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07 APR 2008

→ Stuart G -

Please file

Mr Paul Bilston  
Lucas Energy Pty Ltd  
Level 8, 160 Queen Street  
MELBOURNE 3000

Dear Sir,

**PEL285: Approval to relocate, drill and flow test coal seam methane exploration core hole Faulkland 3**

*NOTE: This document replaces and voids the previous approval dated 27 March 2007 for the Faulkland 3 well (previously known as LMG12) to the extent of its physical relocation only.*

In accordance with section 110e of the Environmental Planning and Assessment Act, 1979 and Condition 1 of PEL285 granted under the provisions of the *Petroleum (Onshore) Act 1991*, the titleholder is hereby granted approval to relocate and conduct drilling and testing of Faulkland 3, subject to the conditions set out below. These conditions relate specifically to this approval. The conditions are in addition to those previously attached to PEL285 and prevail to the extent of any inconsistency. A breach of these conditions is an offence under the *Petroleum (Onshore) Act 1991*.

This approval is for a three year period. If the exploration holes are not fully rehabilitated within three years further approval will be required.

**CONDITIONS**

**General conditions**

1. The works must be carried out at the location(s) and in accordance with the methods contained in:
  - Letter from Paul Bilston (General Manager - Lucas Energy) entitled Re: Proposed Well Location Change – Faulkland 3.
  - Review of Environmental Factors for Exploration Boreholes (Document No. G-H-PEL285-RP-0-070319) by Lucas Coal Seam Gas Pty Limited dated 19 March 2007.

Except as amended by the following conditions.

*Note that conditions under other headings may also have elements which must be fulfilled prior to drilling.*

**Well location data**

2. The location and height (AHD) of each well collar must be determined to an accuracy of 1 metre and the position of the hole within all potentially mineable coal seams must also be determined to an accuracy of 1 metre. This information must be supplied to the satisfaction of the Department.

### **Water management**

3. All produced formation water must be collected and stored in a secure manner which prevents leakage and contamination of soil, surface water and groundwater.

### **Noise and vibration management**

4. The titleholder must implement management practices as necessary to minimise potential noise and vibration impacts resulting from activities subject to this approval. These management practices are to include, but are not limited to:
  - a) identifying all potentially affected noise and/or vibration sensitive receivers (including residences, schools, commercial premises and noise sensitive equipment) that may be affected by the approved activities
  - b) predicting potential noise and vibration levels from the proposed operations where appropriate
  - c) identifying and implementing all reasonable and feasible mitigation methods to reduce any noise and vibration impacts
  - d) documenting and implementing any specific work practices the titleholder will employ to limit noise and vibration
  - e) conducting noise and vibration monitoring where appropriate
  - f) appropriately informing affected residences and other relevant parties in advance of any activities and updating information as required
5. If so directed in writing by the Assistant Director - Environment, additional noise and vibration management practices may be required. Any written instructions given by the Assistant Director - Environment with regard to noise and vibration management are to be implemented by the operator.

### **Hours of operation**

6. Fracking is only permitted within the following times:
  - a) 7:00am to 6:00pm on weekdays
  - b) 8:00am to 1:00pm on Saturdays
7. Drilling, dewatering, venting & flaring operations are permitted 24 hours/day, 7 days a week.

### **Well abandonment and site rehabilitation**

8. At the completion of well testing, and prior to abandonment of the well, any steel casing must be removed from the vertical interval(s) encompassing all potentially mineable coal seams. Alternatively, glass-reinforced epoxy casing may be used across mineable coal seams subject to separate written approval of the Department.
9. Downhole logging and/or imaging of a quality acceptable to the Department must be used to confirm the removal or absence of steel casing through potentially mineable coal seams. All logs and information pertinent to this condition must be provided to the Department. Abandonment of the well must not proceed until written confirmation is received from the Department confirming that this condition has been satisfied.

Should you wish to discuss any details of this approval, please contact Craig Campbell directly on (02) 6571 8788.

Yours Sincerely,



CAMERON RICKETTS  
Assistant Director – Environment

DATE: 2/4/08.....