

Notes of Meeting between Arreton Parish Councilors and UK Oil and Gas (UKOG) representatives held at 10:00 on 17th April 2019 in the Methodist Church Hall, Arreton

Councilors Present: Heather Calloway, John Orchard, Venetia Verey, David Healy, Martin Kimber

UKOG Attendees:

Brian Alexander- Public relations consultant

Stephen Sanderson -Chief executive UKOG

Matt Cartwright Chief -Operating Officer UKOG

Tim Hussain –Environmental Consultant at ERC Ltd.

Sebastian Mills –Rig-site manager Horse Hill Developments Ltd.

Introduction

The chief operating officer for UKOG Matt Cartwright stated that the Arreton Parish Councilors are now “official consultees”.

The purpose of the meeting was to brief the Parish Council as to the status of UKOG’s proposed oil exploration project. These notes represent the understanding of those attending as to what was presented by UKOG at the meeting. The meeting involved a verbal presentation by UKOG; there was no material handed out or presented, and whilst these notes represent what was recorded by the Councilors present, they are not formal minutes and they have not had any input from UKOG. Advice had been received from UKOG prior to the meeting that the briefing material was not considered confidential.

Key Issues

The scheme is for exploratory works to assess whether an oil extraction project would be proposed. UKOG confirmed that it was not proposed to be a fracking scheme.

The initial planning application, which UKOG hoped to submit by July will be for Phase 1 exploratory & appraisal drilling, with extended well tests. This would initially be a pilot vertical well: dependent on what is found there could then be an additional horizontal well drilled from the same vertical well. The horizontal well might have 3-4 times the flow rate and would be therefore more economically viable.

They have not signed agreements with landowners as yet, but this was progressing well. They hoped to drill close to the original two wells.

Four to six weeks prior to the planning application UKOG would undertake a public consultation in the form of an exhibition and a meeting for interested parties/stakeholders. Feedback from this might affect what was proposed. They asked where would be an appropriate place to meet, and councilors suggested the Community Centre.

If the exploratory work demonstrated there was an economic quantity of oil then there would be a further planning application Phase 2 for the production permit and long-term plans. The exploratory works would be expected to take up to seven months but the License for the exploratory works would permit three years of work; if the project moved to production the License would probably be for 20 years.

If the exploratory works did not demonstrate an economic project then the site would be returned to its prior state with all imported material removed and the original soil and vegetation restored.

The authority to grant planning permission is with the IOW Council. As this is not a fracking scheme the UK government would not get involved.

Other Points Discussed/Presented

Historically this project follows on from two prior investigations: in the 1950's D'Arcy /BP drilled an exploratory well at Perretton Farm, and then in 1974 another well was drilled by the Gas Council (now British Gas/Centrica), it was stated that electronic log data indicated there were oil shows in the previous rock core but at that time it was not economically viable. The oilfield at Wytch Farm (in Dorset) has oil bearing strata at 1,000 m deep and the area of interest in Arretton is the same Upper Jurassic Portland Beds as in Dorset. UKOG in 2014 did non-intrusive geological investigations and have concluded that there are decent sized geological structures which contain oil. The subsurface has been mapped .The current project aimed to drill close to the earlier wells to investigate the potential for oil production. Whilst it is uncertain if the site would be economic it is thought similar to UKOG's Horse Hill site near to Gatwick Airport which has been flow testing since July 2018. UKOG offered to arrange a visit to Horse Hill, where a production well is shortly to be drilled in June; it would be helpful to see what to expect. The offer to see this site, which has been in constant operation since 2017, is available for up to 20 people with UKOG paying any expenses which are incurred.

There would be a 100mm diameter well from which cores would be taken. There might then be a flow test to assess the potential for commercial production. If this was positive then further drilling of a horizontal well would be done together with additional flow testing.

The site location of 2.5 to 3 acres had yet to be finalized but would comprise a working area approximately 80 by 80 metres square drill pad with a perimeter drain and a bund on three sides. Site preparation would involve stripping topsoil (used to form the bund); laying an impermeable membrane; importing and laying a hardstanding, likely to be local materials such as chalk, and laying an external drain to collect any rain or other liquid. Any liquid from the drain/perimeter ditch water would be collected and taken off site for treatment/disposal by tanker to an Environment Agency waste approved disposal site. In addition any tanks on site would have their own secondary bunds to contain any spillages.

It is estimated a new rig arriving in the UK would be in 30 lorry loads. Construction would take around a month. It would then take a week or so to set up the drilling rig, with around 8 to 10 trucks/day for five days. Drilling would take around 30 days with one or two HGVs/day. The rig would be removed and testing would start. If the initial testing showed promise and a horizontal well was drilled, this would take a further 30 days of drilling. The vertical pilot well would take 96 hours.

