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Drilling commences in Lancashire. AJ Lucas closer to unlocking value from its UK investments

AJ Lucas Group Limited (ASX: AJL) announces that Cuadrilla Resources, operator of the Bowland shale gas licence in Lancashire, UK, has commenced drilling the first exploration well at Bowland's Preston New Road site located near Blackpool. AJ Lucas has an effective 48% interest in the Bowland shale gas tenements.

'Drilling this first of two horizontal wells that are planned is another major step in unlocking the significant value of our UK hydrocarbon investments,' said Phil Arnall, AJ Lucas chairman. 'We expect both these wells to be approximately 3,500 meters deep, with extensive core samples to be taken throughout one of the vertical wells to determine the positioning of the horizontal wells. It is expected that these wells of approximately 1,000 meters and will be hydraulically stimulated to test the flow of gas. Following the hydraulic stimulation of the wells, the flow of gas will be evaluated and if flow rates are as anticipated the well will be connected to the national grid and gas sold into the market at commercial rates.'

In terms of timing, drilling and hydraulic stimulation of the first well should be completed in the first quarter of calendar 2018, and if the flow rates are as anticipated the two wells will be connected to the national grid by the end of 2018.

As part of its undertaking on commencement of drilling, Cuadrilla has paid its first £100,000 payment to an independent community benefit fund in line with the UK Onshore Oil and Gas Community Engagement Charter.

The interests of the joint venture partners in the tenement are:

AJ Lucas Group Limited	23.75%
Cuadrilla Resources (Operator)	51.25%
Centrica Plc	25.00%

AJ Lucas holds a 47.4% interest in Cuadrilla Resources and this provides AJ Lucas with an effective 48.0% interest in the tenement.

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