

## **MEDIA RELEASE**

### **CAMDEN GAS PROJECT EM34, THIRD SURFACE TO IN-SEAM (SIS) WELL UPDATE**

**13 February 2007**

Sydney Gas Ltd is pleased to advise that the Camden Joint Venture successfully completed drilling a third SIS well, EM34, at Camden on 7 February 2007. This well intersected the Upper Permian Bulli seam at a measured depth (MD) of 904m. Total length of the well is approximately 1,965m with approximately 1,061m drilled horizontally through the coal seam. Average thickness of the Bulli seam is approximately 3.5m.

EM34 has been drilled to test the in-seam production potential of the Bulli coal in an area somewhat removed from previously drilled vertical wells. This area is on the boundary of the mapped high production fairway in the Camden development, and the well should provide insight into the utility of horizontal well completions in more marginal areas.

In-seam wells have shown relatively higher productivity in other locations, where coal seams exhibit low permeability with higher gas content. Depending on reservoir heterogeneity, a higher flow rate and hence higher ultimate recovery is expected from an SIS well compared to a vertical well due to the larger drainage area to be swept by an SIS well. If commerciality of EM34 is established, it will provide the opportunity to review the potential for the technology in areas where fracture stimulated vertical wells are economically unattractive. Where applicable, it is further anticipated that application of this drilling technique will allow commercial exploitation of gas reserves that may otherwise be difficult to access.

After installing the completion on well EM34, it will be dewatered and production tested along with the previous two SIS wells, before being tied into the gas gathering system to produce gas to the Rosalind Park Gas Plant. The Joint Venture proposes to drill up to a further three 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.

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