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## **Centrica acquires a 25% interest in UK shale exploration licence**

Centrica plc has acquired a 25% interest in the Bowland exploration licence (PEDL165) in Lancashire from Cuadrilla Resources Ltd (Cuadrilla) and AJ Lucas for £40 million in cash. Centrica will also pay exploration and appraisal costs of up to £60 million.

The Bowland licence is operated by Cuadrilla, and three exploration wells have been drilled to date. The data obtained from drilling these three wells has confirmed the shale formation thickness and the presence of natural gas.

Although initial data suggests that there could be 200 trillion cubic feet (tcf) of gas in place within Cuadrilla's Bowland Shale licence in Lancashire, further drilling will be required to establish whether the discovery is commercial.

Mark Hanafin, Managing Director of Centrica's International Upstream business, said: "With North Sea gas reserves declining and the UK becoming more dependent on imported gas supplies, it is important that we look for opportunities 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.

"This transaction presents an attractive opportunity for Centrica to explore the potential and commercial viability of natural gas from shale in the UK, while utilising its expertise as a responsible operator and developer of UK gas resources."

**Ends**

### **Notes to Editors**

1. Under the agreement, Centrica has acquired two subsidiary entities for consideration of £40 million, one each from Cuadrilla and AJ Lucas, in total containing a 25% interest in the Bowland exploration licence (PEDL165). Centrica will then pay exploration and appraisal costs of up to £60 million.
2. Following the exploration and appraisal phase, if Centrica elects to continue into the development phase a further contingent consideration of £60 million will become payable.
3. It is estimated that natural gas from shale could reduce the amount of gas the UK has to import in 2030 from 76% to 37%. Nationwide investment could reach £3.7bn a year, supporting 74,000 jobs across the industry and its supply chain (source: IoD Getting Shale Gas Working, 2013).
4. AJ Lucas is an Australian specialist service provider to the energy, mining and infrastructure sectors.

### **Contacts**

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