

Media Release

AGL's Waukivory Pilot Program to build on environmental profile of Gloucester

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AGL Energy Limited's (AGL's) Waukivory Pilot Program* in Gloucester will obtain valuable information to build the area's gas and water profile.

The proposed hydraulic fracturing and flow testing of four wells in Gloucester will provide an even better insight into Gloucester's gas and groundwater before further work begins.

"The pilot program is just another way we can build our knowledge of the environment before any coal seam gas production occurs," said Mike Moraza, AGL's Group General Manager of Upstream Gas.

He said claims AGL was moving too quickly to fracture stimulate the wells did not reflect the extensive work undertaken since 2011 to understand and prepare for the program.

The drilling of the Waukivory wells was approved in 2011 however comprehensive water and soil studies started four years earlier, making Gloucester one of the most studied and understood water basins in Australia.

"The Review of Environmental Factors (REF) for the program took over 12 months to prepare and is the most detailed assessment of hydraulic fracturing ever conducted in NSW. This REF has been prepared to strictly comply with the NSW Government's new Codes of Practice for coal seam gas and hydraulic fracturing announced in 2012," Mr Moraza said.

"In addition, the independent hydrogeologist selected by the Gloucester Community Consultative Committee, Dr Rick Evans, said last year this pilot should start as soon as possible."

Mr Moraza said hydraulic fracturing can occur at the same time as other independent studies because it will add to the knowledge base about the area's gas and groundwater. In fact, the findings from the hydraulic fracturing and flow test will provide additional important information for these studies.

"Hydraulic fracturing is not new in this area. Twelve wells have already been fracture stimulated in Gloucester, four were performed by AGL after acquiring the exploration licence," he said.

"AGL has safely hydraulically fracture stimulated 117 wells at our Camden Gas Project. Our activities in the Gloucester Region will be undertaken using the same safe, proven techniques that we have used at our Camden Gas Project over the past 13 years."

Mr Moraza said the REF for the pilot program concluded that if it is conducted under current environmental standards and guidelines, which reflect best practice, adverse impacts are expected to be negligible or low.

“By applying to the NSW Government to undertake the proposed works, which includes hydraulic fracturing, the risks are specifically assessed prior to any approval being granted. No approval will be granted unless the NSW Government is satisfied it can be done safely,” he said.

“With NSW requiring additional supplies of gas from 2016, this pilot program is important because it supports AGL’s efforts to unlock a significant volume of gas in the Gloucester region to meet the needs of NSW families, communities, businesses and industry.”

Mr Moraza added that he understood the local community and Gloucester Council’s reservations about the pilot program and said AGL was ensuring that the public would be regularly updated.

“Council has always actively represented the views of the community, including the views of people opposing AGL’s activities, and we understand and respect that,” he said.

“AGL does not have a timeframe for when the Waukivory pilot program will begin.”

**The Waukivory Pilot Program consists of drilling wells which was approved in 2011 and carried out in 2012. It also comprises fracture stimulation, workovers, completions, associated civil works, groundwater testing and data and flow testing which are currently subject of a pending application for approval by the NSW Government.*

Background on our extensive water testing:

- > Installed 39 groundwater and nine surface water monitoring sites
- > Undertaken a quarterly water monitoring program with annual reporting
- > Completed investigations into groundwater flow processes
- > Completed water balance investigations to assess the importance and connectivity of surface water and groundwater
- > Commenced a baseline groundwater monitoring program at new investigation sites outside the Stage 1 development area
- > Started the Tiedmans irrigation trial to understand how we can beneficially use produced water
- > Comprehensive Stage 1 Waukivory and Gloucester Basin-wide research and scientific investigations
- > Independent peer reviews of water studies
- > Released more than 10 technical reports on the behaviour of the Gloucester Basin’s surface and groundwater systems. This is conducted by our in-house team of water and environmental scientists who apply expert knowledge to all activities
- > Entered into a Cooperation Agreement with Gloucester Council to undertake further water investigations, including Council’s engagement of an independent water scientist who will oversee the implementation of a baseline water survey, flood study, coal seam gas produced water evaluation study, and peer review of specific AGL water studies.

Further inquiries:

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About AGL

AGL is one of Australia's leading integrated renewable energy companies and is taking action toward creating a sustainable energy future for our investors, communities and customers. Drawing on over 175 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.