



## Industry news : March 2006

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### UK close to industrial gas rationing



North Sea platform

*Photo Copyright: BGS©NERC*

The UK came the closest yet to a national gas emergency in March. The combined effect of a cold snap, causing domestic gas usage to soar, and the current closure of the UK's main gas storage facility caused demand to outstrip supply. Consequently prices soared to as much as £2.50 a therm and the National Grid issued its first "gas balancing alert", warning heavy industrial users of potential rationing to industry. Intensive users tend to reduce production when gas prices surge selling their gas back into the market. The Energy Intensive User Group responded "This is the closest the UK has got to a national gas emergency...Supplies would effectively be rationed to industry to keep supplies maintained

to households". The UK has relatively little gas storage capacity compared with other EU countries. The CBI ( Confederation of British Industry) Director-General reiterated a warning given in November 2005, commenting "The spiralling costs of energy are increasingly eating into companies' ability to compete, and with prices this high, some heavily energy-dependant firms could be forced to shut down...".

Source: <http://news.bbc.co.uk/1/hi/business/4802786.stm>

### **Barker Review of land use planning**

The Government announced in the 2005 Pre-Budget Report that Kate Barker will lead an independent review of land use planning, focusing on the link between planning and economic growth. The review will report to the Chancellor and the Deputy Prime Minister in 2006. The British Aggregates Association (BAA) responded as follows " We welcomed the government's stated intention to create a strong and coherent planning system which will give faster, more timely and more business-friendly decisions in providing the essential needs of society...However, we have been disappointed that the indicators so far are not encouraging in terms of government intentions and for us specifically the provision of minerals."

Specific areas of concern identified by the BAA are:

- Minerals are required for all types of development;
- The UK has one of the slowest planning systems in Europe;
- Too often the views of an unrepresentative minority are allowed to over influence;
- Environmental considerations have too much weight over social and economic issues.

Sources: <http://www.odpm.gov.uk/index.asp?id=1163202>

<http://www.british-aggregates.co.uk/documentation/doc46.pdf>

### **Rossington coal mine closes**



Headgear at a disused UK coal mine  
*Photo Copyright: BGS©NERC*

Coal production has ceased at Rossington Colliery in South Yorkshire. UK Coal which owns Rossington stated the "pit has made multi-million pound losses in recent years since encountering geological problems which wiped out reserves being developed for future extraction." Reserves still remain at Rossington, however, they require major investment, in the order of £20 million, to be developed. 83 employees have left the mine since UK Coal announced plans to place Rossington on a care-and-maintenance basis. Half of these have been relocated to other UK Coal sites, whilst the remaining 224 workers will be involved in the recovery of equipment from the site and its closure.

<http://www.bgs.ac.uk/downloads/start.cfm?id=>

Source: [http://miranda.hemscott.com/ir/ukc/pdf/press/2006\\_03\\_31\\_rossington.pdf](http://miranda.hemscott.com/ir/ukc/pdf/press/2006_03_31_rossington.pdf)

### **Russian coal firm acquires Britain's Powerfuel**

Russia's second largest coal company, Kuzbassrazrezugl, has taken over UK coal producer Powerfuel and plans to reopen Hatfield Colliery in 2007, more than two years after the pit closed. It is reported that the company's total investment in the UK coal industry is some \$1.6 billion. \$193 million would be used to resume mining at Hatfield and construct an electric power station at the mine. During the takeover deal it was argued that Hatfield could produce more than 2 million tonnes of coal a year, for 14 years. Powerfuel claimed an indicated coal resource of 27 million tonnes. Doncaster North MP Edward Miliband commented "With access to 80-100m tonnes of accessible, good quality coal, 50% of accessible UK reserves, Hatfield pit can make a significant contribution to the UK's energy needs."

Sources: <http://www.growthcompany.co.uk/news-and-comment/24421/king-coal-strikes-comeback-seam.shtml>

<http://mosnews.com/money/2006/03/20/britishcoal.shtml>

### **Aggregates Levy debate continues**

Following the move by the British Aggregates Association (BAA) to seek repayment of Aggregates Levy payments made by its members, the BAA reports that companies may have to wait up to six months for the European Court ruling. Quarry operators have been working furiously to lodge precautionary claims for the repayment of the Aggregates Levy, collected since April 2002. Claims against the Aggregates Levy could leave the Government facing a £1.3 billion repayment bill.

Source: <http://www.british-aggregates.com/>

### **Corus's £40M Teesside investment**



Molten metal being prepared for casting,  
*Photo Copyright: Getty Images*

Corus, one of the world's largest metal producers, has announced plans to invest £40 million in its Teesside Cast Products (TCP) business. The investment will allow the steel-making facility to increase the quality and capacity of its output by modernising its two slab casters. In addition, the company will acquire a dedicated fleet of rail wagons to transport slab to Teesport.

