

FAO:
Oil &
4th Floor
21 Bloomsbury Street
London WC1B 3HF

11th July 2018

Dear

I am writing in response to your letter dated 2nd July 2018 to advise that the Cuadrilla Board of Directors (the "Board") can confirm the following information with regards to there being "sufficient contingency funds for the proposed activities".

We can confirm that funding, in the form of a comprehensive Energy Package insurance, is in place to cover events that might arise from the activities for which we are seeking consent. This includes cover for seepage and pollution clean-up and containment and loss of control of well insurance up to [REDACTED] for the exploration well PNR 1z. In addition we have third party primary and excess coverage in place for up to [REDACTED] per originating cause.

It is our considered opinion, having worked closely with our insurance brokers, [REDACTED] and our lead underwriters [REDACTED] that the provisions of these policies are both sufficient and appropriate for the nature and scale of our planned operations.

With regard to the Energy Package we can confirm the following:

- Lead underwriter of this policy is [REDACTED]
- The current policy is valid from 1st October 2017 to 30th September 2018. As stated below, Cuadrilla's annual insurance renewal process commences in July 2018, and all policies will be renewed, effective 1st October 2018. We do not foresee any material changes to our insurance coverage in the renewed policies.
- Cuadrilla confirms that in the event of an unforeseen occurrence, per the terms of our policy, funds will be made immediately available to enact a remedy.

Further detail of the relevant policies that cover the planned activities include:

ENERGY PACKAGE POLICY SUMMARY

1. Scheduled property owned or operated by the insured, or in which the insured has an interest, or has assumed contractual responsibility.
The Cuadrilla owned HH220 drilling rig is the only scheduled property item, listed under this policy.
[REDACTED].
2. Unscheduled property of any nature including equipment, consumables, and materials owned, hired by, or for which the insured is contractually responsible.
Limit of [REDACTED] any one occurrence.

3. Seepage and pollution clean-up and containment:
 - Seepage and Pollution, Clean up and Containment
 - Control of well insurance
 - Re-drill / Extra expense insurance

Limit varies by well. Exploration well PNR 1z is insured up to a limit of [REDACTED]
Coverage also provided under Third Party Liability insurance (detailed below).

4. Cost of seismic data reacquisition, reconstruction or reconstitution, up to the value scheduled in the policy.
No Limit defined in the policy.
5. Cargo: Oil/Product cargo in store, transit, pipeline, flowline or transportation system
No Limit defined in the policy.
6. Equipment and consumables in store, transit or in use.
As per point 1 & 2 above.

PRIMARY AND EXCESS LIABILITY INSURANCE

1. Primary Liability: onshore Public, onshore Pollution and onshore Products liabilities up to [REDACTED] per originating cause and annually in aggregate, and a further:
2. Excess Liability: onshore Public, onshore Pollution and onshore Products liabilities up to [REDACTED] per originating cause and annually in aggregate.

The Brokers Summary and Certificate of Cover are contained in the Appendix along with verification that these insurances are applicable during the Project.

I trust that the above information provides a full and satisfactory response and will facilitate the approval of Cuadrilla Bowland Limited's application.

Yours sincerely



Francis Egan
CEO Cuadrilla Resources

For and on behalf of the Board of Directors

APPENDIX

13 June 2018

TO WHOM IT MAY CONCERN

Our reference:

Dear Sirs,

Subject: CERTIFICATE OF INSURANCE

We act, for the insurance period stated below, as Insurance Brokers for **Cuadrilla Resources Limited**. The insurance is placed on their instructions but may also be for the benefit of certain other joint venture and other interested parties, as may be required each for their respective rights and liabilities (as described more particularly in the 'Insured' section below).

This is to certify (subject to the qualifications set out as at the end of this letter) that [REDACTED] has the following insurance cover in place for the "Well #1 Vertical", Well #1z Vertical Sidetrack" and "Well#2" located at Preston New Road, Lancashire, with effect from 13 June 2018:

INSURED: Cuadrilla Resources Limited and associated, affiliated, subsidiary parent or interrelated companies, as more fully defined in the Policy Wording.

