITY

2.1. Cuadrilla's proposed new sites

An oil and gas company called Cuadrilla is applying for planning permission to develop two new sites to explore for shale gas by drilling, hydraulically fracturing, (fracking) and testing the flow of gas and for a series of boreholes to monitor for seismic movement and water quality. The county council has received applications for:

- Preston New Road – Little Plumpton, Fylde West. Located north of Preston New Road (the A583), to the west of Little Plumpton (Cuadrilla Bowland Ltd - Application numbers LCC/2014/0096 and 0097):
- Roseacre Wood - Roseacre, Fylde East. Located to the south of the village of Roseacre (Cuadrilla Elswick Ltd – Application numbers LCC.2014/0101 and 0102).

Cuadrilla's applications for Preston New Road and Roaseacre Wood include:

- An application for drilling, fracking and extended flow testing of the gas with a direct connection to a local gas transmission pipeline, if extended testing is thought to be viable and is carried out at each of the sites. It is proposed that the sites will have up to 4 vertical bore holes each with lateral boreholes extending from them, within a defined quadrant as projected to the surface.
- Associated applications have also been submitted for monitoring arrays. The monitoring arrays are designed to monitor seismic movement and water quality.
- The site applications are accompanied by Environment Statements which have been produced as a result of Environmental Impact Assessments.

All the applications can be viewed on the Planning Register at the following link:

<http://planningregister.lancashire.gov.uk>

The county council has been carrying out a consultation on the applications, which has resulted in a cumulative number (over 20,000) of representations being received for all the applications. The vast majority of representations are objecting to the proposals and many are template letters, produced by anti shale gas groups and circulated to be signed by members of the public. Because of the numbers of

representations received it has meant that the county council is unable to make every representation available to view on the county councils website. However, representations made by letter or email including names and addresses will be placed on the application file and this is open to inspection by the applicant and general public, by appointment, at Lancashire County Council Offices, County Hall, Preston, PR10LD. The county council can provide assurance that it will continue to carefully consider all views expressed on the proposals before any decision is taken. A summary of representations, including the numbers of representations received objecting and supporting the proposals, will be included in the report to the Development Control Committee when the applications are presented for determination. Statutory consulted responses and those representations received from groups or bodies will continue to be made available to view on line and as hard copies.

The County Council would normally have 16 weeks to determine the applications for the sites given they constitute EIA development. However the county council has extended the consultation period for the respective applications at Preston New Road and Roseacre Wood having received confirmation from Cuadrilla first that they would agree to a time extension for all applications to accommodate the extended consultation period.

2.2. Cuadrilla's existing sites

Cuadrilla already has some existing sites in Lancashire. There are no current plans to carry out 'fracking' at these sites.

Banks Enclosed Marsh, Beconsall, West Lancs

A new application was submitted seeking planning permission for the retention of the existing site compound and access track for a further 3 years to allow pressure monitoring of the bowland shale reservoir, followed by plugging and abandonment of the existing exploratory well and site restoration. The Development Control Committee resolved to grant planning permission at its meeting on 23 September 2014, subject to the applicant first providing a unilateral undertaking in respect of offsite ecological mitigation measures and subject to the conditions set out in the report, which can be accessed at:

<http://council.lancashire.gov.uk/ieListDocuments.aspx?CId=118&MId=3824&Ver=4>

Land South of Grange Road, Singleton, Fylde West

As part of Cuadrilla's review of sites, the company has decided not to pursue their application for a time extension to carry out hydraulic fracturing at its Grange Hill site. It is now proposed that the existing well will be used in a similar way to the Banks application to allow pressure monitoring. In addition a seismic monitor will be placed in the well. A new planning application has been submitted seeking planning permission for the retention of the site compound and access track for a further 3 years to allow pressure monitoring of the bowland shale reservoir, followed by plugging and abandonment of the existing exploratory well and site restoration. The application remains to be determined and can be viewed via the following link (ref LCC/2014/00): <http://planningregister.lancashire.gov.uk/planapplist.aspx>

Annas Road, Fylde West

Cuadrilla has now plugged the abandoned well in accordance with the requirements of the Health and Safety Executive and restored the site in accordance with the requirements of the planning permission granted on 26 February 2014 (for a variation of the original planning permission (ref 05/10/0634) to extend the overall time for the restoration).

