

9 July 2012

Agenda Item: **7c**

REPORT OF SERVICE DIRECTOR - TRANSPORT, PROPERTY & ENVIRONMENT

LICENCE TO ENTER AND OPTION TO LEASE - 0.525 HECTARES AT COLLIERS WAY COTGRAVE FOR COAL MINE METHANE (CMM) EXTRACTION

Purpose of the Report

1. To seek approval of the Finance & Property Committee to:
 - a) The grant of a licence to enter land for the purpose of drilling and testing a CMM gas borehole.
 - b) The grant of a lease option of the land conditional on obtaining planning consent and finding CMM in commercially extractable quantities.

Information and Advice

2. Some information relating to this report is not for publication by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972. Having regard to the circumstances, on balance the public interest in disclosing the information does not outweigh the reason for exemption because divulging the information would significantly damage the Council's commercial position. The exempt information is set out in the exempt appendix.
3. Alkane Energy UK Ltd have approached the Authority to seek permission to carry out test drilling on the Authority's land to the North of the former Cotgrave Colliery site.
4. The purpose of the test drilling is to ascertain whether CMM exists in commercially viable quantities.
5. In the event that CMM extraction is viable, the Company wish to enter into a lease and install a 1.55Mw generating station to supply electricity to the National Grid.
6. Heads of Terms for the Licence to Enter and Option to Lease have been provisionally agreed and these are detailed in the exempt appendix.

Other Options Considered

7. Consideration was been given to marketing the site however Alkane Energy UK Ltd

hold an exclusive right to search, bore and extract at this location via their government licence.

Reason/s for Recommendation/s

8. The proposal, if found to be viable, will result in the Authority receiving royalty payments as detailed in the appendix.

Statutory and Policy Implication

9. This report has been compiled after consideration of implications in respect of finance, equal opportunities, human resources, crime and disorder, human rights, the safeguarding of children, sustainability and the environment and those using the service and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

RECOMMENDATION/S

1. That approval is given to: -
 - a) The grant of a licence to enter land for the purpose of drilling and testing a CMM gas borehole.
 - b) The grant of a lease option of the land conditional on obtaining planning consent and finding CMM in commercially extractable quantities.

Jas Hundal

Service Director - Transport, Property & Environment

For any enquiries about this report please contact: Patrick Robinson 0115 9772086

Constitutional Comments (CEH 13.06.12)

10. The decisions within the report come under the remit of the Finance and Property Committee.

Financial Comments (CDS 20/6/2012)

11. Income from the proposals (i.e. licence, then possible lease and royalties) would accrue to the Green Estates revenue budget within Cultural Services.

Electoral Division(s) and Member(s) Affected

12. Ward(s): Cotgrave
Member(s): Cllr Richard Butler

Properties affected: 62176 - Former Cotgrave Closed Colliery Tip Site