Source: [http://www.corusgroup.com/en/news/news/2006\\_investment\\_for\\_TCP](http://www.corusgroup.com/en/news/news/2006_investment_for_TCP)

<http://www.bgs.ac.uk/downloads/start.cfm?id=>

## Anglesey Mining's 2005 drilling programme



Exploration drilling in the UK  
*Photo Copyright: BGS©NERC*

Anglesey Mining plc has assessed the results of its 2005 drilling campaign and their Director, Bill Hooley, commented "The results from the three 2005 holes, and particularly the geological interpretation provided from these results, is very exciting." The three holes totalling 1875 metres in length intersected mineralisation at three separate stratigraphic levels. Significant zones of high-grade massive sulphide mineralisation were found in two of the holes. Exploration of this newly identified area is at an early stage and results demonstrate that there is potential for expansion of the resource base on the Parys Mountain property. Anglesey states "The company intends to continue drilling in the [new] area and in the north east extension to follow up these results with the objective of adding to the resource base in a relatively short time frame."

Source: <http://www.angleseymining.co.uk/>

## Longstone Edge public inquiry cancelled



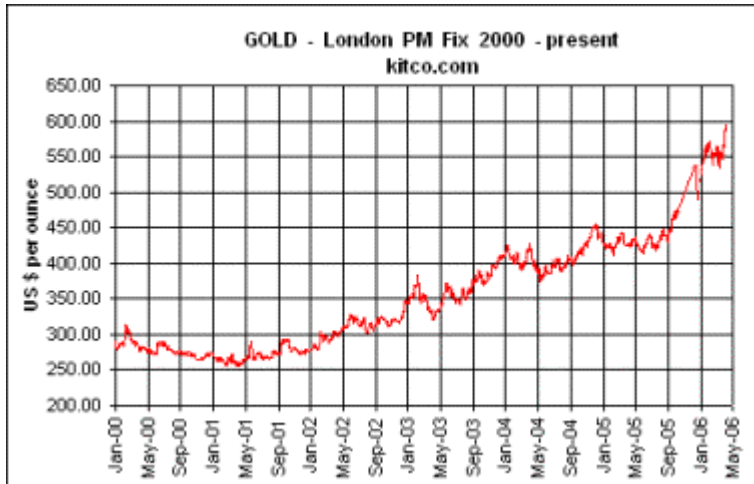
Quarry in the Peak District  
*Photo Copyright: BGS©NERC*

A public inquiry into limestone quarrying in the Peak District has been cancelled after the Secretary of State John Prescott declared the Peak District National Park Authority's enforcement action to be null and void. The Peak District National Park is extremely disappointed by the decision but has indicated it will continue action against what it claims is "the unlawful mass extraction of limestone from Backdale Quarry, near Bakewell." The dispute centres on the current planning permission which allows the quarry operator to work vein-minerals, fluorspar and barytes, and limestone only as a secondary product, extracted in the course of working the vein-minerals. However, it became apparent that between July

2003 and December 2005, 573 963 tonnes of limestone were sold from Backdale, whilst only 11 500 tonnes of fluorspar were extracted.

Source: <http://www.peakdistrict.gov.uk/index/news/news-display-page.htm?id=11942>

### Metal prices set new highs



Gold price 2000-2006

Source : [www.kitco.com](http://www.kitco.com)

Metals prices reached new highs during March as investors took the view that precious metals could outperform stocks and bonds. The price of gold hit its highest level for 25 years, reaching more than \$588 an ounce. In addition silver reached a 22 year high, trading above \$11 an ounce, and platinum and palladium hit all-time highs of \$1095 and \$355 an ounce, respectively. Tightness continues in the copper and zinc markets, with three-months copper peaking at \$4520 a tonne. Strong demand from emerging economies such as China and India in conjunction with declining metal output from South Africa has driven the shortage and is maintaining high prices.

Source: <http://news.bbc.co.uk/1/hi/business/4864098.stm>

### Boost for ship recycling in north-east England



Ships ready to be scrapped

Source: *US National Oceanic and Atmospheric Administration*

The potential of the north-east of England as a new centre for ship recycling has been highlighted in a recent government study. Tyneside-based Swan Hunter and Teesside-based Able UK are being consulted on the ship recycling strategy. The strategy document

<http://www.bgs.ac.uk/downloads/start.cfm?id=>

produced by the Department for Environment, Food and Rural Affairs (DEFRA) states “In the UK, the presence of a relevant skills base and differences in regional employment levels could prove to be a driver to establish ship recycling facilities.” Able UK have warmly welcomed the report, commenting “ After the many delaying frustrations we have faced in our efforts to develop our TERRC (Teesside Environmental Reclamation and Recycling Centre) facility, I hope that the publication of the draft strategy and the launch of a three-month consultation period, marks a positive step forward and an indication that the Government is serious about wanting to encourage the development”.

Sources: <http://www.ableuk.com/ableshiprecycling/press-able-060330.htm>

<http://www.defra.gov.uk/corporate/consult/shiprecycling-strategy/consultation.pdf>