



Department for
Business, Energy
& Industrial Strategy

Francis Egan
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The Rt Hon Claire Perry MP
Minister of State for Energy and Clean
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24 July 2018

Dear Mr Egan,

**RE: DEPARTMENT FOR BUSINESS, ENERGY AND INDUSTRIAL STRATEGY
HYDRAULIC FRACTURING CONSENT**

I am writing with regard to your Hydraulic Fracturing Consent application dated 18 May 2018, for Preston New Road 1Z under licence EXL269 and PEDL165. The Secretary of State has asked me to take the decision on this application. I have now considered the information provided.

I have taken into account all relevant matters. This includes advice I have received from the Infrastructure and Projects Authority in relation to financial resilience (in accordance with Written Statement HCWS428). The Infrastructure and Projects Authority has concluded that:

“Cuadrilla Bowland Limited, as operator of the PEDL 165 License and equity investor in the Licence alongside AJ Lucas and Spirit Energy on a joint and several basis, combined with continuing financial support from its ultimate shareholders has an adequate level of financial resilience to undertake the Project”.

I am satisfied that your application has met the thirteen legislative conditions as set out in section 4A of the Petroleum Act 1998 (inserted by section 50 of the Infrastructure Act 2015) and I am otherwise satisfied that it is appropriate to issue Hydraulic Fracturing Consent. Further information is provided in the ‘Consideration of Section 4A Conditions’ document at Annex A.

I therefore grant Hydraulic Fracturing Consent with effect from 24 July 2018 subject to the following conditions. Pursuant to section 4A(8), a breach of such a condition is to be treated as if it were a breach of a condition of a well consent.

Conditions:

- 1) (a) No associated hydraulic fracturing may commence pursuant to this consent until you have submitted to the Department a copy of the unqualified audited report and accounts relating to the latest full financial year of Spirit Energy Limited and I have confirmed to you in writing that I am satisfied that they are

broadly in line with unaudited financial statements previously submitted to the IPA in support of your application for Hydraulic Fracturing Consent.

Or;

(b) If you wish to commence hydraulic fracturing operations in advance of Spirit Energy Limited's audited accounts being ready for submission to the Department, you must provide the Department with evidence of the deposit of £557,000 in a suitable Escrow account in support of your potential Decommissioning Cost liability. No hydraulic fracturing may commence until you have my written confirmation that these arrangements are satisfactory. Once Spirit Energy Limited's audited accounts are available, you must then submit these to the Department in line with Condition 1a).

- 2) The arrangements for publication of the results of the monitoring required by section 4A(6)(a) of the Petroleum Act 1998, set out in your letter dated 18 May 2018 which accompanied the application, must remain in place for the period for which this Hydraulic Fracturing Consent remains in force.

Expiration

This consent will expire on the same date as the end of the second term of your Petroleum Exploration and Development Licence (PEDL No.165), unless this consent is withdrawn or extended by notice in writing given by or on behalf of the Secretary of State prior to that date.

This consent may be withdrawn if there has been a breach of the conditions or the Energy Minister considers there to have been a material change in circumstances and it is no longer appropriate for this consent to remain in force. Such circumstances may include (but are not limited to) where any of the permits or consents relied upon by the Department when granting this consent (see Annex A) expire or cease to have effect, or where the area in which any part of the well pad for the relevant well is located becomes a protected area (as defined in Annex A to the Government Response to the Consultation on Surface Development Restrictions for Hydraulic Fracturing – "Policy Statement for Existing Licences" (Department for Energy and Climate Change - June 2016)) or becomes subject to a Government consultation on the scientific case for designation as a European site or a Ramsar site (as set out in paragraphs 3.3-3.4 of that document).

Yours sincerely,

A handwritten signature in black ink, appearing to be 'CP', written in a cursive style.

THE RT HON CLAIRE PERRY MP
Minister of State