



CAYTHORPE GAS STORAGE PROJECT

PLANNING PERMISSION REQUESTED

Caythorpe Gas Storage Limited (CGSL), a subsidiary of Warwick Energy Limited, has applied for permission to build the surface facilities necessary to convert the existing gas field at Caythorpe into a gas storage facility. Permission has been requested from East Riding of Yorkshire Council under the Town and Country Planning Act 1990. Permission to store gas in the underground gas reservoir has also been requested separately from the DTI under the Gas Act 1965.

The Caythorpe gas field lies to the West of Bridlington in East Yorkshire between the villages of Rudston and Boynton. The field has been in operation since 1992 without incident but is now approaching the end of its normal producing life. The redevelopment plan would extend operations on the site for a further 25 years.

It is hoped that, subject to the consents being granted, the gas storage facility will commence operation in mid 2007 and make a significant addition to the limited gas storage capabilities that currently exists by increasing storage capacity in the UK by around 5%.

Accompanying the consent application is a full Environmental Statement (ES) regarding the proposed development. The ES draws on the results of the many environmental and technical surveys and studies that CGSL has commissioned over the last year or so. These conclude that the proposed development would have a minimal additional impact on the local environment.

A public meeting for the project was held in June 2005. At this meeting some concerns were expressed by some local residents about possible safety issues and a separate safety report has been submitted with the planning application as supplementary information addressing these issues.

'Health and Safety is always our number one priority' commented Rob Jones, Project Director 'but following the concerns raised we initiated additional studies to provide extra reassurance. These studies have confirmed that the project should not give reasons for concern for local residents but we remain committed to continuing the dialogue we have on this subject'

NOTES TO EDITORS:

1. In January 2005, Warwick Energy announced plans to redevelop the gas field at Caythorpe as a gas storage facility. The request now seeks planning permission to build and to operate the facility for a 25 year period.
2. CGSL has conducted a large number of surveys and studies on the site, consistent with the Scoping Report submitted in May 2005. The results of these studies form the basis for the Environmental Statement.
3. Copies of the ES will be made available for viewing by members of the public at the ERYC offices at Beverley and at public libraries throughout the area in the near future. Copies of the full ES on CD may be obtained from the Company's registered office for a charge of £25. Hard copies of the full ES are also available on request from the Company's registered office for a charge of £100. Copies of the Non Technical Summary are also available, free of charge, when requested from the Company's registered office or can be downloaded from the Warwick website at www.warwickenergy.com.
4. The operation of the gas field over the last 13 years has proved that the reservoir is an ideal candidate for a gas storage facility. The reservoirs have a proven ability to store gas, are structurally sound and have excellent productive characteristics. Very few reservoirs in the UK offer this combination as well as being located close to the grid network. The working volume of the storage facility is expected to be 7.5 bcf with peak rates for withdrawal and injection of 300 mcf/d.
5. The lack of gas storage capacity in the UK has become a 'hot topic' recently as the tightness of the supply/demand gas balance has become apparent for winter periods now that the UK has become a net importer of gas for the first time in decades. Import dependency is expected to rise to around 50% by 2010.
6. The redevelopment will secure the jobs for the existing staff at the facility and provide additional opportunities both during the construction phase and during the operational phase thereafter.
7. The redevelopment plan involves the injection of gas to bring the volumes back to original levels each summer. The gas volumes are then available each winter to help meet peak demands. The conversion to this type of operation requires the drilling of some additional wells and a limited extension to the existing site to house some additional low level facilities

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