



FFBRA NEWSLETTER NUMBER SEVENTEEN

NEWS AND INFORMATION FOR OUR MEMBERS

Balcombe Parish Council Poll

If you have not yet received your voting papers, please call the parish clerk, Rosemary Robertson, on 01444 811 833 to find out the reason for this. If you are not on the electoral roll, you will not be able to vote in this poll.

If you are not on the electoral roll, please make sure you get on the electoral roll for the future parish/ district/ county council and national elections and polls.

Electoral Services Office of Mid Sussex District Council contact details are [www.midsussex.gov.uk /6654.htm](http://www.midsussex.gov.uk/6654.htm) or 01444 477 003.

Shale Bandwagon?

David Cameron on the 13th January said “I want us to get on board” and he extolled the economic prospects of shale gas for Britain.

Terry Smith, a fund manager in the city in the market insight section of the Financial Times 8 February 2014 writes very persuasively that this bandwagon may have already passed.

Mr Smith makes three points.

- Firstly that all the “easy” oil and gas has been extracted and now return on investment is dropping and that this is reflected in the EROEI ratio (the ratio of the amount of energy generated as a ratio of the amount of energy expended to obtain that energy). The EROEI was 100 to 1 in the 1930; now it is 11 to 1 for conventional and 5 to 1 for unconventional oil shale.
- Secondly that asset life of shale investments is surprisingly short. If you are told that your return on £100 investment is £20 per year, you might think it a good investment. However if the investment life is only three years and all you get back is £60 of your £100 then you have lost £40. He quotes “the steepness of decline in production rates for shale oil wells has been a surprise. A typical well in the Bakken Formation, North Dakota, drilled in 2012 is likely to be producing less than 30% of its initial production rate today.”

- Thirdly that by the time you see a bandwagon, it is too late to climb on board.

In support of this, he cites the following:

- Shares in AJ Lucas (a quoted Australian company owning 42 per cent of Cuadrilla) are a quarter of what they were worth in 2009
- BP has written off \$US1 billion on shale
- Encana, a Canadian company have lost \$2US billion on their shale gas assets
- Shell is selling off its Eagle Ford shale reserve in Texas having written off more than \$2US billion in its assets there.

<http://www.ft.com/cms/s/0/382ec9ba-8d8e-11e3-bbe7-00144feab7de.html>

Allan Campbell resigns as CEO of AJ Lucas and from the board of Cuadrilla

AJ Lucas, an Australian company and the main shareholder of Cuadrilla owning 42% of the company has just announced its CEO, Allan Campbell has just quit after 19 years on the job.

During his recent visit to the UK, Mr Campbell made some controversial statements to the press. His interview made the headlines in the Sunday Times 8 December 2013 “You painted the world pink now your fracking useless”. He was also quoted as saying he wanted to hand towns and villages billions of pounds from fracking what he calls “the people’s gas”.

Given the fact that AJ Lucas made a loss of \$AU 126 million and have current liabilities exceeding its current assets by \$AU 88.3 million Mr Campbell’s declaration of generosity towards the villagers of Britain by their CEO may have annoyed their board and their investors.

“A spokesman for Cuadrilla said that the plan to give away billions are the views of Mr Campbell, not necessarily the company as a whole”. (Blackpool Gazette 9 December 2013).

His subsequent departure was announced by A J Lucas on the 28 January 2014 and with him no doubt our promised “billions”.

<http://www.blackpoolgazette.co.uk/news/business/local-business/frack-boss-we-ll-give-away-billions-1-6304208>

Balcombe for Britain China

Meanwhile who is propping up this financially stretched company? Could it be another organisation determined to paint the world red instead of pink? CNOOC (China National Offshore Oil Corporation) is providing the funds to Kerogen Capital, a Hong Kong based private equity firm who in turn is providing the capital to keep AJ Lucas afloat.

So when Mr Campbell referred to the “people’s gas” last year, was he referring to the people of China and not the people of Balcombe?

Mr Campbell has now been replaced on the board of Cuadrilla by Phil Arnall (the new interim CEO of AJ Lucas) and Ivor Orchard, chairman of Kerogen Capital.

This link between China and Cuadrilla was reported by the Guardian in 2011.

“Close ties have emerged between China National Offshore Oil Corporation (CNOOC) and a backer of Cuadrilla Resources, the exploration group that claimed last month there were trillions of cubic metres of shale [gas](#) under Lancashire.

