

Mr P Dacombe  
Star Energy Gas Storage Services Limited  
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WC2N 6DU

2 May 2008

Dear Mr Dacombe

**SCHEDULE 2 TO THE GAS ACT 1965  
GAS STORAGE PROPOSAL AT ALBURY, SURREY**

1. I am directed by the Secretary of State for Business, Enterprise and Regulatory Reform ("the Secretary of State") to refer to Star Energy Gas Storage Services Limited's preliminary submission under paragraph 3(1) of Schedule 2 to the Gas Act 1965 of its proposal for an underground gas storage project (Phase 1) at Albury in Surrey.

**SUMMARY OF DECISION ON PRELIMINARY SUBMISSION**

2. The Secretary of State, having had regard to the preliminary submission, the views of the relevant local planning authorities, the objections received, and other representations made to him by various bodies (which I note have already been copied to you and the relevant local authorities) has concluded that Star Energy Gas Storage Services Limited should be allowed to proceed with the proposals in a formal application under the provisions of paragraphs 6 to 9 (inclusive) of Schedule 2 to the 1965 Act. The Secretary of State considers that it is open to Star Energy Gas Storage Services Ltd to proceed with the modifications to the proposals indicated in its letter of 29 November 2007.

**CONSIDERATION OF PRELIMINARY SUBMISSION OF PROPOSALS**

3. The Secretary of State is required by section 4 of the Gas Act 1965 to have regard to the safety of the public, the protection of water resources and the environmental impacts of the proposal, namely the desirability of preserving natural beauty, of conserving flora, fauna and geological or physiographical features of special interest, of protecting buildings and other objects of architectural or historic interest and the effect the proposals might have on these matters.

3.1 The Secretary of State notes that neither the Health and Safety Executive, nor the Environment Agency or water companies, has at this stage identified any overriding

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objection. Also, neither Natural England nor English Heritage has identified any overriding objection.

3.2 The Secretary of State has had regard to the site specific grounds of objection raised by other respondents, which include the adverse impact on green belt land and an Area of Outstanding Natural Beauty, safety and security concerns, noise, traffic, water pollution, impact on flora and fauna, need for the development and the availability of alternative sites. The Secretary of State appreciates that these objections are matters which are likely to be relevant to the consideration of any decision on whether to grant consent for the project. However, he considers that these site specific objections are matters that should be considered in more detail and that the appropriate stage for doing so is the formal application stage when supporting documentation, such as an Environmental Statement and an outline safety document, will be available. The Secretary of State notes that this information will be required during the formal application stage and that it will be available for inspection by interested parties, including local residents and consultees, and there will be an opportunity for representations to be made. He also notes that, with some limited exceptions, the Gas Act 1965 requires a public inquiry to be held if objections are received from certain parties (including local people living within the proposed storage area and local planning authorities). He is content that these substantive concerns about the proposals do not constitute an overriding objection at the preliminary stage.

3.4 The Secretary of State notes that procedural concerns have also been raised including the legality of Star Energy Gas Storage Services Limited using the Gas Act 1965. The 1965 Act originally referred to 'a gas authority' being authorised to store gas in natural porous strata underground (i.e. depleted oil and gas fields and aquifers). That Act, via subsequent legislative changes and most recently by virtue of the Utilities Act 2000, now applies to 'Gas Transporters' (i.e. holders of a licence under section 7 of the Gas Act 1986). The Office of Gas and Electricity Markets (Ofgem) administers the licensing regime. The Secretary of State notes that Star Energy Gas Storage Services Limited is the holder of a Gas Transporter licence. Accordingly, the Secretary of State considers therefore that there is no legal basis for refusing this application under the Gas Act 1965. The Secretary of State has also considered the other points made to the effect that there is a legal impediment to this application proceeding. The Secretary of State does not consider that any of the points amount to a legal impediment to this proposal proceeding to the formal application stage.

## PROPOSED MODIFICATIONS TO THE PROPOSALS

4. The Secretary of State has considered the modifications to the proposals proposed by Star Energy Gas Storage Services Ltd in its letter of 29 November 2007, together with the reasons given for seeking those modifications. The proposed modifications are:

- To remove the protective area indicated in the preliminary submission; and
- To specify a depth of 100m true vertical depth sub sea (TV DSS) down to 690 TV DSS for the purposes of section 5 (depths at which the Secretary of State exercises control over certain operations within the storage area), instead of the depth being from surface level down to 690m TV DSS.

