Certified to be a true and complete copy of the original.
CHARLES RUSSELL LLP
Signed .....
Dated the 31 day of October 20 12

Claimant
H Mackay
1st
Exhibits: HM1 – HM11
Date: 31st October 2012

IN THE HIGH COURT OF JUSTICE
QUEEN'S BENCH DIVISION
ADMINISTRATIVE COURT

CLAIM NO:
HQ12X04551

IN THE MATTER OF AN APPLICATION UNDER SECTION 288 OF THE TOWN AND COUNTRY PLANNING ACT 1990

EUROPA OIL AND GAS LIMITED

Claimant

AND

(1) SECRETARY OF STATE FOR COMMUNITIES AND LOCAL GOVERNMENT

(2) SURREY COUNTY COUNCIL

Defendants

WITNESS STATEMENT OF HUGH MACKAY

I, HUGH MACKAY, Chief Executive of Europa Oil and Gas Limited of 6 Porter Street, London W1U 6DD state as follows:

1. I have been authorised to prepare this Witness Statement in support of the Claimant's application under section 288 of the Town and Country Planning Act

1990 ("the 1990 Act") for an order quashing the decision of the Secretary of State for Communities and Local Government ("the SoS"), dated 26 September 2012, to dismiss an appeal (the "Appeal") made by the Claimant under section 78 of the 1990 Act against the Second Defendant's refusal to grant planning permission for development comprising:

> "*the construction of an exploratory drillsite to include plant, buildings and equipment; the use of the drillsite for the drilling of one exploratory borehole and the subsequent short term testing for hydrocarbons; the erection of security fencing and the carrying out of associated works to an existing access and track all on 0.79 ha, for a temporary period of up to 3 years, with restoration to forestry*" ("the development")

on land at Bury Hill Wood, Coldharbour Lane, Holmwood, Surrey ("the Site").

2. I have read the Claim Form and the Details of the Claim and Grounds of Law and I believe the facts and matters therein are true.

3. I have a BSc (Honours) in Geology from the University of Edinburgh and a Sloan MSc in Management from London Business School. I am a member of the Petroleum Exploration Society of Great Britain and the American Association of Petroleum Geologists and am a Fellow of the Geological Society. I have 30 years experience in the resources sector and have been the CEO of the Claimant since 10 October 2011.

4. I have been closely involved in the Appeal process since my arrival at Europa and I attended the whole of the July 2012 Inquiry at Dorking Town Hall.

5. The Claimant's interest in the Site is twofold. First, it has a three year lease of the Site granted by the Secretary of State for Environment, Food and Rural Affairs. Secondly, it was awarded UK Petroleum Licence PEDL143 (Block TQ/14) ("the Licence") from Department of Energy and Climate Change which includes the Holmwood prospect the exploration of which was planned from the Site.

6. The Claimant holds a 40% interest in and operates the Licence. The remaining interest is held by: Egdon Resources (UK) Limited (38.4%); Warwick Energy Exploration and Production Limited (20%); and Altwood Petroleum Limited (1.6%).

7. The Holmwood prospect has been continuously under licence to the oil exploration industry since 1976. It has been held as part of various much larger exploration licences. Previous licence holders have included Voyager Petroleum, BP, Toreador Petroleum, Cairn Energy, Independent Energy UK and Archean Resources whose exploratory drilling resulted in many oil and gas discoveries in the Weald basin with cumulative reserves of some 50 million barrels of oil equivalent and subsequent production from fields at Albury, Avington, Bletchingly Brockham, Goodworth, Herriard, Horndean, Humbly Grove, Lidsey, Markwells Wood, Palmers Wood, Singleton, Storrington. The nearest production wells to Holmwood are at Brockham (5km) and Albury (12 km).

8. The Claimant regards the Holmwood prospect as one of the best undrilled onshore exploration prospects in the UK. The 1 in 3 chance of success is very high by industry standards.

9. The Inspector's decision has a number of implications both for the Site and for the industry more generally. First, and with regards the Site, the Inspector's decision effectively sterilises the Holmwood prospect given his finding that the presence of hydrocarbons cannot be investigated from any other site.

10. Secondly, the Inspector's interpretation of paragraph 90 of the NPPF means that the exploration for hydrocarbons cannot be appropriate development in the Green Belt with the consequence that very special circumstances must always be shown. This has industry wide implication and particular implications in Surrey where the majority (some 73 per cent.) of land (which it has been demonstrated bears hydrocarbons) in which any exploration wells could be drilled is in the Green Belt. Indeed, all 39 wells drilled to date in Surrey are located in the Green Belt.

11. There is now produced to me a true copy bundle of documents, marked Exhibit HM1-HM11. I produce the following documents that are referred to therein:

- A copy of the decision letter, dated 26 September 2012, marked Exhibit HM1;
- Extracts from the National Planning Policy Framework ("the Framework"), marked Exhibit HM2 (Cover, p.i-ii, 1-6, 19-21, 32-36, 46, 48 and 53);
- Extracts from the Surrey Minerals Plan 2011 Core Strategy Development Plan Document ("SMPCS"), marked Exhibit HM3 (Cover, p.1-3, 23-24, 36-37, 85-86 and Key Diagram);
- Extracts from the proofs of evidence of Ian Burdis, marked Exhibit HM4 (Main proof: cover, p.7-11, 16-23 and 42-43 and Supplementary proof: 1-4);
- Extracts from the proof of evidence of Alastair Stuart, marked Exhibit HM5 (Cover and p.16-20);
- Extracts from the proof of evidence of Paul White, marked Exhibit HM6 (Cover and p.6-3 to 6-5);
- Extracts from the Claimant's closing submissions, marked Exhibit HM7 (p.1-14, 26-27, 40);
- Extracts from the Leith Hill Action Group's closing submissions, marked Exhibit HM8 (p.1-6 and 12);
- Charles Russell letter dated 21 May 2012 in relation to Green Belts, marked Exhibit HM9;
- Atkins letter (undated) in relation to Green Belts, marked Exhibit HM10; and
- Extracts from PPG2, marked Exhibit HM11 (Cover and pp.3.11-3.12).

12. I respectfully ask the honourable Court to grant relief in the terms set out in the Claim Form.

Dated this 31ST day of October 2012

STATEMENT OF TRUTH

I believe that the facts stated in this witness statement are true.

Signed:.....

HUGH MACKAY