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26 August 2009

Dear Resident,

Re: Hunter Gas Project Proposal for Exploration Holes at Broke and Bulga

The Hunter Gas Project (HGP) is a coal seam natural gas exploration project which comprises Petroleum Exploration Licences 4 and 267 (PEL 4 and PEL 267) owned and operated by AGL Energy Limited (AGL). AGL is proposing to drill a total of eight (8) exploration holes at Broke and Bulga as part of our ongoing exploration drilling program in PEL 267, which is designed to evaluate the potential of the coal seam natural gas resource.

This letter is part of the consultation on the proposal for neighbours, Singleton Council, and government agencies on the exploration program. A map of the proposed exploration sites and a detailed presentation on the proposed works are attached for your information and comment.

An application and a Review of Environmental Factors (REF) are being prepared for the Department of Primary Industries - Minerals seeking approval for the proposed holes named Windermere 1 through to 4 and Monkey Place 1 through to 4.

Four (4) vertical exploration core and stratigraphic holes are proposed on each AGL's properties at "Spring Mountain" 1 Oakley Lane, Broke and at "Windermere" 1946 Putty Road, Bulga – eight holes in total - in the Singleton Local Government Area.

Minimal surface works are required for the proposal and each site requires a fenced construction compound, up to a maximum of 80 metres by 60 metres. Tanks or pit(s) will be used to catch drill cuttings and recirculate drilling fluids. It is estimated that activities at each of the sites would take approximately 3 months for core holes and a month for stratigraphic holes, depending on hours of operation, hole depth and weather conditions.

The site compounds will be rehabilitated to their prior state or better once drilling is complete. A pressure monitor may be installed in the holes for long term data collection and they will be either cased, secured and suspended or plugged and abandoned depending on testing requirements. Please contact us on (02) 9921 2617 or at huntergasproject@agl.com.au if you have any queries or if you would like further information.

Yours sincerely,

Siobhan Barry
Land & Approvals Manager – Upstream Gas

- > Being selected as a member of the Dow Jones Sustainability Index 2006/07
- > Gaining accreditation under the National GreenPower Accreditation Program for AGL Green Energy®, AGL Green Living® and AGL Green Spirit
- > Being selected as a constituent of the FTSE4Good Index Series