

February 27, 2014

Mr. Denis Cagney
The Commission for Energy Regulation
Gas Division
The Exchange
Belgard Square North
Tallaght
Dublin 24

Via email: dcagney@cer.ie

Re: Condition 3.3 of Kinsale Energy's Natural Gas Storage License

Dear Mr Cagney,

Further to our discussion on the phone, Kinsale Energy Limited (KEL) was issued with a Natural Gas Storage License (NGSL) by the Commission for Energy Regulation (CER) on the 31st May 2006. This NGSL allows KEL to operate the SouthWest Kinsale (SWK) gas storage facility. Condition 3.3 of the NGSL states that:

"The Licensee shall not contract with any one party for access to more than 75 percent of the capacity of the Storage Facility without prior approval of the Commission. The remaining 25 percent of the Storage Capacity may be made available to other parties including, subject to the prior approval of the Commission, a party already contracted for some or all of the 75 percent. In the latter even, any Commission approval shall not extend to a contract period exceeding 12 months."

KEL propose to contract greater than 75% of its storage capacity for the 2014/15 season with one customer, and is hereby seeking the CER's approval to do so in accordance with Licence Condition 3.3.

KEL has held discussions with other parties in the Irish market in relation to its standard storage product for the 2014/15 season, however these parties are potentially only interested in small volumes (significantly less than 1 Bcf, which is the minimum tranche that KEL considers worth its' while to contract given the commercial and legal effort involved). From a pricing perspective, the indications were that these parties would not be able to match the commercial offer that KEL can get from its other customers.

KEL therefore propose, subject to CER approval, to contract with one of its other customers for an additional 1 Bcf of storage for the 2104/2015 storage year (1 May 2014 to 30 April 2015). This would take that customer's share of the store capacity to 86% for this storage year only.

Price setting for this Bcf of storage needs to set by the end of March but cannot commence until CER has confirmed its agreement to our request. KEL therefore respectfully requests that the CER approves the contracting of this additional capacity as soon as possible.

KEL is available to meet with the CER at its convenience should there be any further queries that require discussion and clarification.

Yours Sincerely,

A handwritten signature in blue ink that reads "Fergal Murphy". The signature is fluid and cursive, with the first name "Fergal" written in a larger, more prominent script than the last name "Murphy".

Fergal Murphy
Chief Executive Officer

c.c John Melvin
 Keelin O'Brien