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AJ Lucas update on Cuadrilla

AJ Lucas Group Limited (ASX: AJL) advises that Cuadrilla, the operator of the Preston New Road exploration site, has confirmed it will commence flow testing of the second horizontal ("PNR2") and demobilise fracking equipment from the site. This follows the successful hydraulic fracturing of 6 stages of PNR2, with each stage being injected with between 30 and 50 tonnes of sand as per design. Following hydraulic fracturing of stages 6 and 7 a number of post-pumping seismic events were recorded, the largest being 2.9 on the Richter scale. Cuadrilla and the UK Oil and Gas authority are conducting a technical investigation which is ongoing.

A copy of Cuadrilla's media release is appended to this announcement.

Separately, the Australian Drilling business has been trading strongly with the first two months of the financial year ahead of the corresponding period for last year.

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CUADRILLA CONFIRMS NEXT STEPS AT PRESTON NEW ROAD SITE

Leading onshore exploration operator Cuadrilla is to begin flow testing its second horizontal shale gas well at the UK's flagship hydraulic fracturing site.

The operator said the latest work programme at Preston New Road (PNR), Lancashire, also included demobilising hydraulic fracturing equipment.

Chief Executive Officer Francis Egan explained: "Our second horizontal shale well was partially fractured in August and I am pleased that we are moving to flow test it in the next few weeks. We believe that this will further demonstrate the huge commercial opportunity here. Given the lower carbon footprint of UK shale gas compared to that of gas imported by ship from overseas, it clearly makes sense to look to develop this local resource rather than increasing reliance on imports. In addition UK shale gas has the potential to act as a domestic feedstock for Hydrogen production which can help the UK reach net zero carbon emissions by 2050."

Cuadrilla confirmed it continued to assist the Oil and Gas Authority (OGA) on a series of technical studies arising out of a seismic event measuring 2.9ML on the Richter scale, which occurred on August 26, 2019. A timeframe has not been agreed with the OGA for this work to be completed and further hydraulic fracturing will not take place at Preston New Road before current planning permission for fracturing expires at the end of November.

In February, Cuadrilla announced results from flow-testing of the UK's first ever horizontal shale gas exploration well, which confirmed a high quality natural gas resource in the Lower Bowland Shale, capable of flowing to surface.

The initial exploration programme also confirmed that the Bowland Shale formation fractures in a way that is typical of an excellent shale gas reservoir. A complex fracture network was generated in the shale and sand injected into the fractures stayed in place during flow back.

Francis said: "We are committed to exploring for shale gas with the aim to establish a domestic energy supply that the UK really needs. The Bowland Shale as a whole could be a very important resource for Lancashire and the UK and we plan to continue with our work to prove this."

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