

West Newton Community Liaison Committee at Densholme Farm

7pm on 21 November 2018

Notes of Meeting

Attendees:

David Montagu-Smith (Chairman, Rathlin Energy (UK) Limited) - DM-S
Tom Selkirk (Country Manager, Rathlin Energy (UK) Limited) - TS
Caroline Foster (Operations Engineer, Rathlin Energy (UK) Limited) - CF
Steve Croft (Local Representative, Rathlin Energy (UK) Limited) - SC
Vanessa Nolan (Representing Humbleton and Flinton Parish Council) - VN
Anita Howell (Resident Representative Ellerby) - AH
Lisa Brazier (Resident Representative Humbleton and Flinton Parish) - LB
Annette Ford (Resident Representative Sproatley) - AF
Don Fields (Resident Representative) - DF
Ron Jagger (Representing Burton Constable Parish Council) - RJ
Charlie Sharp (Chairman of Withernwick Parish Council) - CS
PCSO Phil Wrigglesworth (Humberside Police) - PW
PCSO Darren Bainton (Humberside Police) - DB
Andrew Acum (Communications, Rathlin Energy (UK) Limited) - AA

Apologies:

None received.

1. Introduction

DM-S opened the meeting and thanked everyone for attending. He said that he had to start with some sad news on the passing away of Norman Wilkie. He asked for the appreciation for Norman's involvement in the group and the sadness at his passing to be put on record.

DM-S also added that Malcolm Acaster is currently unwell and that best wishes were passed on to him.

2. Previous meeting minutes

The minutes from the previous meeting had been made available on the website and were approved as a true and accurate record.

3. ERYC Planning

TS updated the group on planning activity, acknowledging that it had been a long time since they had last met, and there had been a recent planning meeting at which the latest application for extension of West Newton A site was heard and approved.

DS indicated Rathlin has been planning the next stage for some time. There are a series of work commitments for operating the area licence. Rathlin has been working to introduce two new partners to the business who will own a total of one third of the licence. Rathlin will retain ownership of the remaining two thirds and will remain as the licence operator.

TS explained that at the West Newton A (WNA) site, they had previously discovered and test-flowed gas, however they had not carried out any long-term flow testing.

On 15 November 2018, Rathlin received planning consent for an extension on the WNA site which was due to expire in December of this year. The permitted works had not been completed within the previous timescale.

Rathlin now plans to return to WNA to drill and test the West Newton A-2 (WNA-2) well. Permits allow for drilling and testing of similar well to WNA-1, however, WNA-2 will only drill and test to 2,000m. The well will evaluate the Kirkham Abbey Formation (KAF) at around 1,800m and the Cadeby formation at about 1,900m. The drilling programme has the required Environment Agency permits. This is a conventional project and the well will NOT extend as far as the shale formations which are found at about 3,000m depth.

The decision to return to drill an appraisal well at the WNA wellsite was influenced by a number of things:

1. Time – Rathlin’s work programme is to drill and test a 2,000m well by end of June. 2019. It would be difficult to complete the site construction, drilling and testing at WNB site in this time.
2. Cost – the building of a new site would cost more than returning to an existing site.
3. Community/environmental impact – using an existing site will reduce the traffic volumes associated with constructing a new site.
4. Geologic success – a well drilled closer to the existing WNA-1 well is more likely to find similar geology as that found at the original well.

TS reminded the group of the location of the WNA site which is approximately 800m down Fosham Lane, from Marton.

TS explained that the planning conditions were originally set out in the planning permission of 2012 and all of these had been discharged in the run up to the WNA-1 well testing. The only condition which has changed is the time limit and the extension to 19 November 2021. This will give Rathlin plenty of time to undertake the drilling, testing and, if necessary, the abandonment and restoration of the site. If there was a commercial discovery, Rathlin would require a new planning consent to produce gas.

