

18 August 2011

Toni Harvey
Department of Energy and Climate Change
3rd Floor Area B
3 Whitehall Place
London
SW1A 2AW

Dear Toni

PEDL 059 Relinquishment.

PEDL 059 Second Term is due to expire on 7 September 2011 due to Alkane Energy UK Ltd being unable to identify a site suitable for commercial CMM extraction within the prescribed timeframe.

On securing PEDL 059 in August 2000, Alkane appointed specialist consultants to research the mineworkings within the licence area to identify potential locations to drill exploratory boreholes. This research involved examining extensive mine plans, abandonment reports and historical water pumping records held at the Coal Authority and BGS. The consultants concluded that a significant proportion of the mineworkings were already likely to be flooded but could not be certain without drilling a proving borehole.

A site was secured at Newell Glassworks, Wearmouth and Well No. L40/03-01 was drilled in April 2002. The Well, located at E438265, N557415, was drilled to the former Wearmouth Colliery Maudlin Seam horizon at a depth of 465m. The Well proved the workings to be flooded to a level 290.5 metres below ground level (254.5m BOD). A copy of the well log is attached.

Using the information gained from the exploratory drilling, the consultants identified two potential areas where CMM could be accumulating in commercial quantities. Based on this information the Licence area was reduced in August 2004 to the current licence area of 2No. 1km x 1km squares.

Due to the very low energy prices prevailing in 2004, Alkane suspended development of all new CMM projects as they were not considered commercially viable. Development of PEDL 059 was not therefore carried out at that time.

Following the increase in energy prices during the last few years Alkane has recommenced development of CMM projects. New sites have been prioritised according to the likely success rate and potential return on investment. The areas within PEDL 059 were not considered to be high priority and have therefore not been developed. Additionally, a recent review of all of our licence areas has concluded that the minewater within PEDL 059 has by now fully recovered and the potential for a CMM project no longer exists.

In view of the above I wish to relinquish PEDL 059 with immediate effect.

Please give me a call on 01623 827927 if you require any further information.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Neil Shailer', with a stylized flourish at the end.

Neil Shailer
Managing Director CMM



Section of:	Newell Glass Works Borehole (Wearmouth)	DTI Ref:	L 40 / 03 - 1
Purpose:	Exploration & Monitoring	Date:	Apr-02
NGR:	E 438265 N 557415		
Borehole starting level (metres above O.D.):		36m (surface)	
National Grid Sheet:	NZ 35 NE		
County Sheet & Qtr:			
Driller:	Drilcorp Limited		
Cores / samples logged by:	D.J. Leigh		

Geological Classification	Nature of Strata	Thickness m	Depth m
	12 inch temporary conductor casing inserted to 15m.		
	Made ground, Drift & weathered limestone.		12
Lower Magnesian Limestone	Limestone, pale brown / buff. Marly in part. Softer and sandy towards base.	45	57
Basal Permian Sands	Sand, brown, poorly consolidated. Occasional grey marly horizons.	18	75
Coal Measures	Top of Coal Measures at ~75m.		
	200mm casing inserted & grouted to surface. Base of casing at 103.45m.		
Thin Coal Seams at:	162m, 180m & 184m		
	Sandstone	32	235
	Sandstone	10	264
Thin Coal Seams at:	244m, 270m & 277m		
Ryhope Five Quarter Seam	Coal	1.0	310
	Sandstone, waterlogged.	30	452
	125mm casing inserted & grouted to surface. Base of casing at 445m.		
	Mudstone, broken towards base.	12	464
Maudlin Seam Horizon	Waterlogged Void	1.0	465
	Bottom of borehole		465.0

The surface connection is an 8" ASA 300 gate valve.

Borehole completed on 28th April 2002.

The water level in the borehole has subsequently been measured at 290.5m below GL.
(Last measured 2nd May 2002)