Preese Hall, Fylde West

It is Cuadrilla's intention to withdraw from the Preese Hall site entirely and restore the site. Variation of condition 1 of the original planning permission (ref 05/11/0431) to extend the time period for restoration of the site to 31 July 2014 was granted on 26 February 2014. However, because of complications that are described below, Cuadrilla submitted another planning application for a time extension for a further 12 month period and The Development Control Committee resolved to grant planning permission at its meeting on 23 September 2014. The report can be accessed here:

<http://council.lancashire.gov.uk/ieListDocuments.aspx?CId=118&MId=3824&Ver=4>

Cuadrilla had hoped to restore the site within the permitted time period but overran this timescale because of complications encountered with the well. Cuadrilla had advised that there was a pressure increase in the annulus that had been caused by the ingress of gas from a naturally occurring accumulation in a geological formation. This naturally occurring gas had seeped into the well where it had been trapped. The situation was monitored by the Health and Safety Executive and the Environment Agency, but was not considered by them to be a significant problem

The borehole has already been plugged at depth and will be abandoned in accordance with the requirements of the Health and Safety Executive. The mobilisation programme for the remaining abandonment and reinstatement works is scheduled to commence. It is anticipated that the remaining abandonment work will take around two weeks and the site reinstatement work will then commence and be completed around 5 weeks after that, weather permitting.

2.3. Aurora

Lancashire County Council had confirmed to Tesla, the company carrying out a 3D seismic survey on behalf of Aurora in West Lancashire that the survey can be carried out with the benefit of permitted development rights. Whilst the survey was scheduled to commence in April the start has been delayed until further notice. It may be the case that if Aurora want to resume this activity, they will have to provide notice to the County Council again.

Planning permission for hydrocarbon investigations was granted to Aurora Petroleum in April 2011. Their activity is currently focussed on shallow oil exploration. The exploration does not extend to shale or include fracking. The planning permission was implemented and 2 boreholes were drilled. An application for a time extension to drill the remaining 2 permitted boreholes has been received and is available to view via the following link (ref LCC/2014/0095):

<http://planningregister.lancashire.gov.uk/planapplist.aspx>

3. OTHER COUNTY COUNCIL UPDATES

3.1. Supplementary planning document

The Joint Advisory Committee on strategic planning has agreed to the preparation of an Onshore Oil and Gas Supplementary Planning Document (SPD). It is intended that the SPD will provide guidance on the interpretation and application of the policies in the adopted Joint Lancashire Minerals and Waste Core Strategy and Site Allocation and Development Management Local Plan. It will also consider how the policies can be applied to developments for onshore oil and gas exploration, appraisal, extraction and distribution. Once adopted the SPD will become planning guidance and will be applied to the interpretation and application of the adopted policies in the development plan. It will be relevant to all those considering or otherwise involved with development proposals for onshore oil and gas exploration, appraisal and extraction. The report and the draft SPD can be viewed via the following link:

<http://council.lancashire.gov.uk/ieListDocuments.aspx?CId=389&MId=3745&Ver=4>

3.2. Health Impact Assessment

The County Council agreed to a proposal by the Director of Public Health to develop a Health Impact Assessment (HIA) of shale gas exploration in Lancashire, at the two proposed new sites in Roseacre and Preston New Road. The Cabinet report can be accessed via the following link:

<http://council.lancashire.gov.uk/mglIssueHistoryHome.aspx?IId=29552>

The Director of Public Health has overseen the development of the HIA and will produce a report based on the findings of the HIA. The HIA report will be an important consideration in the determination of planning the applications for Preston Ne Road and Roseacre Wood.

