



Oil & Gas Authority

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Dear Company Board

RE: Confirmation of Sufficient Contingency Funds for Proposed Activities

Further to your application to complete (including hydraulic fracturing) and conduct an extended well test of the Preston New Road 1Z well from the Preston New Road site into PEDL165, you will be aware that PEDL165 places a number of obligations on licensees.

These include – but are not limited to – those arising under Licence Clause 19 – Avoidance of Harmful Methods of Working. By their nature some obligations would arise in circumstances where there is a departure from planned operations, for example, and where, although unlikely, an uncontrolled release of hydrocarbons, a fire or a well control activity results.

As part of our consideration of your application to complete (including hydraulic fracturing) and conduct an extended well test, we would be grateful if you would confirm that your company will have timely access to the funding required to remedy such an event or events, including Third Party liability, whether from your balance sheet or via an insurance provision.

Your Board's confirmation letter should include:

- Confirmation that the funding would cover all the events that might arise from the activities for which you are seeking consent;
- Your considered opinion that the funding for such unexpected events is sufficient in the circumstances; and
- In the case that funding will flow from an insurance policy, the lead underwriter, the date of commencement and duration of cover and confirmation that the funding will be available immediately should an event or events arise.

We look forward to your Board's confirmation of the above.

Yours faithfully,

Head of Onshore Exploration and Production