

## MEDIA RELEASE

### HUNTER EXPLORATION UPDATE

31 July 2007

Sydney Gas Ltd (SGL) is pleased to advise that its Hunter exploration activities have commenced with the following:

- 93 km of seismic acquired.
- Corehole HC03 encountered 66m of coal.

#### Seismic data acquisition

SGL has recently acquired approximately 93 km of 2D high resolution seismic data in the Hunter region covering Merriwa, Howes Valley, Broke, Bulga and Jerrys Plains.

The acquired seismic data is currently being processed at a designated seismic data processing centre. The processed data will then be interpreted and calibrated with the existing corehole data by SGL to map the sub-surface geological structures and define the lateral continuity of the targeted seams.

#### Corehole drilling

HC03 was spudded on 31 May 2007 and is located 16.0 km northwest of Broke. The well reached a total depth of 954.66m after intersecting approximately 66m of coal (aggregate gross thickness) within the Upper Permian Wittingham Coal Measures.

Geophysical logging is currently being conducted to aid a regional coal seam reservoir characterisation study. The rig will be released from the HC03 site in early August 2007 and expected to return to the Hunter area in mid-late September 2007 for further corehole drilling.

The sample cores from HC03 are currently undergoing the desorption process to determine primarily the gas content, gas composition and gas saturation values. This will enable SGL to ascertain the coal seam methane production potential of the respective seams.

The Joint Venture plans to drill an additional 6 coreholes and 2 exploration test wells during this financial year to prove up potential 2P/3P gas reserves in the Hunter region.

Sydney Gas Ltd is the operator for exploration activities in the Hunter Region in 50-50 Joint Venture with AGL Energy Ltd.

For further information please contact:

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