

Mr Charles Hendry  
Minister of State for Energy  
Department of Energy & Climate Change  
3 Whitehall Place  
London SW1A 2AW

8 February 2012

Dear Minister,

### RESUMPTION OF HYDRAULIC FRACTURING IN LANCASHIRE

I am writing to update you on the extensive efforts which we have undertaken to thoroughly investigate the seismic events which took place on 1 April and 27 May 2011, now some ten and eight months ago respectively. Throughout this time we have been working extensively with your officials who have no doubt been keeping you fully informed on the progress with the substantial material we have submitted.

If we are given clearance to proceed, it is our intention to restart hydraulic fracturing operations in a cautious manner, using revised job procedures and a very safe and conservative traffic light system. Our proposals are designed for the present phase of operations, namely to establish the commercial viability of the natural gas resource. During this phase we will learn much more about how these proposals work in practice and we expect to revise them accordingly.

The studies conducted so far also suggest that seismicity will be negligible and can be carefully controlled. That conclusion has recently been publicly echoed by the British Geological Survey and Keele University. We are confident that we can test our new fracture design and traffic light system while maintaining an environment that is safe for the local residents and their property.

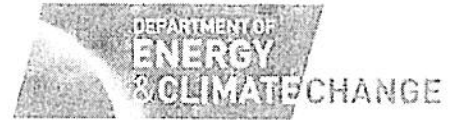
For information, the provisional timetable we have shared with your officials is as follows:

- Q1 2012 Formal end of fracturing suspension (date to be confirmed)
- March 2012 Community engagement and other preparations for resumption
- April 2012 Start fracturing and testing of Grange Hill and Beconsall wells
- May 2012 Commence drilling and testing of three additional wells
- Dec 2012 Third-party estimate of recoverable reserves
- Q1 2013 Submission of long-term production test plan to DECC
- Q1 2013 Initiate long-term test production
- Q4 2013 Submission of field development plan to DECC

Should there be any remaining issues on which you require any clarification I would be pleased to personally discuss these with you.

Yours sincerely,

Mark Miller  
Chief Executive



**Charles Hendry MP**

**Minister of State**

Department of Energy & Climate Change

3 Whitehall Place

London

SW1A 2AW

[www.decc.gov.uk](http://www.decc.gov.uk)

Lord Browne of Madingly, FRS, FREng  
Chairman of the Board  
Cuadrilla Resources Ltd.  
Cuadrilla House  
Stowe Court, Stowe Street  
Lichfield  
Staffs, WS13 6AQ

11 May 2012

Dear John,

I am writing to you in your capacity as the current Chairman of the Board of Cuadrilla Resources.

You will be aware that my Department is concerned that Cuadrilla failed to recognise the significance of the casing deformation experienced in the earth tremor triggered by fracking operations on 1 April 2011. So much so, that the company did not report it to my officials in contemporary discussions as to the possible cause of the tremor and the possibility that it might be linked to the fracking. In the light of Cuadrilla's responses to the Department's subsequent inquiries, I have formed the view that this failure discloses weaknesses in Cuadrilla's performance as a licensee, which need to be addressed.

I would like to discuss these matters with you, your Chief Executive Officer, and the Board representative of AJ Lucas, as soon as may be convenient, to hear what improvements you might propose to address these concerns, and how these might best be implemented.

\*

Perhaps your office could contact my diary manager,  
arrange a suitable date.

to

I very much hope we can resolve this in the  
near future.

Yours sincerely,  
Charles Hendry

CHARLES HENDRY



Cuadrilla Resources Limited  
Cuadrilla House Stowe Court Stowe Street Lichfield Staffordshire WS13 6AQ  
Tel: +44 (0)1543 266444 Fax: +44 (0)1543 266440

Mr Charles Hendry, MP  
Minister for State  
Department of Energy and Climate Change  
3 Whitehall Place  
London  
SW1A 2AW

25 May 2012

*Dear Charles*

Thank you for your letter dated 11 May 2012. I look forward to meeting you on 2 July.

In the meantime I wanted to inform you of several steps we have already taken to enhance Cuadrilla's communications with DECC, as well as its general strength as operator:

- The Board has constituted a new Health and Safety Committee under the chairmanship of Roy Franklin. This committee will have responsibility to oversee the company's health and safety performance and will receive instant reports of any material incidents as they arise, and ensure they are appropriately reviewed and communicated.
- The Board has undertaken to refresh and augment the current management team, including the appointment of a new CEO and the creation of a number of new senior roles such as a Director of Communications. This transition will be complete before the end of the summer.
- The company has established and communicated a clear policy that operational incidents judged to have a potentially serious impact on health and safety or infrastructure integrity will be communicated to DECC immediately, before testing whether such matters are indeed germane. This is as acknowledged by CEO Mark Miller in a letter to [redacted] on March 16.

I hope these steps demonstrate the Board's continuing commitment to safe operations. I look forward to hearing your views on these at our meeting.

*James*

The Lord Browne of Madingley  
Chairman of the Board