

Gas fracking to start in England again next week after 7-year halt



Reuters/Preston

Shale gas developer Cuadrilla Resources expects to start gas fracking in northwest England next week, seven years after its first attempt to hydraulically fracture a well led to earth tremors, public protests and an overhaul of regulations.

The process, behind a surge in US gas production, involves fracturing rock deep under ground using a mixture of water, sand and chemicals to encourage the flow of hydrocarbons from shale, a dense and tightly-packed sedimentary rock.

It has draw criticism from the public and campaigners concerned about the environmental impact of fracking and the pollution caused by fossil fuels.

Protests against the practice led to work at Cuadrilla's site being halted in 2011.

But the government, keen to cut Britain's reliance on gas imports which soared to more than 50% of gas supplies, has

tightened regulations and earlier this year gave consent for Cuadrilla to go ahead again.

Cuadrilla chief executive Francis Egan told Reuters that fracking of two wells and associated work would test gas flows.

"From that we'll be able to make an assessment of how much gas is recoverable and whether it will be commercially viable to develop the site," he said on the muddy Preston New Road site.

The industry's future in Europe may hinge on the outcome.

Although fracking has grown rapidly in the United States, it has not been proved viable in Europe despite several attempts, including projects that failed in Poland five years ago.

Fracking has been banned in France, Germany and several other European countries.

Cuadrilla's well will be the first fracked horizontal well in Britain and the results will be watched by shale explorers such as IGas, Egdon and Third Energy, as well as majors like Exxon which was unsuccessful in Poland.

The plans could also be delayed by an injunction hearing due on October 10.

Environment group Friends of the Earth said the injunction was sought by Bob Dennett, a resident in Lancashire, the English county where the project located.

The hearing "will decide whether the injunction is upheld or whether fracking can commence whilst there is an outstanding judicial review over emergency planning procedures at the site," Friends of the Earth said in a statement.

Egan said this was a "last ditch, desperate attempt to slow us down" and said: "We think we have a very strong case to have that rejected and we will be in court next week arguing that."

The British Geological Survey estimates shale gas resources in northern England alone could amount to 1,300tn cubic feet (tcf) of gas, 10% of which could meet the country's demand for almost 40 years.

Britain has just 6.5 tcf in proved reserves and last year pumped 1.5 tcf, according to the BP Statistics Review.

Proved reserves are the strictest calculation of oil and gas

that can be commercially extracted.

They change as discoveries are made.

Cuadrilla, owned by Australian mining servicing company AJ Lucas and US private equity fund Riverstone, said resource estimates were about 330 tcf for its licence area.

Cuadrilla's aimed to test a consultancy estimate that a single 2.5km (1.25 mile) well would produce 6bn cubic feet (bcm) of gas over its lifetime or about 5mn cubic feet a day, Egan said.

If the tests are positive, Cuadrilla has permission for two more wells at the site located next to a road connecting the northern English towns of Preston and Blackpool.

Cuadrilla has enough funds for the current tests.

Its shareholder Riverstone, a \$38bn private equity fund, has invested in US shale firms such as pipeline operator Kinder Morgan.