4. UPDATE FROM OTHER REGULATORS/AGENCIES

The Environment Agency (EA)

Cuadrilla have applied to the Environment Agency for permits for their proposed new sites at Roseacre Wood and Preston New Road. At both sites Cuadrilla have applied for:

- Permits covering the management of mining waste involving waste facilities,

- Permits covering the flaring of gas in plant with a capacity of over 10 tonnes per day
- Permits covering groundwater activity, covering the protection of water resources (including groundwater aquifers);
- Permit for a radioactive substances activity permit. ensuring appropriate treatment and management of any naturally occurring radioactive materials;

Shale gas developments that include hydraulic fracturing need environmental permits under the Environmental Permitting (England and Wales) Regulations 2010. The EA determine these applications by undertaking environmental risk assessment. It should be noted that although shale gas operators must have planning permission for their surface operations (that is the construction and operation of individual well pads) from the planning authority, but they must also apply to the Environment Agency under a separate regime for a range of environment permits. *Planning Policy Guidance for Onshore Oil and Gas* states that the focus of the planning system should be on whether the development itself is an acceptable use of the land, and the impacts of those uses, rather than any control processes, health and safety issues or emissions themselves where these are subject to approval under other regimes. Minerals planning authorities are therefore advised that they should be satisfied that these non-planning regimes will operate effectively. The EA are statutory consultees in the planning process and their view on the issuing of permits will be a consideration in determination of planning permissions.

The Government

- The government has announced the launch of the **14th Round on onshore oil and gas licensing**. Licenses for onshore oil and gas exploration and production are awarded by the government and give a developer exclusive rights to a broad area. It should be noted that planning permission and permits will still be required before activity can take place. In the current licensed round, (the 13th), only two operators hold licenses for parts of Lancashire. Cuadrilla's PEDL165 and Aurora's PEDL164 are current 13th Round licences. At this moment we can only speculate what further interest there may be in the bowland shale, which extends beyond the current licensed areas and beyond Lancashire.
<https://www.gov.uk/government/news/new-onshore-licensing-round-opens>.
- There has been an announcement of **new planning guidance** on unconventional hydrocarbon development in National Parks, Areas of Outstanding Natural Beauty, and World Heritage Sites
http://planningguidance.planningportal.gov.uk/blog/guidance/minerals/planning-for-hydrocarbon-extraction/determining-the-planning-application/#paragraph_223
- The Government has finished its **consultation on underground drilling access** and concluded that primary legislation to implement the policy proposals set out in the consultation paper will be put to Parliament. The government proposal consists of three different elements; each designed to address specific issues. A right to underground access to companies extracting petroleum would only apply effectively removing the issue of trespass. There would be a payment to

communities in return for the right of access and a notification system for the community. More information is available at the following link:

<https://www.gov.uk/government/consultations/underground-drilling-access>.

5. FURTHER INFORMATION ON SHALE

- The Department of Energy and Climate change produced a series of booklets designed to provide guidance and answers to frequently asked questions about shale oil and gas and hydraulic fracturing.
<https://www.gov.uk/government/publications/about-shale-gas-and-hydraulic-fracturing-fracking>
- DECC published a set of regulatory roadmaps that aim to help operators understand the regulation process for onshore oil and gas (shale gas) exploration in the UK.
<https://www.gov.uk/government/publications/regulatory-roadmap-onshore-oil-and-gas-exploration-in-the-uk-regulation-and-best-practice>
- The Environment Agency and Health and Safety Executive have published an agreement that explains their joint approach to the regulation of unconventional oil and gas developments.
<http://www.hse.gov.uk/aboutus/howwework/framework/aa/hse-ea-oil-gas-nov12.pdf>
- The Health and Safety Executive have also produced a FAQ on their regulation of shale gas.
<http://www.hse.gov.uk/shale-gas/assets/docs/shale-gas.pdf>
- *Shale gas extraction in the UK: a review of hydraulic fracturing* June 2012 Royal Society & Royal Academy of Engineering
<https://royalsociety.org/policy/projects/shale-gas-extraction/report/>
- Public Health England's report on shale gas and radon map for England and Wales.
<https://www.gov.uk/government/publications/shale-gas-extraction-review-of-the-potential-public-health-impacts-of-exposures-to-chemical-and-radioactive-pollutants>
- A recent study by DECC's Chief Scientist looked at the potential greenhouse gas emissions from shale gas production and discusses its compatibility with global climate change targets.
<https://www.gov.uk/government/publications/potential-greenhouse-gas-emissions-associated-with-shale-gas-production-and-use>