The Phase 1 could be between 2 and 7 months. If after 2 months there was a no show, the site would be restored to its former condition. If the first well was a success there would be a 90-day test for the Horizon and a then a further 5-6 months before the well was suspended and a second planning application submitted for a permanent production site which would be licensed for 15-20 years.

During testing a crane would be used as needed; UKOG have used rigless testing elsewhere. There would be portakabins and storage (round and square) tanks on the site. During these works there could be up to 20 drill people on site, they would be accommodated off site in hotels. UKOG noted that their sites are kept clean and tidy, and that they do not think any spills would happen. One UKOG employee Sebastian Mills, the rig operator would live on site with the security staff.

UKOG anticipate the exploratory work would be done outside the tourism period. Tim Hussain, explained the traffic management of HGV movements would be planned to avoid the peak commuter/school traffic times. They would

work with the community and residents on a plan, and construction was likely to be out of peak tourism in the winter and spring.

Stephen Sanderson said there would be no crude oil exports on the weekends, no HGV movements on Saturday afternoons, Sundays and Bank Holidays. Crude Oil exports would be by 35,000-litre tankers to a holding area on the river at Newport or Cowes, they are looking at possibly five oil lorries a day to Fawley. This lorry transport would be likely to be a local firm. They are also in discussion with Red Funnel ferries for commercial rates. The alternative scheme would be to use a storage barge moored on the River Medina which would also be the transport over to BP Hamble.

The scheme would be subject to approval and/or regulation by the local Planning Authority; the Environment Agency; the Health and Safety Executive; and the Oil and Gas Authority. Tim Hussain said the ecology surveys of the potential sites had already taken place as they needed to cover an annual period of time for the birds/bees, reptiles etc. They have already spoken to Southern Water

The regulations would cover light, noise, air quality (dust), ground water, a Traffic Management Plan, waste generated and disposal, equipment, complying with the terms of the license and monitoring test production.

UKOG said that site selection would aim for a location with minimal impact. (Out of sight out of mind). They expect that except during drilling and testing, the bund surrounding the site would shield the site. Noise is not expected to be an issue (based on experience at Horse Hill) and they used noise barriers on pinch points of noisy equipment. There would be artificial lighting around the site, and the drill rig would be lit by downlit lighting.

The proposed site had not yet been finalized; this was hoped to be resolved in the next four to six weeks.

During production oil would be tankered off site for onward shipping to the mainland. The order of magnitude of anticipated production would be initially around 1,000 barrels/day (159 m³/day), equivalent to five petrol tanker loads taking 45 minutes to load each tanker from a concrete loading bay. Production would be 24 hours a day; annual production would drop over the lifetime of the oil well. If it was needed to boost extraction rates, this would be by use of electric submersible pumps. Any gas extracted with the oil would be put through an oil and gas separator, which in turn would either be flared or used in on-site power generation driving turbines and generating electric, with any surplus power exported to the National grid.

Production would be monitored remotely by data cables and transponders, these would remotely trigger safety features & safety staff would come to resolve any problems which had not been fixed remotely. The local on-site staff might address any faults and load tankers. Oil tankers would not be parked up on site, there would be a holding area in Newport or Cowes. Other work such as site maintenance (gardening) would use local contractors.

To summarise the employment:-

- 20 skilled drillers during initial phase
- Oil production would be manned remotely by the oil company and its support network
- Local operators to fill the tankers
- Dock storage facilities
- Gardening firm for two-hectare site.

Community Benefit

A community liaison group would be set up prior to work commencing, with two to three local people and two to three from UKOG. They would meet monthly as soon as work started. They hope to finalise the timings of the project in the next month to six weeks and put in for planning before July.

Approximately 6% of the revenue from oil sales would be returned to the IoW, around 4% in Business Rates and the balance to landowners and/or community projects. UKOG would be open to suggestions as to how money returned to the community should be used. They noted that the IW Council had already expressed an opinion about the money; it should go to the whole island – not just Arreton Parish. It was not clear who would be in control of the decision for these funds. UKOG had thought money might be put towards the Ice Rink in Ryde.

UKOG say they are transparent and would engage with the locals for questions and plans. Before the planning application there would be a stake holder exhibition, explanations and a walk through before signing a lease, the opinion of the Statutory Consultees will be engaged, they will listen to our concerns.

We thanked the UKOG representatives for their presentation and the meeting finished at 11:20a.m.