TS took the group through the various elements of the application:

- The site plans show what will be on site
- The traffic management plan explains how vehicle movements will be managed
- Vehicular access to the site already exists
- Foul drainage produced during operations will be stored and tankered away for offsite disposal
- Rainfall dependent surface water which gathers in the perimeter ditch is tested when the site is not operational. If the tests show the water meets the required standards, it can be discharged from the site to the adjacent water course. If it doesn’t it has to be tankered away to an EA licenced disposal facility. The rainwater must be tankered away during operations when any hazardous materials (apart from fuel) are on site
- Highway improvements – Rathlin has installed three laybys/passing points on Fosham Lane prior to constructing the site in 2013
- Trees and hedges will be protected

- Noise management plan (approved by ERYC) has been developed in response to operational specifications and shall be followed during operations
- Airfield notification – the WN1 well used a 49m rig but the rig for this project has not yet been confirmed. The WN1 rig required aviation lights on the top. The rig specification will be confirmed with ERYC.

TS confirmed that there is a 'no fracking' condition in place from ERYC and that Rathlin does not hold Environment Agency permits for fracking.

TS showed details of the WNA-1 well location and that of the target formation (Kirkham Abbey) at 1,800m. WNA-2 will be drilled to a target 300m north east of WNA site, so a new site is not required.

TS then showed some existing 2D seismic data to show how Rathlin originally identified the WNA site. In 2012-13 they tested a north/south line and an east/west line to infill the existing old grid of 2D data. They subsequently returned to the area in 2014 and acquired 3D data which provides far more detailed sub-surface information, which resolves to a sub-surface grid of 30m x 30m.

TS showed some example 3D seismic data diagrams, showing the Kirkham Abbey Formation (KAF) and Cadeby Reef. TS added that there is no requirement to obtain any further seismic data for areas where they have already undertaken 3D surveys. They believe that the Kirkham Abbey may hold gas whilst the Cadeby may hold oil as the WNA-1 well showed signs of oil staining in the core.

4. Work Programme and Discussion

CF explained that although the site is already there, they need to construct a new cellar. This is a small construction project taking 2-3 weeks, during which they will excavate 3-4m in depth to install a new cellar and the surrounding concrete pad.

The next stage will be the conductor setting which involves the drilling, insertion and cementing of 80m of steel casing, before the main rig drills the main well.

As soon as the main drilling rig becomes available, the team will then start work on the main hole. This will be a 24/7 continuous operation and will take 6-8 weeks. Once completed, the rig will be demobilised and they will need time to analyse the data, including core samples.

If the well data suggests that there are reservoirs with the potential for gas or oil, Rathlin will return to test the well.

CF responded to a question about the requirement for 24/7 drilling by explaining that this is needed for safety – the constant circulation of drilling mud stabilises the well and this would be explained in more detail later.

A question was asked about who checks whether Rathlin is following regulations. CF explained that there are a number of checks in place. For example, ERYC checks via its planning conditions and the Environment Agency (EA) will check paperwork to ensure that the operations are being carried out in accordance with the permitted activities. She said that they can and do turn up, unannounced, at any point for inspections.

They may check things like the liner to assess whether it has been installed and tested correctly. They may also inspect the casing setting depths and cement logs, the drilling reports, etc. CF added that Rathlin also has to liaise with the Health and Safety Executive, supplying them with weekly reports as well as daily drilling logs and explained that they also undertake random inspections.

CS commented that the biggest issues last time were noise, smell and light. He said if Rathlin could install noise meters and sniffers so they are aware of any issue, this would reassure the villagers. CF explained that the noise management plan would involve monitoring noise at all nearest receptors, however, only the human nose is a reliable indicator of odour. Rathlin will work closely with neighbours and residents to inform them of any changes in operational circumstances. She said that if residents have any concerns they can speak directly to ERYC or the EA, but Rathlin encourages direct contact with the company in the first instance so that the team can deal with any potential issues as quickly and effectively as possible.

TS explained that for the initial WNA-1 light issues they had made their best efforts to direct the light away from properties as far as they could, whilst allowing for site safety. He added that there are strict requirements for noise during both day and night time working and that this is measured at both the site boundary and the nearest receptors/properties. Noise complaints for background noise were very rare – the bigger challenge was the occasional banging and clanging of pipes. Reversing beepers on vehicles had previously been a problem but these had been replaced with a different pitch. He said issues brought to Rathlin's attention would be addressed. There were no odour issues associated with drilling but previously they had experienced issues with the testing phase. Rathlin has now proposed a two-flare system to the EA for future testing and they do not anticipate any future problems using this. Responding to a question, TS clarified that Rathlin is changing the test flaring system.