PRINCIPAL

ADDRESS: Cuadrilla House,
6 Sceptre Court,
Bamber Bridge,
Lancashire,
PR56AW
United Kingdom.

POLICY

PERIOD: 1 October 2017 to 1 October 2018 Both Days at 00.01 local standard time at the above Principal Address of the Insured.

INTEREST: Section 2 - Operator's Extra Expense:

Operator's Extra Expense as more fully defined in the Policy Wording.

SUM

**INSURED/
LIMIT OF
LIABILITY**

(100%): Section 2 – Operator's Extra Expense:

[REDACTED] Combined Single Limit any one Occurrence.

Additional Separate Limit of [REDACTED] any one Occurrence in respect of Care, Custody and Control Endorsement.

**DEDUCTIBLES/
EXCESS**

(100%): **Section 2 - Operator's Extra Expense (Excess):**

Combined Single Excess of 10% of Dry Hole Authorisation for Expenditure (AFE) amount any one Occurrence in respect of Workover wells subject to a minimum of [REDACTED] and a maximum of [REDACTED]

Separate Excess of [REDACTED] any one Occurrence in respect of Care Custody and Control.

**INSURANCE
EFFECTED
WITH:**

100% certain [REDACTED] Underwriters

**POLICY
NUMBER:** [REDACTED]

Qualifications

1. [REDACTED] does not in any circumstances act as insurer or reinsurer, nor does it warrant the solvency of any insurer, reinsurer or market. [REDACTED] cannot warrant the continuing validity or extent of insurance available.
2. The description of the insurance above is in summary form only. It does not purport to contain reference to all circumstances, terms and conditions that may affect or otherwise be relevant to the cover available. The insurance outlined above is subject to the full terms and conditions of the policy issued (or other document(s) evidencing the contract of insurance or reinsurance, including without limitation any subsequent amending document(s) or notices).
3. This document is issued for information purposes only. It conveys no benefit to and no responsibility is assumed toward any recipient. The matters set out above are stated as at the date of this letter only.

[REDACTED]
Executive Director
Upstream Natural Resources,
[REDACTED]

[REDACTED] [REDACTED]

CONTRACT ENDORSEMENT

INSURED: Cuadrilla Resources Limited
and as more fully defined in the contract

PERIOD: 1 October 2017 to 1 October 2018

TYPE: Insurance of
Operator's Extra Expense
Onshore Property

UNIQUE MARKET REFERENCE: [REDACTED]

ENDORSEMENT REFERENCE: [REDACTED]

EFFECTIVE DATE: 13 June 2018 00.01 hours local standard time at the Principal
Address of the Insured.

It is hereon noted and agreed that in respect of the "Well #1 Vertical", Well #1z Vertical Sidetrack" and "Well#2" located at Preston New Road, Lancashire, the following **EXPRESS WARRANTY** is complied with:

EXPRESS WARRANTY: Any hydraulic fracturing or stimulation to be agreed by
[REDACTED] prior to Commencement of operations.

PREMIUM: Additional Premium is to be agreed and is payable upon final
adjustment at expiry.

All other terms and conditions remain unaltered.

[REDACTED]

1

[REDACTED]

14.6.18

CONTRACT ENDORSEMENT

UNIQUE MARKET REFERENCE: [REDACTED]

ENDORSEMENT REFERENCE: [REDACTED]

CONTRACT ADMINISTRATION AND ADVISORY SECTIONS

SETTLEMENT DUE DATE:

In the absence of an insurer(s) specified Settlement Due Date, the Settlement Due Date will be calculated by applying the terms of trade for the inception premium to whichever is the later of either:

- 1) the latest effective date of the subject matter of the contract endorsement; or
- 2) the date on which the final insurer(s) agreement is obtained.

AGREEMENT

GENERAL UNDERWRITERS AGREEMENT (GUA) Each Underwriter's proportion is several not joint		
Slip Leader Only	Slip Leader And Agreement Parties	All Underwriters
[REDACTED] 14.6.18 Box 1	Box 2	Box 3
Notification to followers Within <u>7</u> ^{Yes / No} working days		
