

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 Verrey, 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

- 1) 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. UKOG prior to the meeting that the confirmed that briefing material was not considered confidential.

Key Issues

- 2) UKOG confirmed that the Arreton Parish Council is now an "official consultee".
- 3) 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. They have not signed agreements with landowners as yet, but this was progressing well. They hoped to drill close to the two wells drilled in the past.
- 4) The initial planning application, which UKOG hoped to submit by July will be for Phase 1 exploratory & appraisal drilling, with testing of flow rates. 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. (Horizontal wells were said to cost one and a half times the cost of a vertical well but were three to four times more productive.)
- 5) 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.

- 6) If the exploratory work demonstrated there was an economic quantity of oil then there would be a further planning application for the production permit and long-term works. 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.
- 7) 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.
- 8) The authority to grant planning permission is with the IW Council. As this is not a fracking scheme the UK government would not get involved.

Other Points Discussed/Presented

- 9) Historically this project follows on from two prior investigations: at Perreton Farm in the 1950's D'Arcy /BP drilled an exploratory well, and then in 1974 another well was drilled by the Gas Council. This second well encountered oil bearing strata at 1,000 m deep but did not test the strata and drilled deeper to then area of interest. The geology below Arreton is similar to that at the Wytch Farm site in Dorset. UKOG in 2014 did non-intrusive geological investigations and have concluded that there are good sized geological structures which contain oil. 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 to be 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 to be drilled in June.
- 10) The test well would be a 100mm diameter well from which cores would be taken and analysed. 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.
- 11) The site will comprise a working area approximately 80 by 80 metres with a perimeter drain and a bund on three sides, and a total land take of 2.5 to 3 acres. 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 would be collected and taken off site for treatment/disposal. In addition any tanks on site would have their own secondary bunds to contain any spillages.

Site preparation would take around a month. It would then take a week or so to set up the drilling rig, with around eight to ten 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 Phase 1 could take up to 7 months. If no commercial reserve was proved then, the site would be restored to its former condition.

- 12) During testing rather than keeping the drill rig in place, a crane would be used as needed. There would be portakabins and storage tanks on the site. During the initial setting up and drilling there could be up to 20 workers 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.
- 13) 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.
- 14) Stephen Sanderson said there would be no HGV movements on Saturday afternoons, Sundays and Bank Holidays. Crude Oil exports use tankers to export oil from the site, around five trips/day. Lorry transport would be likely be provided by a local firm. Options being considered for delivering the oil to the mainland are either Red Funnel or a UKOG barge, which would permit delivery direct to the Fawley area.
- 15) 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 - there are time constraints as to when these can be done. They have already spoken to Southern Water
- 16) The regulations 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.
- 17) 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 use noise barriers to shield noisy equipment.
- 18) There would be artificial lighting around the site, and the drill rig would be lit by downlit lighting.

- 19) The proposed site had not yet been finalized but should be resolved in the next four to six weeks.
- 20) If the company moved to production, oil would be tankered off 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. Natural extraction rates fall over time. Output would then be raised by the use of electric submersible pumps – as opposed to ‘nodding donkeys’. Any gas extracted with the oil would be put through an oil and gas separator and used in on-site power generation with any surplus power exported to the National Grid.
- 21) Production would be monitored remotely. Operations staff would visit to resolve any problems which had not been fixed remotely. On-site staff would be used to load tankers and carry out plant maintenance. Tankers would not be parked up on site. Other work such as site maintenance (gardening) would use local contractors.

Community Liaison and Benefit

- 22) A community liaison group would be set up prior to work commencing, with two-three local people and two-three from UKOG. They would meet monthly as soon as work started.
- 23) 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 IOW Council had already expressed an opinion about the money; it should go to the whole island – not just Arreton Parish. It was not made clear as to who would be in control of the allocation of these funds. UKOG mentioned the possibility that money might be put towards the Ice Rink in Ryde.
- 24) UKOG say they are transparent and would engage with the locals for questions and plans. Before the planning application there would be a stakeholder exhibition, explanations and a walk through before signing a lease. The opinion of the Statutory Consultees will be taken into account and UKOG said they will listen to our concerns.
- 25) We thanked the UKOG representatives for attending: the meeting finished at 11:20a.m.