

Fracking's Impact on Nearby Businesses

Hydraulic fracturing, or fracking, has been a contentious topic in the United Kingdom for years. The practice was banned in 2011 after exploratory fracking in Lancashire caused two small earthquakes. But in 2012, the government lifted the moratorium, citing the promise of energy independence and new safety controls that render the process less environmentally invasive as valid reasons for encouraging fracking across the United Kingdom.

Fracking's legality does nothing to detract from its controversy—environmental groups and the UK media continue to scrutinise its impact on the environment. Less examined is the impact on surrounding businesses. What happens when fracking takes place near your workplace? Get informed with this overview.

What Is Fracking?

Fracking is the process of injecting high-pressure fluid into a drilled well to fracture rock thousands of metres below the ground and release gas and oil. It is used mostly to capture shale gas, a natural gas composed mainly of methane.

Large concentrations of shale gas are trapped in impermeable shale rock formations located deep beneath the earth. Unlike more permeable rock such as sandstone, shale does not yield its trapped oil and gas easily.

Therefore, to capture the gas, workers drill wells deep down into the shale rock and pump them full of high-pressure fluid that creates tiny fractures throughout the rock. The high-pressure fluid contains small particles, usually sand, which prop open the fractures so that when the pressure is released, the fractures cannot close, and previously trapped gas can flow to the surface.

The Stages

The following outlines how a fracking site progresses through the four stages of shale gas and oil extraction:

- **Stage One, Exploration (2-6 months):** The first stage of any fracking project is exploratory drilling to identify whether oil or gas can be produced profitably. The operator may perform seismic surveys and a battery of other tests to determine the geologic integrity of the site. At this stage, the fracking industry has pledged to give £100,000 in community benefits per well site where fracking takes place.

Fracking's environmental impact has been examined in great detail. Less examined is fracking's impact on nearby businesses. Get informed with this overview.

- **Stage Two, Moving Into Production (0.5-2 years):** If exploratory drilling shows that the site is suitable for production, the crew will drill more wells. Water, chemicals and more equipment will be brought on- and off-site, and crews will now have to deal with properly disposing of waste water.
- **Stage Three, Production (20 years):** Once the well is in full production, its overall level of activity will likely begin to wane. Crews may drill more wells and periodically perform maintenance, but this period is generally the well's apex. One per cent of revenues earned during this stage will be funnelled back into nearby communities.

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- **Stage Four, Decommissioning and Restoration:**
The last stage is restoring the site to its original condition. This means making the wells safe for abandonment and removing surface installations. Decommissioning and restoration can happen any time—it depends on the site's amount of gas.

Although the industry has a responsibility to partner with local communities and solicit their feedback, the onus is still on local business owners to prepare their businesses for fracking worksites that are built nearby. To prepare for fracking in your neighbourhood or community, follow these three tips to ensure your business is not left out of the conversation:

- Involve yourself in the initial planning and consultation process. When a crew first proposes exploratory drilling in your area, find out how long the project will take and which roads the lorries will be using so you can help re-route traffic and thus minimise the impact on your business.
- Voice your concerns about traffic and any burdens to local businesses. After energy companies submit an application to drill, the local authority will hold a public consultation process during which you can suggest alternate traffic routes.
- Maintain contact with local council representatives to glean any up-to-the-minute information you can pass on to customers for reassurance.

The Environmental Effects

Because fracking can be tricky and time-consuming, businesses near a fracking site may worry that their properties will suffer adverse effects. To assuage these fears, the government and the fracking industry worked together to establish guidelines that ensure nearby communities and businesses will not bear the brunt of the site's effects.

For many employers, business interruption and adverse environmental effects stemming from fracking is a huge worry. Neighbouring businesses fear their groundwater could be contaminated or their buildings' foundations could be compromised.

Thankfully, the risk of water contamination is very low provided operations follow industry standards and obey regulations, according to the Department of Energy and Climate Change. Extraction takes place well below the underground aquifers that provide clean drinking water. Environmental regulators throughout the United Kingdom (Environment Agency in England, Natural Resources Wales, the Scottish Environment Protection Agency and the Northern Ireland Environment Agency) work with the Health and Safety Executive to guarantee the well is constructed to the appropriate standard to protect drinking water.

Before any drilling even takes place, the environmental regulator assesses the risks and decides whether groundwater contamination is likely. Based on this assessment, regulators approve or deny activity. Seismic activity is similarly controlled—following the 2011 ban, operators must now assess the location for any relevant faults before planning fracking operations. They must submit this assessment to the Department of Energy and Climate Change for approval.

Protect Your Business' Foundation

Environmental and social risks, such as heightened industrial activity in a previously rural area and potential loss of business due to the fear that your proximity to a fracking site jeopardises your land and water, can be avoided by working closely with fracking crews throughout their procedures.

Make sure your insurance policy covers possible fracking damage to your property. Most policies will cover fracking damage, but traditional policies may not define 'covered property' as the land or water on your property. This could mean that you are not covered for damage to your underlying water sources or your building's geological foundation.

Work with the insurance professionals at Crendon Insurance Brokers Ltd to protect your business' foundation and ensure that any nearby fracking will not harm your business, but instead enrich it.