

18 August 2011

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

Dear Toni

PEDL 060 Relinquishment.

PEDL 060 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 060 in August 2000, Alkane appointed specialist consultants to research the mineworkings within the licence area to identify potential locations to drill exploratory boreholes. The research concluded that the only mineworkings within PEDL 060 likely to support a commercial CMM extraction scheme were those associated with the operating Kellingley Colliery.

Following the findings of the consultants, Alkane Energy UK Ltd entered into discussions with UK Coal and Harworth Power regarding the rights to the CMM following the closure of the colliery. These discussions resulted in the completion of a commercial agreement dated 29th September 2006 between Alkane Energy UK Ltd, UK Coal and Harworth Power providing that, in the event that UK Coal closes Kellingley colliery within the next 15 years (i.e. before September 2021), it shall notify Alkane in writing and, should Alkane show interest, thereafter give due consideration to granting Alkane access to the relevant site. Further obligations on UK Coal and Harworth Power are included in the agreement regarding treatment of the shafts on closure, access rights, support of planning applications etc.

On the basis of this agreement DECC approved PEDL 060 continuing into its Second Term in September 2006.

Alkane has requested an extension of the Second Term of the licence but has been advised that DECC is unable to grant this. Accordingly I hereby request to relinquish PEDL 060 with immediate effect.

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

Yours sincerely,



Neil Shailer
Managing Director CMM