The Beijing-to-Blackpool link was revealed after the Hong Kong-based Kerogen Capital came to the rescue of one of the largest shareholders in Cuadrilla. Kerogen and CNOOC are behind a new \$US 1.5bn (£1bn) fund, which is looking at investing in new resource projects. Kerogen, set up by former JP Morgan bankers Ivor Orchard and Jason Cheng, has taken a 15% stake in AJ Lucas – an Australian engineering business that holds about 40% of Cuadrilla” .

Kerogen’s 15% stake in AJ Lucas has, since this article was written, increased to 49%.

CNOOC is the third-largest national oil company in China. The company is owned by the Chinese government. CNOOC famously tried to buy the American oil company Unocal for a \$US18.5 billion cash offer but was stopped by the Bush administration due to security concerns.

Not all the money in Kerogen Capital however is from China. The other key investor in Kerogen Capital is Kuwait Investment Authority (KIA).

References:

<http://www.kerogencap.com/index.php/en/about-us>

<http://www.kerogencap.com/index.php/en/investments>

<http://www.theguardian.com/business/2011/oct/09/china-energy-resources-shale-uranium>

http://en.wikipedia.org/wiki/China_National_Offshore_Oil_Corporation

Alison Stevenson Article in Shale Gas World February 2014 edition

This is only available to subscribers of Shale Gas World so ask your friends in the oil and gas industry for a copy.

Acid Wash, Matrix Acidizing and Acid Fracturing

Acid washing, matrix acidizing and acid fracturing are essentially the same procedure. The only difference is the pressure applied. When fracturing, the pressure is high enough to crack the rock. When washing, the acid is used to dissolve the rock
http://petrowiki.org/Matrix_acidizing

Is there sufficient space between the old Conoco borehole and the new one?

Could acid migrate between two boreholes at Lower Stumble during Cuadrilla's proposed acid washing process? The first borehole drilled by Conoco (Balcombe 1) is only 10 metres from the new borehole drilled by Cuadrilla. Is this sufficient space or is there any possibility that acid passed down the Balcombe 2 well can migrate via fractures into the Balcombe 1 well. And if there is migration of acid what consequences will that have? This is a link to an excellent description of the geology of Sussex by Professor Ian West of the University of Southampton which is well worth reading

<http://www.southampton.ac.uk/~imw/Petroleum-Balcombe-Weald.htm#PGSB-8a>

Why is the borehole drilled by Cuadrilla so much shallower than the old Conoco borehole?

Professor West's answer to this question is "Obviously it is difficult to see the point in drilling a new borehole at the same site but to a shallower depth unless some totally different technique to improve porosity and permeability, such as hydraulic fracturing or acidizing or both is used".

"This Balcombe No.1 borehole was drilled by Conoco to 1724m before finally being plugged and abandoned. Dr. Tony Grindrod tells me that two cores were taken in the Great Oolite from 4717 feet (1437m.) to 4834 feet (1473m.); see photograph above. The new Balcombe No.2 borehole is to go only 900m. In other words the new one is a rather shallow borehole of only about half the depth of the previous borehole and not deep enough to reach the main oil reservoirs of the Weald in the Great Oolite. The No.2 borehole, contrasts with No. 1 in that it is targeting a Kimmeridge argillaceous micrite (not very deep), probably of low porosity and permeability, and not something of interest in any of the previous oil exploration in the region. The Kimmeridge Clay has not been considered as a potential reservoir with regard to any previous borehole in Britain. Many boreholes have gone through it. Balcombe No.1 borehole has actually penetrated the "Kimmeridge micrite" or "Kimmeridge Limestone" but it seems to have been of no interest to Conoco. They did not even trouble to core it. Balcome No. 2 is going through the same strata as did Balcombe No. 1. Obviously it is difficult to see the point in drilling a new borehole at the same site but to a shallower depth unless some totally different

technique to improve porosity and permeability, such as hydraulic fracturing or acidizing or both is used”.

The point he seems to be making here is that the “conventional oil is down at the Great Oolite level and not at the level as which Cuadrilla have been drilling. Hence we have to assume extraction will involve “unconventional techniques”.

