

STAR ENERGY LIAISON GROUP

Minutes from the meeting, held Wednesday 31st May 2006
At 4.00pm, in the Village

Present: Jonathan Lord (Chairman)
Prue von Radowitz (chairman, Albury Parish Council)
Andrew Povey, County Councillor
Keith Childs, Borough Councillor
David Wright, Borough Councillor
Nick Morris, Wonersh Parish Council
Patricia Allen, St Martha Parish Council
Lawrence Harbottle, CPRE
Niall Breen, SaveBlackheathCommon
Chris Tydeman, SaveBlackheathCommon
Christian Staunskiaer, Brook Residents Group
Barrie Hedges, Communications Adviser, Star Energy
Robin McKie, Commercial and Lands Director, Star Energy
Adrian Fernando, Business Development Director, Star Energy
Joanna Cadman, Clerk to Albury Parish Council (minute taker)

- 1. Apologies** were received from Dr Paul Lister (Save Blackheath Common Group), David Small (Brook Residents Group), Nick Harrison (Blackheath Village Society), Michael Baxter (Albury Estate), Tim Harrold (CPRE), Paula Grosvenor (Albury Parish Council), Roger Pearson (Group Operations Director, Star Energy)
- 2. Minutes of the meeting held Tuesday 21st March 2006**, were agreed as a true record of the meeting and signed by the Chairman.
- 3. Matters Arising**
LH reported that CPRE had been concerned that the fact that the Blackheath Common site was located in an AONB was not made clear in the minutes.
- 4. Chairman's Opening Remarks**
JL thanked everyone present for attending, and SE for arranging the site visit that had preceded the meeting. He was aware that a number of representatives found an afternoon meeting difficult to attend because of work commitments, and wished to address this when arranging the date for the next meeting.
- 5. Report from Star Energy**
Drilling from existing site
At the last meeting SE had undertaken to evaluate whether it would be possible to drill to the same geological criteria from the existing Albury site. RMcK advised that this was technically challenging and there was currently no rig in the country that could do this, however SE had sourced a rig, built in Italy, that might make this possible. It was a trailer mounted rig, 29 metres in height (whereas the original rig would have been 43 metres), all the drilling element was held in a cassette and RMcK had been advised that it was exceptionally quiet. SE were currently in discussions about bringing the rig into the country, and were aiming for the 4th quarter of this year.

SE therefore proposed to drill 2 appraisal wells from the existing site, which would involve very little site construction work other than clearing the generators, capping the well, and building two new well cellars. The rig would be brought to the site in approximately 30 loads. RMcK advised that the drilling would be a very complex operation as the sub surface well targets would have to be approached at an angle from the existing site, and would probably involve two target horizons. Drilling would have taken 5 weeks for each well from the Blackheath site, and would take 18 weeks for each well from the existing site.

The drill bit and the pipe elevating mechanism are hydraulically driven. The directional drilling is monitored by a computer controlled downhole measurement while drilling system. The drill bit is raised and turned by steel drill pipe. The waste created would be dried off, placed into sealed skips and taken either to a registered landfill site or to a processing site. There would probably be an average of two skips a day leaving the site. The drilling operation would overall be more expensive than the original option, as the distance being drilled was further, although some money would be saved as it would not be necessary to construct a road.

SE now wished to approach the planners at Surrey County Council as soon as possible, possibly early the following week, and ask for a screening opinion on this option, to determine whether an EIA was required, although the initial view was that it was not. RMcK assured the meeting that the planners were doing everything to the letter. SE intended to retain the existing application until the new application was determined, and advised that they had agreed to an extension of the timetable, and would be prepared to agree to a further extension. RMcK advised that the new option would be preferable to them, as it would mean less disruption to access the appraisal site, and if it was approved they would withdraw the existing application.

NM asked why the Blackheath site was planned to be bigger than the existing site, and RMcK explained that the Blackheath site was a long narrow site and needed more flexibility to move equipment about.

Plant

AF explained that gas would be exported through an underground pipeline, which would cause some disruption during construction, but would be restored. The well site would connect back to a gathering centre, which would connect to the gas pipeline system. SE's engineers were currently looking at a pipeline route from the existing Albury site to the grid connection at West Horsley (known as the Ripley AGI), and were undertaking an EIA for this. They were looking for a 5 – 6 acre site, and had established a couple of possible sites, but were also in discussions with the Albury Estate about establishing one near the existing site. The engineers had been instructed that the site needed to have as little impact as possible.

The compressor building on the site would be about the size of the inside of the village hall. There would be silos of silica pellets to dry the gas, which would be heated to release the hydrocarbons, which would necessitate the use of cooling fans. There would be a flare or vent for emergency purposes.

In response to a question from CS, RMcK advised that the noise level would be 32dba at 500 metres from the nearest house.

NB asked how likely it was that the company would find substantial reserves.

RMcK replied that the odds were 10/1 at the drilling stage, but very hard to put a figure on at the appraisal stage. He stressed that this was commercially sensitive information, as their investors had not been given exact figures at this stage.

