

# MEDIA RELEASE

## CAMDEN GAS PROJECT SURFACE TO IN-SEAM (SIS) DRILLING PROGRAM

1 February 2007

Sydney Gas Ltd is pleased to advise that the Camden Joint Venture has commenced drilling of the third SIS well EM 34 on 11 January 2007. Rig 16 is currently completing the directional build to the top of the Bulli seam in preparation for drilling the horizontal section. As of 30 January 2006, the well is at a depth of 864.8 metres (MD).

EM 34 will be drilled to test the horizontal production performance of the Bulli seam; nearby vertical wells have already demonstrated good production potential. Average coal thickness is expected to be 3.5 metres at a true vertical depth of approximately 650 metres (TVD). Approximately 1,500 metres will be drilled horizontally in the coal seam section. The duration of drilling this well is estimated to be 25 days.

A higher flow rate and hence higher ultimate recovery is expected compared to a vertical well due to a larger drainage area to be swept by a SIS well. Reservoir simulation studies indicate well performance of 2-6 times that of a vertical well depending on reservoir heterogeneity.

It is anticipated that further application of this drilling technique will allow commercial exploitation of gas reserves that may otherwise be difficult to access because of land use constraints. The Joint Venture proposes to drill up to a further four SIS wells during this financial year.

AGL Energy Ltd is the operator of the Camden Gas Project in a 50-50 joint Venture with Sydney Gas Ltd.

For further information please contact:

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