

ANNEX D

Information held by the Department in terms of FOI/EIR request 2015/05770 for Celtique Energy

- Letter from 1 August 2014



Celtique Energie Holdings Limited
A hybrid energy firm in North Europe

Rt. Hon Matthew Hancock MP
Minister of State for Energy
Department for Energy and Climate Change
3 Whitehall Place
London
SW1A 2AW

1 August 2014

Dear Mr Hancock,

Request for meeting to discuss onshore oil and gas exploration in the UK

First, let me congratulate you on your recent promotion to the role of Minister of State for Energy, Business and Enterprise and Portsmouth. I am writing to request an introductory meeting with you to discuss Celtique's operations in the UK and recent government announcements in relation to onshore oil and gas exploration.

For your background reference, Celtique Energie Holdings Ltd (Celtique) is a privately owned British oil and gas exploration company with subsidiaries and operations across five European countries (France, Switzerland, Germany, Poland and the UK). Our current licence holding in the UK is significant and comprises of an operated equity share in three Petroleum Exploration and Development Licences (PEDLs) in the Weald area of Southern England, an operated licence in Cheshire and five non-operated licences in the East Midlands. Celtique is also a member of the UK Onshore Oil and Gas (UKOOG), the representative body for the UK onshore oil and gas industry and I sit on its steering council.

Our operated UK focus is primarily in the Weald Basin in southern England, where our three PEDLs encompass a gross area of approximately 1,000 sq km. We have committed significant time, capital and resources to understanding the geology of this area, including reviewing all the data from other operators who drilled in the region previously and commissioning a 2D seismic survey within our licence holding in 2010. Based on this work we are firmly of the view that there are significant conventional prospects in Triassic sands and potentially significant untapped oil or gas in both the Kimmeridge limestone and Great Oolite (considered conventional reservoirs where they flow naturally) and the Kimmeridge and Liassic shales (unconventional). This unconventional potential has been reinforced by Weald Basin Jurassic Shale Survey published by the British Geological Society in May 2014. However, Celtique believe the unconventional potential to be far greater than the BGS report owing to the "hybrid" potential of the combined limestone/shales, a mechanism responsible for the transformational success of the giant US Bakken and Eagleford liquid shales. The BGS report stated that this hybrid potential was excluded from their terms of reference and that the report's focus was purely on shales and not hybrids.

We have thus far sought planning permission for three exploration wells in West Sussex, near the villages of Broadford Bridge, Kindford/Wisborough Green and Fernhurst. In all cases we have undertaken extensive consultation and engagement with the local community, including public exhibitions, one-to-one community surgeries and presentations with open Q&A to the relevant parish councils. We have also prepared extensive planning applications including detailed Environmental Impact Assessments prepared by independent experts, which are all compliant, comprehensive and high quality.

Our first exploration well near Broadford Bridge received near unanimous planning consent from West Sussex County Council (WSSC) in February 2013. This was before the highly publicised demonstration at Balcombe. In recent months we have experienced significant delays with our planning applications at Kirdford/Wisborough Green and Fernhurst. As you may be aware the application for Kirdford/Wisborough Green, which is not located in a National Park or an Area of Outstanding Natural Beauty, was refused by WSSC last Tuesday 22nd July. Our disappointment over the veracity and robustness of this decision has already been voiced in the public domain and we are considering various options in response. We are similarly concerned about the handling of our Fernhurst application in the South Downs National Park, where a decision is due in September 2014.

Celtique is keen to establish the extent of untapped energy resources that are present in the UK, to the benefit of both our shareholders and the nation in terms of security of supply, taxes, jobs and associated economic activity. Furthermore, as a British exploration company we share the Government's view that it is in the broader national interest to explore and develop a vibrant industry involving as many British companies as practically possible.

However, recent events in West Sussex have raised concerns amongst the company's directors about the effectiveness of the planning regime. If Mineral Planning Authorities do not follow the spirit or the letter of the National Planning Policy Framework guidelines, this will inevitably lead to protracted delays and will limit the operators' ability to prove a viable development within the licence term. We are also concerned and confused by last week's government statements, which have been portrayed in the media as 'blocking' shale exploration in National Parks and AONB. As you will no doubt appreciate, this will make it even more difficult for Celtique to allocate capital to explore in the Weald and apply in the 14th Landward Round. This would be shame, given the very large area covered by National Parks and AONB and because Celtique's management, as an operator, have extensive UK onshore experience and are capable of forming excellent new Joint Venture application groupings to make an extensive number of applications.

I would therefore welcome the opportunity to discuss these issues in further detail and clarify some of the points raised above. I would be grateful if your office could liaise with my colleague [redacted] at PPS or [redacted] or e-mail [\[redacted\]@oosgroup.co.uk](mailto:[redacted]@oosgroup.co.uk) to agree a mutually convenient time for both parties.

Yours sincerely,



Geoff Davies
Chief Executive

CC: Duarte Figueira, Office of Unconventional Gas and Oil, DECC; Tara Singh, Special Adviser, Number 10 Policy Unit