

MEDIA RELEASE

CAMDEN GAS PROJECT DRILLING AND PRODUCTION UPDATES

20 July 2007

Sydney Gas Ltd is pleased to advise that the Camden Joint Venture's active drilling campaign is continuing as planned. The Joint Venture is continuing to build on its success and is employing CSM technology to target the "high production fairway" and deliver value by rolling out its production wells and coreholes in the Camden Gas development area.

Following the drilling and production updates of 7 June 2007, the Camden Joint Venture accomplished the following:

Production drilling

- a) Completed the drilling of RB 11 (vertical well) on 12 June 2007 after reaching a total depth of 640m and intersected Bulli and Balgownie seams at depths of 590m and 600m respectively.
- b) Completed the drilling of EM 28 (vertical well) on 14 June 2007 after reaching a total depth of 730m and intersected Bulli and Balgownie seams at depths of 670m and 691m respectively.
- c) Completed the drilling of RB 07 (vertical well) on 28 June 2007 after reaching a total depth of 681m and intersected Bulli and Balgownie seams at depths of 618m and 630m respectively.
- d) Completed the drilling of RB 10 (vertical well) on 4 July 2007 after reaching a total depth of 690m and intersected Bulli and Balgownie seams at depths of 623m and 633m respectively.
- e) EM 32 (deviated well) was spudded on 30 June 2007. The well reached a depth of 765m (MD) on 18 July 2007. The proposed total measured depth of the well is 858m.

It is expected that the above wells will be fracture stimulated in August 2007 and put into production following the completion of the dewatering process.

Corehole drilling

Raby 1 corehole, located in Stage 3 of the Camden Gas Project, is expected to be spudded in early August following completion of the Sydney Gas operated corehole drilling at HC 03 in the Hunter region. Earlier two coreholes, Currans Hill 1 and Badgerys Creek 1 were drilled in Stages 3 and 5 respectively.

Reservoir Characterisation Study of the coal samples collected at Currans Hill 1 and Badgerys Creek 1 is in progress to determine primarily their gas content, gas composition and gas saturation values for delineating "high production fairway" with a view to optimise future production drilling locations in the Stage 3 and Stage 5 areas.

The Joint Venture plans to drill a total of five coreholes in Stages 3 and 5 to assist in proving up additional gas reserves for the Camden Gas Project.

Gas Production

On 13 July 2007, approximately 15 TJ/day of gas was produced through the Camden Plant. This is almost an increase of 1 TJ/day of gas production compared with the earlier announcement made on 7 June 2007.

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

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