

Electronic Announcement

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	Company	THE AUSTRALIAN STOCK EXCHANGE LIMITED	
FROM:		DR JOHN SAUNDERS - EXECUTIVE CHAIRMAN	
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STOCK EXCHANGE ANNOUNCEMENT

CONVENTIONAL GAS WELL PRODUCTION TESTING UPDATE

Sydney Gas Ltd is pleased to advise that the Camden Joint Venture has commenced conventional gas well production testing of the Marrangaroo Conglomerate Sandstone intersected at EM31 well. A downhole pump was installed to accelerate the dewatering process and recover the injected water from the fracture treatment. The well produced a total of approximately 1165 bbls (72.8%) of water out of 1600 bbls injected during the fracture stimulation with indications that pressure is increasing on the annulus. As at 30 August 2007 the recorded shut-in pressure was 700 psig. Pumping operation commenced on 31 August 2007 and approximately 50 Mscfd of gas is successfully being produced from the annulus and sent to the Rosalind Park Gas Plant while still producing water up the tubing.

EM 31 is located approximately 10km northeast and 3km northwest of Picton 3 and MT 9 respectively. Both Picton 3 and MT 9 flowed a small volume of conventional gas from the Upper Permian Marrangaroo Conglomerate deposited at the base of the Illawarra Coal Measures. EM31 intersected Marrangaroo at a depth of 835 metres with gross thickness of 7.5 metres after reaching a Total Depth of 918 metres in May 2007.

At present approximately 14.4 TJ/day of coal seam gas is being produced and sold from the Rosalind Park Gas Plant. Production is planned to ramp up in the coming months as new completed wells are brought on line.

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

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