<http://www.southampton.ac.uk/~imw/Petroleum-Balcombe-Weald.htm#PGSB-8a>

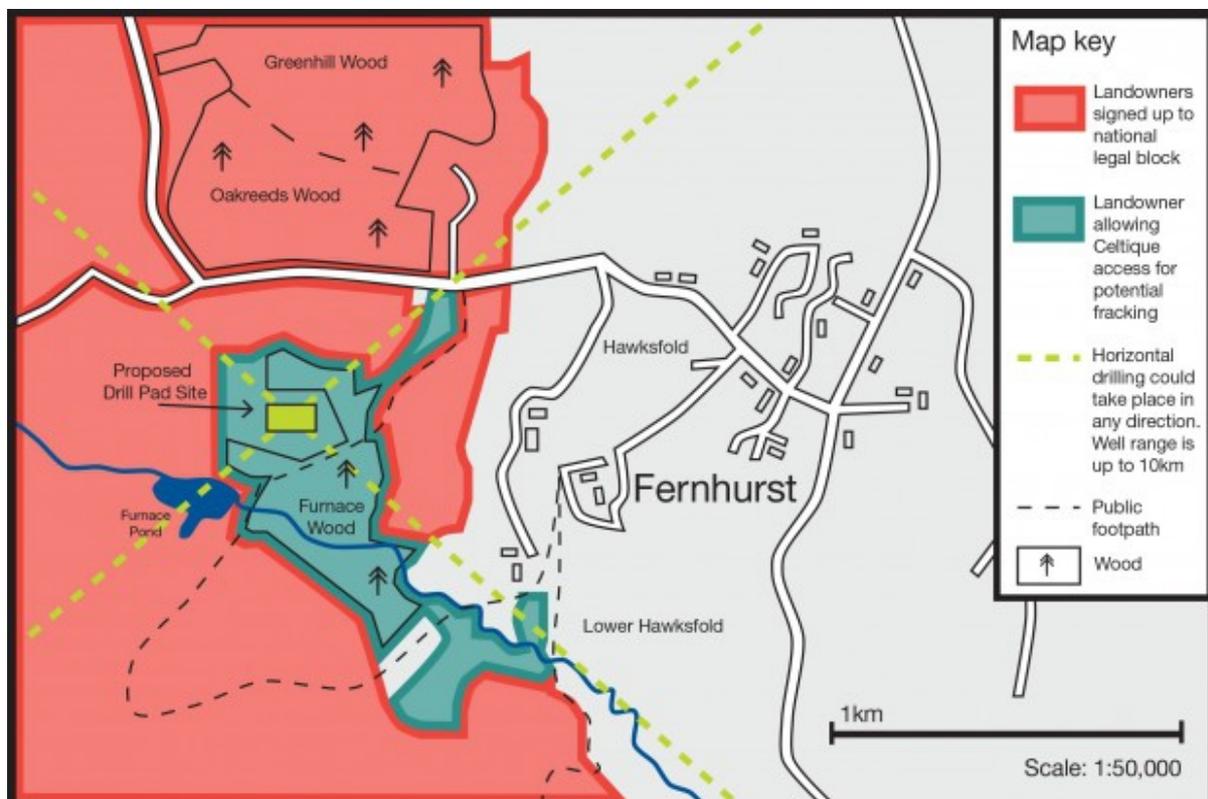
Results of our (FFBRA) Emergency Fundraising Appeal

We have been delighted by the results of our emergency fundraising appeal. We have raised over £2,700 in two weeks which is a wonderful response. Thanks to everyone who has contributed. A professional planning consultant is now assisting us with our objections to Cuadrilla’s application.

Fernhurst’s Legal Blockade

A group of landowners from Fernhurst have registered their land on the Wrongmove site and have written to Celtique Energie and the Energy Secretary, Ed Davey, to say they explicitly deny permission for Celtique Energie to drill horizontally under their properties (www.wrongmove.org).

These landowners include Lord Cowdray and Marcus Adams of Frack Free Fernhurst. As you can see from the map below their land surrounds the proposed drill site in Fernhurst. Good luck Fernhurst with your legal blockade.



Map courtesy of www.greenpeace.org

FUTURE EVENTS

In Balcombe

Cuadrilla's Planning Application is Live

The new application from Cuadrilla is now live and can be found on <http://buildings.westsussex.gov.uk/ePlanningOPS/loadFullDetails.do?apllid=1634>
The public consultation period is until 13 March 2014.

Their application is described as being for “temporary permission for exploration and appraisal comprising the flow testing and monitoring of the existing hydrocarbon lateral borehole along with site security fencing, the provision of an enclosed testing flare and site restoration”.

