

PRESS RELEASE, 7th February 2008



CAYTHORPE GAS STORAGE PROJECT

PLANNING PERMISSION GRANTED

Caythorpe Gas Storage Limited (CGSL), a subsidiary of Warwick Energy Limited, applied in December 2005 for permission to convert the existing gas field at Caythorpe into a gas storage facility.

Following a rejection of planning permission by East Riding of Yorkshire Council (ERYC) a public enquiry took place in April 2007. The planning inspector recommended that the scheme be approved and this recommendation was accepted today by the Department of Business, Enterprise and Regulatory Reform (BERR) and the Department of Communities and Local Government (CLG).

The gas storage project was originally planned to be operational in mid 2007. Given the planning delays and the lengthening lead times on critical equipment it is now anticipated that the facility will commence operation in mid 2010.

Caythorpe stands to make a positive contribution to the limited gas storage capabilities that currently exist in the UK. Caythorpe by itself would increase existing overall UK storage volumes by around 5% and peak storage deliverability by around 10% thereby responding to the Government's stated requirement for an increase in national gas storage facilities.

NOTES TO EDITORS:

1. In January 2005, Warwick Energy announced plans to redevelop the gas field at Caythorpe as a gas storage facility. The request sought planning permission to build and to operate the facility for a 25 year period.

2. CGSL has conducted a large number of surveys and studies on the site, consistent with the Scoping Report submitted in May 2005. The results of these studies formed the basis for the Environmental Statement which accompanied the planning application.

3. The operation of the gas field over the last 15 years has proved that the two producing gas layers are ideal candidates for use as a gas storage facility. The reservoirs have a proven ability to store gas, are structurally sound, and have excellent productive characteristics. Very few reservoirs in the UK offer this combination of factors as well as being located close to the grid network. The proposed working volume of the storage facility is expected to be 7.5 billion standard cubic feet with peak rates for withdrawal and injection of 300 million standard cubic feet per day.

4. The lack of gas storage capacity in the UK has become a 'hot topic' recently as the tightness of the supply/demand gas balance has become apparent for winter periods now that the UK has become a net importer of gas for the first time in decades. Import dependency is expected to rise to around 50% by 2010. The Government has issued a 'Statement of Need' in the House of Commons drawing attention to the national need to increase gas storage capabilities.

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