DF commented that people in West Newton had been affected by the light, but that the telephone number provided went straight to the site and when contacted, the team had done their best to move the lights around which alleviated the problem.

CF briefed the group on the traffic management plan which is the same as for WNA-1 – from the A165 then Mulberry Lane to New Ellerby and on to Marton where there would be a 25mph speed limit for Rathlin HGVs. The vehicles would then take Fosham Lane to the site. The passing points which Rathlin has installed are for local residents to pass, not lorries. It was not envisaged that two lorries should ever have to pass each other at any point on this road.

The traffic management plan dictates vehicle movement times which are:

Construction:

6am-7pm Monday to Saturday with no operations on Sundays or bank holidays.

Drilling:

24-hours per day but that deliveries should be planned where possible to avoid night time periods.

CF said that the new cellar would be constructed ~20m from the original location. CF explained that this would involve excavation and the placing of three concrete cellar rings, after which the first short steel conductor would be driven into the ground. The casing and concrete rings will be completely sealed. The liner, which will be pierced to conduct the work, will be re-installed around the cellar and tested to ensure integrity. A concrete pad will then be poured around the cellar.

Regarding well design, the drilling would take place in sections, starting with conductor setting and casing after which the main rig would be moved onto site.

The conductor will be drilled using a small drilling rig suitable for drilling water wells. The top section is sticky clay and will be augered. A second small rig may be used to drill to approximately 80m below ground level before steel casing is run and cemented into place. Only fresh water with bentonite would be used to drill this section if needed.

Once the conductor setting operation is completed the equipment will be demobilised from site and the main rig will be mobilised when available.

The first section to be drilled using the main rig would be 17.5" diameter down to 500m and cased and sealed with steel casing and cement to isolate the chalk aquifer. Drilling mud is pumped through the drill bit and up the sides of the well, removing drilling cuttings. This provides weight and a filter cake to prevent fluids going in or out of the formation. The next section is 12.25" diameter, cased and sealed with cement to protect and isolate the Sherwood sandstone formation, followed by an 8.5" diameter section, which involves using a salt-saturated mud to protect the naturally-occurring salts in the Permian section, this section will then be cased and cemented into place.

The main rig may be brought in from the continent as there aren't many operating in the UK. CF showed photographs of the kind of rigs that could be used, explaining that the type and height will depend on what is available at the time it is required.

CS commented that it is the noise and clanging that are the main complaints and questioned whether something couldn't be done to screen the pipe area. CF answered that the rig that was used to drill the WNA-1 well was a triples rig which racked the drill pipe in sets of three stands in the derrick (at a high level) which could have contributed to the 'clanging' noises heard. Some of the rigs which are being considered this time are automated singles rigs which rack the drill pipe at a lower level which may reduce the 'clanging' noises heard. TS added that wind conditions and direction can also affect noise – both in terms of handling the pipes and the dissipation of noise. CS said the clanging of the pipes was the biggest complaint in Withernwick. DM-S added that this matter would become clearer once the type of rig had been identified but that Rathlin would undertake to minimise any annoyance to neighbours. He said this was something that could be discussed at the next meeting when they may have more information.

RJ asked how long it would take to prepare the site for construction work to start. CF said that it would take 2-3 weeks to prepare for the cellar construction. RJ queried why no rig had been selected. He said it sounded like a farmer at harvest time without a tractor. CF replied that this was completely normal in the oil and gas industry – rigs go on and off-hire all the time and it is difficult to predict which rigs will be available at any point in time in the future.

A question was asked about the future plans for the WNB site. DM-S said that they had permission for two wells there. If WNA is successful then it may be the next site they move to, but WNB needed to first be constructed whereas WNA is ready to go.

A further question was asked about any further plans for the Crawberry Hill site. DM-S said there were prospects in that area, but the Crawberry Hill site had been fully restored.

A question was asked about how, if discovered, gas would be transported from the WNA site. CF said that it would depend on what was discovered. If it was oil, it would probably be tankered off site. If it was gas, then a pipeline would be required. DM-S added that all gas would be moved by pipeline but this would require new permits. If commercially viable, oil may be moved by tanker.