4.1 The Secretary of State notes that such modifications would not involve a variation to the storage area so as to include additional land (such a modification cannot be made between preliminary submission and formal application stages: paragraph 5(2) of Schedule 2 to the Gas Act). He notes that the effect of these modifications (if a storage authorisation order were to be made) is likely to be that less operations would be controlled by the Secretary of State under section 5 than would otherwise have been the case, as operations at a shallower depth, and those within the previously indicated protective area, would be excluded from the controls. This could be advantageous to third parties, who would not be subject to these burdens when they would have been on the basis of the original proposals. It is important that the proposed modifications would be acceptable on safety grounds, but the Secretary of State considers that any safety implications could be scrutinised in the formal application stage. The Secretary of State considers that it is open to Star Energy Gas Storage Services Ltd to proceed with such modifications at the formal application stage. It should explain in the formal application any modifications made and their effects as compared to the original proposal, together with the reasoning behind them. This is so that consultees have an opportunity to consider the modifications and comment during the formal application process.

4.2 The Secretary of State notes that should it appear appropriate during the formal application stage that there should be a protective area involving additional land, then such a modification to the proposals would have to be subject to the additional consultation processes set out in paragraph 12 of Schedule 2 (including the possibility of a public inquiry) before it could be consented to. This would enable those who might be affected by such a modification to make representations.

#### THE FORMAL APPLICATION STAGE

5. The Secretary of State considers that the formal application should include, amongst other things, information on the following points:
- How the seismic map in Figure 6 of the preliminary submission relates to the proposed storage area identified in Figure 2;
  - An explanation of the basis upon which the seismic map was produced (given that a seismic map depends upon an interpretation of the data produced by the survey) and further detail on why it is considered that the storage area represents the area within which gas may be stored;
  - Explanation of the relationship between the figure given for the minimum gas-in-place volume in section 8 of the preliminary submission (147 million cubic metres) and the figures given for the maximum volume of gas to be stored (232 million cubic metres) and the estimated working gas storage volume (170 million cubic metres) in section 5; and
  - As indicated above, reasons for any modifications of details from the preliminary submission stage.


5.1 Your attention is drawn to the notice requirements for formal applications for Storage Authorisation Orders set out in paragraph 7 of Schedule 2 to the 1965 Act. Please note that paragraph 7 has been amended, including most recently by SI

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2007/1519. We will be writing to you separately to confirm those individuals and bodies that the Secretary of State requires you to serve notices of the formal application on (pursuant to paragraph 7(3)(e)).

5.2 A copy of this letter together with the Company's letter of 29 November 2007 has been sent to the relevant Local Planning Authorities and other interested parties.

Yours sincerely



RICHARD MELLISH  
DIRECTOR, DEVELOPMENT CONSENTS AND PLANNING REFORM

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29 November 2007

Department for Business, Enterprise and Regulatory  
Reform  
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**For the attention of Mr Rob Pridham, Manager, Onshore Power Consents**

Dear Sir

**Albury Gas Storage Project – Preliminary submission of proposals by Star Energy Gas Storage Services Limited for a Storage Authorisation Order under the Gas Act 1965 – Proposed Amendment of the Protective Area**

We refer to our letter dated 25<sup>th</sup> July 2007 and the enclosed submission by **Star Energy Gas Storage Services Limited** of preliminary proposals for the Albury Gas Storage Project and application to the Secretary of State for Business, Enterprise and Regulatory Reform for approval to proceed with a full application for a Storage Authorisation Order (SAO).

The preliminary submission included for a Protective Area and the boundary of this was illustrated (by a broken black line) on the accompanying **Figure 2 – Albury Gas Storage Project – Perimeter of Storage Area and Protective Area**. In section 4 of the application the requested depth of Secretary of State's control was stated as follows:

*"It is planned to store gas in the Purbeck Sandstone reservoir and it is proposed that the Secretary of State's control over workings and borings is to have effect in the various parts of the storage and protective areas from surface level down to 690m true vertical depth sub sea (TVDSS)."*

In the interests of minimising the number of people that may be constrained in future by the requirement to seek the Secretary of State's consent for "controlled operations" as listed in Section 5(1) of the Gas Act 1965 we have given further consideration to the requirements for the Protective Area. We have therefore assessed the likelihood of the "controlled operations" within or adjacent to the Storage Area. The "controlled operations" are:

- excavation;
- mining;

- quarrying; and
- boring.

