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25 AUG 2009

DPI File 09/4083

Stuart Galway
AGL Gloucester
PO Box 335
22 Tate St
Gloucester NSW 2422

Dear Sir,

PEL285: Approval to Drill Coal Seam Methane Exploration Boreholes

In accordance with Condition 1 of PEL 285 granted under the provisions of the *Petroleum (Onshore) Act 1991*, the titleholder is granted approval to conduct drilling of coal seam methane exploration boreholes known as Gloucester 1 and 2, Craven 7 and Wards River 1,2,3,4 and 5, subject to the conditions set out below. These conditions relate specifically to this approval. The conditions are in addition to those previously attached to PEL 285. A breach of these conditions is an offence under the *Petroleum (Onshore) Act 1991*.

CONDITIONS

General conditions

1. The activity must be carried out generally in accordance with the:
 - a. Review of Environmental Factors for Exploration Boreholes (Doc. No. GL_PEL 285_REF_EB09) – PEL 285 – AGL Gloucester L E Pty Ltd submitted in May 2009; and,
 - b. Conditions of this approval.

If there is any inconsistency between the above documents, the most recent document prevails to the extent of the inconsistency.

Other

2. A community contact telephone number is to be available for the receiving of complaints during drilling operations.
3. Any complaints must be reported to DPI within 24 hours of the complaint being received.
4. For each complaint, a report on consultations and investigations undertaken with the complainant and proposed mitigation measures must be provided to DPI for approval within 48 hours of the complaint being received.

Security

An additional security of \$120,000 is required to be lodged to cover the rehabilitation liabilities associated with the activities under this approval. You will be contacted by the Department's Titles Branch regarding this requirement.

If you have any questions about this approval, please contact Greg Summerhayes directly on (02) 4931 6705

Yours sincerely,



MICHAEL MCFADYEN
Manager, Environmental Operations

DATE:.....17 JUL 09.....