

From: REDACTION [mailto:REDACTION]
Sent: Thursday, June 13, 2013 09:16 AM
To: Figueira Duarte (Energy Development)
Subject: Centrica acquires a 25% interest in UK shale exploration licence

Dear Duarte

Centrica has announced today that it has reached agreement with Cuadrilla Resources Ltd to acquire a 25% stake in a licence to explore shale gas in the Bowland basin in Lancashire.

To date, Cuadrilla Resources has drilled three exploration wells in the Bowland basin, Lancashire. The data acquired has confirmed the shale formation thickness and the presence of gas. At this stage we do not know how much gas is recoverable though we believe it could be a significant volume.

Shale gas has the potential to play an important role in diversifying Britain's gas supplies. As the largest UK energy supplier it is fitting for Centrica to explore all options to develop domestic gas resources to provide affordable sources of gas to our customers and to deliver broader economic benefits to the UK. The Government's clear commitment to developing the UK's shale gas industry is creating the right environment for companies to invest and to deliver those benefits.

Experts estimate that natural gas from shale could reduce the amount of gas the UK has to import in 2030 from 76% to 37%.

A growing reliance on imported gas is one of the reasons that prices have been increasing so the development of new domestic gas reserves could help the UK maintain some of the lowest energy prices in Europe, although it is unlikely to be the game changer we have seen in the US. It is also estimated that the development of natural gas from shale could provide an additional 74,000 jobs across the industry and its supply chain and support hundreds of millions of pounds worth of local investment.

Centrica has decades of technical expertise in exploration and production, putting us in a strong position to support the safe and responsible development of natural gas from shale in the UK. We will be working closely with Cuadrilla to ensure local concerns are addressed by providing clear and timely engagement as the project develops.

I attach the statement we have issued to the Stock Market this morning.

We would welcome an opportunity to discuss the Government support for the shale industry in more detail with you and one of my team will be in touch in the next few days to take this forward. In the meantime, please do get in touch if you have any questions.

Kind regards

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Centrica plc