



Ms Toni Laurie
AGL Upstream Investments
22 Tate St
Gloucester NSW 2422

Dear Ms Laurie,

**PEL285: Approval to undertake drilling the
Waukivory exploration wells and piezometer**

In accordance with Condition 1 of PEL285 granted under the provisions of the *Petroleum (Onshore) Act 1991*, the titleholder is hereby granted approval to conduct chip hole drilling, 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*.

CONDITIONS

General conditions

1. The works must be carried out at the location(s) and in accordance with the methods contained in:
 - a) Review of Environmental Factors Proposed Exploration Wells, Waukivory dated March 2011 by AGL Upstream Investments.
 - b) Letter from Toni Laurie, AGL Land and Approvals Manager, dated 1 August 2011 requesting that fracture stimulation not be considered at this time.
 - c) Letter from David Kelly, AGL Head of Land and Approvals, dated 28 September 2011 concluding that the risk of adverse impacts to surface water, groundwater and soil will be minimal.

Except as amended by the following conditions.

Prior to drilling

2. Prior to the commencement of activities on each site, the title holder must make reasonable efforts to provide notice of disturbing activities, in particular any drilling operations, to immediate neighbours of the land on which the activities are to take place. The titleholder must accommodate reasonable requests by landholders for limited rescheduling of activities.

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

Sumps

3. All pits and sumps constructed for the containment of fluids and cuttings are to be lined with an impermeable liner to prevent leakage and contamination to soil, surface water or groundwater. At the completion of drilling operations, all liners, drill cuttings and waste are to be removed to a licensed facility.

Bore construction

4. A NSW Office of Water hydrogeologist should be notified 28 days prior to the commencement of drilling.

Water management

5. Any in-ground water storage facilities must be designed and managed to maintain sufficient freeboard to contain runoff and precipitation from a 1 in 20 year storm.
6. Documentation covering the chain of custody for any off-site disposal of water must be maintained and made available for inspection by the Department on request.

Monitoring program

7. A groundwater monitoring program must be developed for the proponent's exploration activities. The monitoring program should lead to the development of a conceptual model of local groundwater behaviour, both in the target seams and other key aquifers. Prior to moving to production stage, it is expected a numerical hydrogeological model utilising the information gained from this monitoring program, and other available sources will be prepared. This model should quantify predicted impacts on the target aquifers, any other affected aquifers or surface water sources, and any users, including the environment.

Reporting of Complaints

8. Any incident or complaint, including any noise and / or vibration complaint, must be reported to the Director Environmental Sustainability at the earliest opportunity.

Should you wish to discuss any details of this approval, please contact Michael Lloyd directly on (02) 4931 6576.

Yours sincerely,



Michael McFadyen
Manager Environmental Operations

DATE: 6 Oct 11