CS asked what would happen if the new partners wanted fracking. DM-S answered, saying that fracking for shale gas is a completely different from Rathlin's programme of works, which are entirely conventional. A question was asked about who the new partners are and DM-S answered that they are Union Jack and Humber Oil and Gas.

AF said she had read that each partner had been assigned 16.665% each and asked whether this had been approved by the relevant authorities. TS confirmed that they had submitted a notice to the OGA to assign partners. The OGA assesses all companies seeking to be involved in the UK onshore oil and gas licences. TS said they were waiting for OGA approval.

AF asked if the partners would play any role in the decision-making process. TS said they will have input. They were interested in going back to WNA for the reasons previously stated – existing site, higher potential for success, etc.

AF stated they were not sleeping partners. TS said that Union Jack is an exploration and development company but typically does not operate.

AF said it looked like they were just looking to jump in. DM-S explained that this situation is not unusual in the oil and gas industry. In fact, most licences have multiple partners. Rathlin's Canadian owners undertook the initial exploration work, but they were always considering partners to share the risk. The situation is the same with North Sea exploration. Regardless of the number of partners, there will only be one operator. Partners will have input, but Rathlin is the operator.

AH asked why this was an appropriate time. DM-S explained that Rathlin began work seven years ago and the board of directors felt it was time that new partners were brought in to provide additional funding and share in the project's commercial risk.

CS asked, if necessary in the future, would the company consider selling more shares. DM-S said that if they discovered a proven commercial prospect, they could be looking at an investment of hundreds of millions of pounds, but they would look for resources in a sensible way. They would need appropriate partners for an investment with a 20+ year lifespan. As the project moves towards commercial viability, the risks decrease but the requirement for resources increases.

CS asked whether there would be a community fund for the WNA site. DM-S answered that they were not looking at one at this stage, although they wanted to play an active part in the community if a commercial project was established.

RJ asked about the direction of the drilling, he wanted to know whether Rathlin could drill under another person's land. DM-S said that this is permissible. He then asked if the two targets were very close together. TS said the wells will be about 500m apart at target depth. RJ asked what would happen if nothing was found. TS said that they would always want to keep looking. They still have permission for two wells at WNB. If they were not successful at WNA-2 they would want to know why and then possibly try again. DM-S added that this would likely be at WNB.

AF asked if this meant their involvement is a gamble. DM-S answered that initially the whole project has perhaps a one in ten chance, but they had found good indications at WNA. AF said it sounded like an expensive lottery ticket.

AF said that Union Jack had claimed there were 31m barrels at WNA. TS said that this was a realistic figure based on a third-party assessment undertaken by Deloitte. AF asked why Rathlin hadn't made such claims. DM-S explained that Rathlin is a private company so they don't have to disclose such things, whereas Union Jack is a listed company and is obligated to make announcements on its activities.

DM-S said that it is current government policy to award smaller licences. Last year Rathlin relinquished some licence area to retain the more promising areas. They had reduced their licence area from 241,000 acres to 176,000 acres. This reduction mainly covered the areas of Hull and the north bank of the Humber which were difficult to access. The licence area includes a work programme which commits them to drilling one well to 2,000m before June 2019.

TS said that this current programme would take place in four stages: the cellar would be in place as soon as possible; the conductor setting using the smaller water well-type rigs would follow, ready to drill the main hole at the first opportunity. He suggested getting the group back together again in early to mid-January with the drilling manager. There would be 6-8 weeks of drilling, following which he suggested they should meet again prior to any testing, should that happen.

5. AOB

Representation on the group was discussed. It was agreed that the communications advisor would contact parish clerks to ascertain interest. It was also noted that West Newton does not have a village representative and this should be rectified. TS said Rathlin would like representation from all affected neighbouring communities. It was agreed that the communications advisor will include a note to be circulated with the minutes summarising the representation situation.

CS asked if documents could be produced as paper handouts in future as the screen was hard to read. TS said the slides (minus any commercially sensitive information) would be emailed out along with the minutes so everyone can review them at their leisure.

6. Next Meeting

The next meeting will be 15 January 2019.

7. Close

DM-S thanked everyone for attending and closed the meeting at 8.55pm.