

Media release

Local CSG essential to NSW energy future

3 August 2011

AGL refers to the article in this morning's Sydney Morning Herald concerning the potential impact of coal seam gas extraction on water tables, or aquifers, in regional areas. AGL notes that the industry group APPEA has issued a correction in relation to this article.

"We have heard these concerns about possible impacts on the water resource raised in many communities. No-one, especially AGL, wants to create additional concern or cause damage to agricultural lands," said AGL's Group General Manager of Upstream Gas, Mike Moraza.

"We acknowledge that the integrity of our operations is important to our communities and that is why AGL:

- has multiple levels of protection in place at our gas wells – in fact there are three layers of steel casing (each one is 6 mm thick) and three layers of specialised cement between each layer of steel casing in our wells which prevent communication with aquifers used for agriculture;
- carefully monitors and understands the geology of the areas in which we work prior to the commencement of drilling; and
- why we regularly report on our operations to the Government, Regulators and our Community Consultative Committees (eg Departmental petroleum inspectors are provided with daily reports during drilling).

"The fact is that properly managed coal seam gas extraction processes will have no impact on shallow beneficial use aquifers.

"The development of new resource industries is always challenging, particularly for the communities in which the resource is located. However this is a critical industry for NSW's future energy supply. To date, NSW has imported gas for domestic use from interstate, with just 5% produced locally," said Mr Moraza.

"Natural gas drawn from the coal seam represents a potentially safe and secure gas supply for NSW. This will become increasingly critical from around 2015, when increasing demand for natural gas from export LNG projects in Queensland is expected to produce a major disruptive change to Australia's east coast gas markets.





“Although NSW needs this resource, AGL understands that its development can only occur against a backdrop of a robust regulatory framework and improved community engagement. We believe that well-regulated, best practice industry operators can enable a CSG industry to meet the needs of NSW’s gas consumers whilst co-existing alongside other land uses.

“AGL intends to continue to work with communities to give them the opportunity to monitor our development activities. AGL welcomes this scrutiny, and looks forward to ongoing discussions with local communities so that they can develop confidence in the integrity of our operations”, said Mr Moraza.

Further inquiries:

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About AGL

AGL is one of Australia's leading integrated renewable energy company and is taking action toward creating a sustainable energy future for our investors, communities and customers. Drawing on over 170 years of experience, AGL operates retail and merchant energy businesses, power generation assets and an upstream gas portfolio. AGL has one of Australia's largest retail energy and dual fuel customer bases. AGL has a diverse power generation portfolio including base, peaking and intermediate generation plants, spread across traditional thermal generation as well as renewable sources including hydro, wind, landfill gas and biomass. AGL is Australia's largest private owner and operator of renewable energy assets and is looking to further expand this position by exploring a suite of low emission and renewable energy generation development opportunities.