The sandstone that forms the Purbeck reservoir is overlain by a succession of more or less clayey rocks – claystones, mudstones and shales – with some interbedded, thin siltstones, limestones and other sandstones. The succession is of predominantly low-permeability rocks, including the Weald Clay. This Weald Clay is probably the single most significant barrier to gas movement between the proposed storage formation and the ground surface, together with the fact that argillites of that formation and other clay strata are by far the dominant lithology in the stratigraphic succession of the area.

The depth of the Weald Clay barrier is therefore important to the protection of the reservoir. The logs for the wells within the Albury Field record the Weald Clay at the following depths (quoted as True Vertical Depth Sub Sea, TVDSS, which is effectively measured relative to ordnance datum):

- Between +5m TVDSS and 310m TVDSS in the Albury-1 well at the eastern end of the reservoir; and.
- Between +13m TVDSS and 320m TVDSS in the Bramley-1 well at the western end.

In terms of depth below ground level (bgl), the top of the Weald Clay was 110m bgl in Albury-1 and 60m bgl in Bramley-1. From mapping it appears that across the structure the base of the Weald Clay is, in general, deeper than it is at either the Albury-1 or Bramley-1 wells. However, it is possible that it becomes as shallow as (a minimum of) 250m TVDSS within the structure.

If the Secretary of State's control over operations were to commence at 100m TVDSS this would allow for a minimum of 150m of Weald Clay above the reservoir.

Across the Albury Field the ground level varies and at its lowest is approximately 30m above ordnance datum (AOD) which is effectively +30m TVDSS. Therefore, as a minimum, the Secretary of State's control over operations would commence at 130m below ground level and consequently would not constrain any anticipated excavation operations within the Storage Area.

Of the controlled operations listed above, excavations and quarrying are relatively shallow operations and are unlikely to reach the Weald Clay. Mining could go deeper than the Weald Clay but we believe it is virtually inconceivable that anyone would want to carry out commercial mining operations in the Albury area. Borings could be shallow, i.e. limited to depths above Weald Clay, or deeper drilling. The only reason for the latter is considered to be for hydrocarbons.

Therefore the only operations which might reach a depth which could impact the integrity of the gas store or to which the gas store could present a hazard are drilling for hydrocarbons and possibly, but extremely unlikely, deep mining. Anyone wishing to carry out these operations would:

- (a) almost certainly be aware of the presence of the Albury reservoir through their own geological investigations (necessary to target and engineer their operations);

- (b) be governed by health and safety regulations (e.g. The Borehole Sites and Operations Regulations 1995) which require them to be a competent operator and to carry out their operations in a safe manner; and
- (c) require planning permission and potentially other consents (e.g. licence under the Petroleum Act 1998) which would make them aware of the existence of the gas store.

It should also be acknowledged that using the Albury reservoir as a gas store presents no greater hazard to someone drilling to or through it than the existing gas filled reservoir already does. Anyone drilling to similar depth would have to take into account the possibility of encountering a gas filled reservoir and conduct their operations accordingly.

We note that under Section 5(1) of the Gas Act 1965 the Secretary of State's control "...shall apply to controlled operations in a storage area and, if a storage authorisation order so provides as respects any area outside the storage area...". Taking this and the above considerations into account we therefore believe that there is no need for the proposed Protective Area.

We are therefore proposing the following amendments:

- The Protective Area, as shown by the broken black line on Figure 2 accompanying the application, would be removed; and
- Within the Storage Area the Secretary of State's control over "controlled operations", for the purposes of Section 5 of the Gas Act 1965, would extend from 100m true vertical depth sub sea (TVDSS) down to 690m TVDSS.

The above proposed amendments have the overall effect of significantly reducing the area subject to the Secretary of State's control. Importantly, the amendments would not include any additional land which was not included within the Preliminary Submission. Consequently, no additional individuals with interests in land would be affected by these amendments.

We trust this will be taken into account by the Secretary of State in his consideration on whether to approve Star Energy to proceed with a full application for a Storage Authorisation Order.

Please contact the undersigned should you have any queries on the enclosed.

**Yours faithfully**

**On behalf of Star Energy Gas Storage Services Limited**



**Paul Dacombe**

**Director of Planning**

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