Cuppa and a Catch Up at the Half Moon Pub, Balcombe

Thursday 13 February, 10.30 am at the Half Moon Pub. We have the first of our Cuppa meetings last week and eight members came along. Everyone agreed it was very worthwhile, both to meet other members and to share ideas. The coffee was delicious and we were able to use the restaurant end of the pub for the meeting. Our next one will be the same time of the week and same place. A set of planning documents will be available. All welcome - members and non-members.

Sussex Singers, Romanza, St Mary's Church, Balcombe

Saturday 15 Feb, 7 pm

Nothing to do with fracking but many of our members love this music so here are the details of this fabulous event in Balcombe. Favourite romantic songs from Elgar, Jerome Kern, Gershwin, Rutter, Vaughan Williams sung by the Sussex Singers. Tickets are £9 in advance (£10 at the door) and are available from “Threads” in Balcombe or Keith Savage on 01444 451 248 or www.newssussexsingers.org.uk

FFBRA Information Day, Bramble Hall, Sunday 16 February

Our next FFBRA meeting will be Sunday 16 February at Bramble Hall, Bramble Hill, Balcombe, RH17 6HR 11 am till 1 pm and will be a Coffee Stop / Exhibition. There will be tea, coffee, cakes and children's play area. Please come along and do feel free to bring along non-members. **We will have information on display about Cuadrilla's planning application and how to object it.** This will be the first time we have held the meeting on a Sunday and we hope it will be successful.

Beyond Balcombe

Wealden Against Fracking, Information Meetings

A newly formed anti-fracking group is hosting a series of public meetings in the Tunbridge Wells area. Films and talk including guest speakers.

- Saturday 15th Feb at Five at Ashes Village Hall TN20 6JA (guest speaker Charles Metcalfe, Balcombe resident)
- Saturday 22nd Feb at Colkins Mill Church TN20 6BT (guest speaker Sue Taylor, Balcombe resident)

Public Information Evening about Fracking Thursday 13 February at 7.30 pm to 22.00 pm in the Assembly Room, The Council House, North Street, Chichester PO19 1LQ.

The meeting will be chaired by Cllr Michael Woolley, former Mayor of Chichester.

There will be several short presentations from:

- Trevor Beattie, Chief Executive
- Claire Potts, Minerals and Waste Lead, from South Downs National Park Authority
- Mike Elkington, Strategic Planning Manager from West Sussex County Council
- Keith Taylor, MEP for South East Region
- Tony Bosworth Energy Campaigner, Friends of the Earth

After the presentations, there will be an opportunity for members of the public to ask questions. Please could you let your friends/colleagues/members know about this event, particularly any who live in Chichester or surrounding area.

Great Expectations

Michael Hall School Theatre, Kidbrook Park, Forest Row, East Sussex, RH18 5JA
(01342 8922275)

Nothing to do with Fracking but one of our younger members is starring in the dramatisation of this famous novel by Charles Dickens so please support.

Thursday 27th February/ 730pm Friday 28th February 730pm/ Saturday 1st March 230pm & 7.30pm

Tickets £7 & £4 students £18 for family of four

Car sharing from Balcombe can be arranged by telephoning 01444 811 845

.

Balcombe Parish Council Meeting Wednesday 19 February 8 pm

Next meeting will be held in Bramble Hall, Bramble Hill, Balcombe, RH17 6HR. Oil / gas related subjects are usually discussed between 8 pm to 9.30 pm (so you can leave before the end of meeting; also you can enter the meeting at any time). The public can ask questions to the Chairman in the Public Participation section.

The agenda has not been published yet however I would expect an update from the BPC Oil and Gas Working Group regarding Cuadrilla's planning application and also issues related to the poll to be discussed.

Shale Gas World 13 to 14 May 2014

The UK's number one shale gas conference and exhibition

Exchange Hall

Manchester Central

Speakers include

- **Alison Stevenson, Chairman Balcombe Parish Council**
- Andrew Austin, CEO IGas
- Francis Egan, CEO Cuadrilla Resources
- Dan Byles, MP and Chair of the Unconventionals APPG British Parliament
- Duarte Figueira, Head of Office of Unconventional Oil and Gas, DECC
- Angela Knight, CEO UK Energy

The main sponsor for this event (gold sponsor) is Halliburton.

More information can be found at: <http://www.terrapinn.com/conference/shale-gas-uk/index.stm>

Date of Publication of FFBRA Newsletter Seventeen: Monday 10 February 2014