

17 January 2019

Emily Bourne
1 Victoria Street
London
SW1H 0ET

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By email to [REDACTED]@beis.gov.uk

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Copy to:

13 (1)

[REDACTED]@beis.gov.uk

13 (1)

[REDACTED]@shalecommissioner.org.uk

13 (1)

[REDACTED]@oqaauthority.co.uk

13 (1)

[REDACTED]@environment-agency.gov.uk

13 (1)

[REDACTED]@communities.gov.uk

Dear Emily

I write to resolve what appears to be a misunderstanding we have recently been made aware of.

We understand from UKOOG that BEIS is under the impression that INEOS is not an advocate of altering the traffic light system currently in place to regulate onshore hydraulic fracturing induced seismicity and does not view the 0.5 M_L "red light" limit as an issue. Respectfully, this letter to clarify our position.

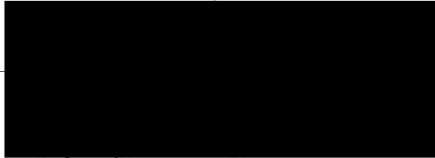
Put simply, a relaxation of the existing rules is essential if the Government genuinely wishes to support a viable shale industry in the UK and to realise the many benefits associated with the same. In particular – and as Tom Crotty has recently articulated publicly – the 0.5 M_L "red light" limit is too low to permit stimulations of the reservoir sufficiently intense to sustain gas flows at levels that would render operations commercially viable. Although the existing regime does not immediately impact INEOS Shale's operational activities as we are not close to conducting hydraulic fracturing, continued retention of the current regulations has serious implications for the long-term viability of an onshore shale industry and therefore impacts our investment decisions and perceptions here and now. In common with other Operators, INEOS is therefore very disappointed by the Government's recent rhetoric confirming it has no plans to review the current system.

We call for an urgent scientific review of the data which Cuadrilla is now in possession of from its recent hydraulic fracturing operations at Preston New Road. This to assess what adjustments to existing seismicity limits might be appropriate to facilitate the safe extraction and flow of gas at commercially viable rates without compromising safety or environmental standards. We view such a review as vital, to restore industry confidence and make further investment by Shale operators and stakeholders a credible proposition.

I trust this letter addresses any misconceptions and would be happy to discuss further with you and/or any of your colleagues.

Yours sincerely

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David Brooks
CEO INEOS Oil & Gas UK