Future Plans

JL understood that SE needed to find out what was underneath Blackheath, but asked for clarification on what the company hoped to find, and what the implications were for the Surrey Hills Area. AF advised that SE had shot some 3D seismic studies at the beginning of the previous year, this had been processed to produce a geological model, which had helped to target three other horizons which the company would also be appraising. DW asked if each horizon would have to be drilled separately, RMcK explained that a well could service more than one horizon. DW asked if subsequent drillings could be carried out from the existing site. RMcK could not say that there would be no further drilling elsewhere, this would depend on what was found and how far away it was from the existing site, but it was possible that gas could be extracted from Blackheath from a site adjacent rather than Blackheath itself.

NB asked for a timescale. AF said this would depend on what was found. Before further wells could be drilled more work would be required to ascertain the field and to draw up a development plan. A large structure would need more work to ascertain how best to exploit it.

PA asked if there was a subsidence issue. RMcK said that there was not, and explained that as gas was extracted, the reservoir rock remained structurally intact supporting the ground above. There were geologic explorations that produced subsidence, but not this.

PA asked if a storage facility would remain in existence for a long time. RMcK advised that planners always designated this as a temporary activity and put a time limit on it.

NM asked what information the seismic survey had revealed. RMcK referred to the map drawn up as a result of the survey and explained that gas was stored in the higher areas indicated.

The best case scenario would be to have all plant and equipment on the existing site. The worst case scenario: AF advised that, in order to fully exploit reserves, it might be necessary to have additional drill sites.

6. Questions following Report

- It was believed that public perception was that SE would not go to all the trouble to damage Blackheath for an appraisal site, and that they intended to put a processing plant on Blackheath. RMcK repeated his statement of the previous meeting, which was that SE would categorically not put storage facilities on Blackheath. SE had also made it clear that they would not access the site from Sandy Lane.
- SE were asked if there was a technical limit to the distance between the processing plant and the field. JL followed this by asking whether, if a lower field was found, if a different pipeline would be needed. AF replied that they

would have to consider the implications of all different outcomes, and the different challenges posed by compression, pipeline size, etc, but that his understanding was that there was nothing technically to stop SE from basing its processing plant at the Ripley AGI located at near West Horsley.

- DW asked for the procedure for an application for the pipeline route. AF said that this would depend on the length of the pipeline, as if it was over 10 miles they would apply to the DTI, if less it would be dealt with locally. Expectation was that it would be less than 10 miles, but there would initially be a period of negotiation with landowners. In the case of Humbly Grove the company reached agreement with around 50 landowners, as the company did not have compulsory purchase powers.
- PvR asked for clarification on the company's intentions as far as the current planning application was concerned. RMcK advised that it would be left within the system and that the time frame would be extended. If a new application for drilling from the existing site was submitted and approved, it would then be withdrawn.
- *Storage in the UK:* Before the start of Humbly Grove there was about 130 billion cu ft of gas storage in operation in Great Britain, 100 billion in one facility, at Rough. Humbly Grove had storage of about 10 billion cu ft. Phase 1 at Albury would store around 6 bcf, phase two up to 25 bcf. Storage was needed as the flexible facilities in the North and Irish Sea was declining. Countries that imported gas tended to import at a relatively constant rate, and had considerably more gas storage capacity than the UK.
- *Government stance:* LH asked why the Secretary of State had listed Albury as a definite site. He also pointed out that the prospectus to investors included a site at Albury. AF advised that the Secretary of State had listed a number of sites, most of which were at the pre-planning stage, two were under construction. Because of the long lead time involved, SE needed to go through the process to identify potential projects. It took a 3 year lead time to get access to the national grid, consultation had to be undertaken with Parish, Borough and County Councils, and developers needed to identify potential projects at an early stage.

DW asked why Alistair Darling had chosen now to announce proposed gas storage facilities. AF explained that this was linked to the current energy review and the recognition that the country was in a vulnerable position. Last winter the UK had been the most expensive gas consumer in the world, and government was in danger of missing its objectives regarding fuel poverty, as gas prices were rising. Achieving recommendations for planning had been very time consuming: an application in Lincolnshire had waited 2 ½ years to be heard by the County Council and, despite recommendations to approve, it had been rejected.

- *Infrastructure:* NB asked if SE would use the same infrastructure as Humbly Grove to deal with the gas taken from this site. AF replied that SE were looking to see how they could fit two different pressure regimes onto one small piece of land. The second phase, at 75 bar, would be too large for the local grid, where the pressure was 18-38 bar. NM had noted on site this

afternoon that the pressure had varied from 40 bar to 55 millibar, and asked if technology could equalise pressures. AF replied that the demand in the area around Ripley was too small to take both phases.

7. Any Other Business

- *Bullet Points:* PA asked if bullet points could be produced for general circulation after this meeting. JL and JC undertook to ensure that these were produced.
- *Status of meetings:* CT pointed out that the process of producing minutes rather than notes and having them formally approved and signed by the Chairman gave the meeting a formal entity. JL considered that the group had an appointed and formal entity.
- *Press Release:* BH said that a Press Release would probably be issued by SE in relation to the intention to drill the appraisal wells from the existing well site.

6. Date of next meeting

Thursday 13th July, 2006, at 7pm, in the Memorial Library.

Again, any questions for SE should be directed through JC.