



CAYTHORPE GAS STORAGE PROJECT

PLANNING PERMISSION REFUSED – DECISION TO BE APPEALED

Caythorpe Gas Storage Limited (CGSL), a subsidiary of Warwick Energy Limited, applied in December 2005 for permission to build the surface facilities necessary to convert the existing gas field at Caythorpe into a gas storage facility. Permission was requested from East Riding of Yorkshire Council (ERYC) 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.

Accompanying the consent application was a full Environmental Statement (ES) regarding the proposed development. The ES drew on the results of the many environmental and technical surveys and studies that CGSL had commissioned. These concluded that the proposed development would have a minimal additional impact on the local environment.

The planning application for the surface facilities for the scheme was today considered at a meeting of the planning committee of ERYC. This committee rejected the recommendations of their planning officer that the application should be approved citing amongst other things, safety reasons and the lack of national need. The scheme had been thoroughly reviewed by Health and Safety Executive and they, like all other statutory consultees, raised no objections to the scheme. The national need for more gas storage schemes such as Caythorpe was confirmed in May 2006 when a Statement of Need on this subject was presented to Parliament.

Warwick Energy will appeal this decision at the earliest opportunity.

The gas storage project was originally planned to be operational in mid 2007. It is now hoped, providing that permission is granted promptly on appeal, that the gas storage facility might commence operation in mid 2008. Caythorpe stands to make a significant contribution to the limited gas storage capabilities that currently exist in the UK. Caythorpe by itself would increase existing overall UK storage volumes by around 5% and peak storage deliverability by around 10%.

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 sought 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. The operation of the gas field over the last 14 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 proposed working volume of the storage facility is expected to be 7.5 bcf with peak rates for withdrawal and injection of 300 mcf/d.
4. 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. The Government recently issued a 'Statement of Need' in the House of Commons drawing attention to the national need to increase gas storage capabilities.
5. The redevelopment of Caythorpe would secure the jobs for the existing staff at the facility and provide additional employment opportunities both during the construction phase and during the operational phase thereafter.
6. The redevelopment plan involves the injection of gas to bring the underground 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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